



**NJ Department of Transportation
1991 Annual Report**



INDEPENDENT AUDITORS' REPORT

The Members of New Jersey
Transportation Trust Fund Authority

We have audited the accompanying balance sheet of the New Jersey Transportation Trust Fund Authority as of June 30, 1991, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Transportation Trust Fund Authority as of June 30, 1991, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Authority's management. Such schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Deloitte & Touche

September 30, 1991

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

BALANCE SHEET
JUNE 30, 1991

| | Government Fund Types | | | | Account Group General Long-Term Debt | Total (Memorandum Only) |
|---|-----------------------|-------------------|----------------------------|---------------------|---|----------------------------|
| | Special Revenue | | Transportation Improvement | | | |
| | Revenue | Authority Reserve | Total | Debt Service | | |
| ASSETS | | | | | | |
| Accounts receivable - State of New Jersey (Note E) | \$39,250,000 | | \$39,250,000 | | | \$39,250,000 |
| Investments, at cost (Note B) | - | \$246,097 | \$352,495,247 | \$28,672,022 | | 381,413,366 |
| Accrued interest receivable (Note B) | - | - | 350,831 | 161,078 | | 511,909 |
| Due from other funds | - | 109 | 18,645,895 | 20,603,996 | | 39,250,000 |
| Amount available in debt service fund | - | - | - | - | \$49,437,096 | 49,437,096 |
| Amount to be provided for retirement of bonds (Note C) | - | - | - | - | 171,292,904 | 171,292,904 |
| TOTAL ASSETS | \$39,250,000 | \$246,206 | \$410,988,179 | \$49,437,096 | \$220,730,000 | \$681,155,275 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES: | | | | | | |
| Accrued interest payable | | \$7,762 | \$7,762 | | | \$7,762 |
| Accounts payable | \$39,250,000 | - | \$39,250,000 | | | 39,250,000 |
| Due to other funds | - | - | \$4,027,526 | | | 4,027,526 |
| Arbitrage rebate accrual | - | - | - | | | - |
| Transportation system bonds payable (Note C) | - | - | - | | \$220,730,000 | 220,730,000 |
| Total liabilities | 39,250,000 | 7,762 | 43,285,288 | | 220,730,000 | 264,015,288 |
| FUND BALANCES: | | | | | | |
| Reserved for debt service requirements (Note C) | - | - | - | \$22,992,266 | | 22,992,266 |
| Reserve for debt service reserve requirements (Note C) | - | - | - | 26,444,830 | | 26,444,830 |
| Reserved for payment of state transportation system costs | - | 238,444 | 367,464,447 | | | 367,464,447 |
| Unreserved - designated for operating expenses | - | 238,444 | 367,702,891 | 49,437,096 | | 417,139,987 |
| Total fund balances | \$39,250,000 | \$246,206 | \$410,988,179 | \$49,437,096 | \$220,730,000 | \$681,155,275 |

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1991

| | Governmental Fund Types | | | | | Total (Memorandum Only) |
|--|-------------------------|---|-------------------------------|----------------|-----------------|-------------------------------|
| | Revenue | Special Revenue Authority Reserve | Transportation Improvement | Total | Debt Service | |
| REVENUES (Notes C and D): | | | | | | |
| State appropriations equivalent to: | | | | | | |
| Motor fuel taxes | \$ 276,500,000 | | | \$ 276,500,000 | | \$ 276,500,000 |
| Commercial vehicle fees and taxes | 30,000,000 | | | 30,000,000 | | 30,000,000 |
| Toll road authorities | 24,500,000 | | | 24,500,000 | | 24,500,000 |
| Interest income (Note B) | - | \$ 18,652 | \$ 28,922,712 | 28,941,364 | \$ 3,795,891 | 32,737,255 |
| Total revenues | 331,000,000 | 18,652 | 28,922,712 | 359,941,364 | 3,795,891 | 363,737,255 |
| EXPENDITURES: | | | | | | |
| Operating expenditures | - | 213,998 | - | 213,998 | | 213,998 |
| Bond interest expenditures (Note C) | - | - | - | - | 14,530,944 | 14,530,944 |
| State transportation costs | - | - | 380,000,000 | 380,000,000 | | 380,000,000 |
| Principal retirement of bonds payable (Note C) | - | - | - | - | 31,475,000 | 31,475,000 |
| Arbitrage rebate | - | - | 1,113,097 | 1,113,097 | | 1,113,097 |
| Total expenditures | - | 213,998 | 381,113,097 | 381,327,095 | 46,005,944 | 427,333,039 |
| EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) | 331,000,000 | (195,346) | (352,190,385) | (21,385,731) | (42,210,053) | (63,595,784) |
| OTHER FINANCING (USES) SOURCES: | | | | | | |
| Operating transfers out | (331,000,000) | - | - | (331,000,000) | | (331,000,000) |
| Operating transfers in | - | 229,714 | 291,184,430 | 291,414,144 | 39,585,856 | 331,000,000 |
| Excess transfers in (out) -- net | - | (43,580) | (2,569,848) | (2,613,428) | 2,613,428 | - |
| FUND BALANCES AT BEGINNING OF YEAR | (331,000,000) | 186,134 | 288,614,582 | (42,199,284) | 42,199,284 | - |
| FUND BALANCES AT END OF YEAR | - | 247,656 | 431,040,250 | 431,287,906 | 49,447,865 | 480,735,771 |
| FUND BALANCES AT END OF YEAR | \$ - | \$ 238,444 | \$ 367,464,447 | \$ 367,702,891 | \$ 49,437,096 | \$ 417,139,987 |

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1991

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Jersey Transportation Trust Fund Authority (the "Authority") is a public body of the State of New Jersey, organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984 (the "Act") to provide the payment for and financing of all, or a portion of, the costs incurred by the State Department of Transportation for planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the State's transportation system. Pursuant to the Act, the Authority may issue bonds to provide the payment for and financing of all, or a portion of, the State's share of the costs of such programs to the extent that State appropriations to the Authority and other available Authority revenues in each fiscal year are insufficient to fund such costs. The Act currently provides that the aggregate principal amount of bonds issued, notes or other obligations, including subordinated indebtedness of the Authority, may not exceed \$1,700,000,000.

The Authority is considered a component unit of the State of New Jersey and is included in the general purpose financial statements of the State.

The accounting policies of the Authority conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation - Fund Accounting - The accounts of the Authority are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account group are used by the Authority:

Special Revenue Fund - to account for the proceeds of specific revenue sources that are legally reserved for specific purposes. Under the terms of the bond resolution, the Authority maintains the following accounts:

- . Revenue - to account for the proceeds of specific revenue sources (motor fuel taxes, toll road authority contracts and commercial vehicle fees and taxes) that are legally restricted to expenditure for specific purposes.
- . Authority Reserve - to account for the operating expenditures of the Authority.
- . Transportation Improvement - to account for the accumulation of resources for payment of State transportation system costs.

Debt Service Fund - to account for the accumulation of resources for the payment of principal and interest on bonds as defined by the Debt Service Requirement.

General Long-Term Debt Account Group - is used to establish accounting control and accountability for the Authority's general long-term debt. The General Long-Term Debt Account Group accounts for all long-term debt of the Authority.

Basis of Accounting - The modified accrual basis of accounting is followed by the Authority. Under the modified accrual basis of accounting, revenues, including interest income, are recorded when susceptible to accrual (i.e., both measurable and available). Revenues are considered available if they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Assessments to toll road authorities, other fees and taxes collected by the State of New Jersey are recorded in accordance with contractual requirements. Installments for assessments and other fees and taxes not yet remitted by the State of New Jersey are recorded as accounts receivable - State of New Jersey.

Investments - Investments are stated at cost, as adjusted for the accretion of discount or amortization of premium. State of New Jersey Cash Management Fund Units are stated at a fixed cost of \$1.00 per unit, which approximates market value.

Total (Memorandum Only) - Total (Memorandum Only) columns contain the totals of the similar accounts of the various funds and the General Long-Term Debt Account Group. Since the assets of the funds are restricted, the combination of the funds and account group, including assets therein, is for convenience only and does not indicate that the combined assets are available for expenditures in any manner other than that provided for in the bond resolution.

B. INVESTMENTS

The Authority's investments at June 30, 1991 are as follows:

| | |
|--|----------------------|
| U.S. Government and Agency obligations | \$ 28,719,855 |
| State of New Jersey Cash Management Fund | <u>352,693,511</u> |
| | <u>\$381,413,366</u> |

The market value of the Authority's investments at June 30, 1991 was \$381,465,781.

The purchase, sale, receipt of income and other transactions affecting investments are governed by custodial agreements between the Authority through the State Treasurer and custodian banks as agents for the funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institution, amount of the portfolio to be covered by the agreements and other pertinent matters. All investments must conform to standards set by State law. A general description of those investments is the following: (a) direct obligations of or obligations guaranteed by the United States, (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state, (c) bonds, debentures or other evidence of indebtedness issued or guaranteed by any agency or corporation created pursuant to an Act of Congress, (d) new housing authority bonds, (e) certificates of deposit, (f) commercial paper, (g) repurchase agreements, and (h) State of New Jersey Cash Management Fund.

GASB Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority at June 30, 1991. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Trust Department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name. As of June 30, 1991, all investments held by the Authority are classified as Category 1.

U.S. Government and Agency obligations are maintained at Federal Reserve Banks in New York through the custodian banks in trust for the Authority. The custodian banks as agents for the Authority maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks as securities owned by the Authority.

The New Jersey Cash Management Fund is a common trust fund administered by the State Department of the Treasury, Division of Investments. Securities in the Fund are insured, registered or held by the Division or its agent in the Fund's name.

C. TRANSPORTATION SYSTEM BONDS PAYABLE

Transportation systems bonds payable at June 30, 1991 is composed of the \$200,000,000 1986 Series A Bonds dated December 1, 1986, maturing serially from June 15, 1988 through June 15, 1997 at interest rates ranging from 4.10% to 6.00% and the \$125,000,000 1988 Series A Bonds dated March 1, 1988, maturing serially from June 15, 1989 through June 15, 1998 at interest rates ranging from 4.90% to 6.90%. The outstanding balance on the transportation system bonds payable at June 30, 1991 consists of \$131,355,000 for the 1986 Series A Bonds and \$89,375,000 for the 1988 Series A Bonds.

The 1986 Series A Bonds maturing on or after June 15, 1993 are subject to redemption prior to maturity, in whole or in part, at any time after June 15, 1992 at varying premium rates. The 1988 Series A Bonds are not subject to redemption prior to maturity.

One or more series of additional bonds may be issued at any time or from time to time for the purpose of financing the cost of transportation improvements. Pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, the Authority shall minimize debt incurrence by first relying on appropriations and other revenues before incurring debt to meet its statutory purposes.

The bonds are primarily secured by payments received or to be received by the Authority from the State of New Jersey as described in Note E.

Annual debt service requirements (principal and interest) to maturity for the transportation system bonds payable as of June 30, 1991 are as follows (amounts in thousands):

| Year Ending June 30, | 1986 Series A Bonds | | 1988 Series A Bonds | | Total Debt Service |
|----------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 1992 | \$ 19,180,000 | \$ 7,264,830 | \$ 13,890,000 | \$ 5,649,703 | \$ 45,984,533 |
| 1993 | 20,135,000 | 6,305,830 | 14,675,000 | 4,844,083 | 45,959,913 |
| 1994 | 21,185,000 | 5,258,810 | 15,520,000 | 3,963,583 | 45,927,393 |
| 1995 | 22,330,000 | 4,114,820 | 16,444,820 | 3,001,343 | 45,901,163 |
| 1996 | 23,580,000 | 2,864,340 | 9,000,000 | 1,948,223 | 37,392,563 |
| 1997 | 24,945,000 | 1,496,700 | 9,595,000 | 1,354,223 | 37,390,923 |
| 1998 | - | - | 10,240,000 | 706,560 | 10,946,560 |
| Total debt service | <u>\$131,355,000</u> | <u>\$27,305,330</u> | <u>\$89,375,000</u> | <u>\$21,467,718</u> | <u>\$110,842,718</u> |
| Less total interest | | | | | <u>48,770,048</u> |
| Total principal | | | | | <u>\$220,730,000</u> |

During the year ended June 30, 1991, the following changes occurred in the General Long-Term Debt Account Group:

| | |
|---------------------------------|----------------------|
| Balance as of beginning of year | \$252,205,000 |
| Debt retirements | <u>31,475,000</u> |
| Balance as of end of year | <u>\$220,730,000</u> |

D. DEFEASANCE OF 1985 SERIES A BONDS

Pursuant to an Escrow Deposit Agreement dated March 1, 1988, the Authority deposited \$34,907,500 of the proceeds of the 1988 Series A Bonds and an additional \$14,147,575 of debt service fund investments to advance refund \$46,670,000 of outstanding 1985 Series A Bonds with an average interest rate of 7.77%. All funds so deposited were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1985 Series A Bonds. As a result, the 1985 Series A Bonds are considered defeased and the liability for those bonds of \$29,390,000 and \$35,520,000 as of June 30, 1991 and 1990, respectively, has been removed from the General Bonds Account Group. The primary objective of the advance refunding was to release the \$9,730,000 debt service reserve requirement for the 1985 Series A Bonds thereby making those funds available for State transportation projects.

E. REVENUE CONTRACTS

Pursuant to a contract signed with the State of New Jersey, the Authority will receive revenues during the year ending June 30, 1992 from State appropriations, which are funded from assessments to toll road authorities, commercial vehicle fees and motor fuel taxes, pursuant to Article VIII, Section 2 of the State Constitution. Revenues in the amount of \$331,000,000 have been appropriated by the State to the Authority for the year ending June 30, 1992.

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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 1991

| | Special Revenue Funds | | | | Total | Debt Service Fund | Total (Memorandum Only) |
|---|-----------------------|------------------------|---------------------------------|-------------|------------|-------------------|-------------------------|
| | Revenue Fund | Authority Reserve Fund | Transportation Improvement Fund | Total | | | |
| CASH BALANCES, JUNE 30, 1990 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| RECEIPTS: | | | | | | | |
| Motor fuel taxes | 276,500,000 | - | - | 276,500,000 | - | 276,500,000 | |
| Commercial vehicle fees and taxes | 30,000,000 | - | - | 30,000,000 | - | 30,000,000 | |
| Toll road authorities | 24,500,000 | - | - | 24,500,000 | - | 24,500,000 | |
| Net interest income | - | 18,652 | 27,264,597 | 27,283,249 | 3,768,749 | 31,051,998 | |
| Maturity of long-term investments | - | - | 198,100,000 | 198,100,000 | 5,881,900 | 203,981,900 | |
| Sale of Cash Management Fund investment - net | - | 1,502 | - | 1,502 | 6,550,510 | 6,552,012 | |
| Operating transfers in | - | 231,309 | 303,236,030 | 303,467,339 | 27,532,661 | 331,000,000 | |
| Total receipts | 331,000,000 | 251,463 | 528,600,627 | 859,852,090 | 43,733,820 | 903,585,910 | |
| DISBURSEMENTS: | | | | | | | |
| Operating expenditures | - | 231,714 | - | 231,714 | - | 231,714 | |
| Bond interest expenditures | - | - | - | - | 14,598,074 | 14,598,074 | |
| State transportation costs | - | - | 380,000,000 | 380,000,000 | - | 380,000,000 | |
| Principal retirement of bonds payable | - | - | - | - | 31,475,000 | 31,475,000 | |
| Purchase of Cash Management Fund investment - net | - | - | 146,281,122 | 146,281,122 | - | 146,281,122 | |
| Operating transfers out | 331,000,000 | - | - | 331,000,000 | - | 331,000,000 | |
| Total disbursements | 331,000,000 | 231,714 | 526,281,122 | 857,512,836 | 46,073,074 | 903,585,910 | |
| EXCESS TRANSFERS IN (OUT) | - | (19,749) | (2,319,505) | (2,339,254) | 2,339,254 | - | |
| CASH BALANCES, JUNE 30, 1991 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITYSCHEDULE OF INVESTMENTS
JUNE 30, 1991

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Cost</u> | <u>Market Value</u> |
|---|--------------------------|----------------------|----------------------|-------------------------|
| <u>AUTHORITY RESERVE FUND</u> | | | | |
| State of New Jersey Cash Management Fund, 246,097 units | Various | Various | \$ 246,097 | \$ 246,097 |
| <u>TRANSPORTATION IMPROVEMENT FUND</u> | | | | |
| State of New Jersey Cash Management Fund, 343,585,247 units | Various | Various | 343,585,247 | 343,585,247 |
| U.S. Treasury Notes, \$8,910,000 par value | 7.875% | June 30, 1991 | 8,910,000 | 8,910,000 |
| | | | <u>352,495,247</u> | <u>352,495,247</u> |
| <u>DEBT SERVICE FUND</u> | | | | |
| State of New Jersey Cash Management Fund, 8,862,217 units | Various | Various | 8,862,167 | 8,862,167 |
| U.S. Treasury Notes \$19,825,000 par value | 6.50% | November 15, 1991 | 19,809,855 | 19,862,270 |
| | | | <u>28,672,022</u> | <u>28,724,438</u> |
| TOTAL (memorandum only) | | | <u>\$381,413,366</u> | <u>\$381,465,781</u> |