



# NJ Transportation Trust Fund Authority



(A Component Unit of the State of New Jersey)

**Financial Statements and Supplementary Information**

**June 30, 2014**

**With Independent Auditors' Report**

**New Jersey Transportation Trust Fund Authority  
(A Component Unit of the State of New Jersey)  
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June 30, 2014**

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Additional Offices in New Jersey,  
New York, Pennsylvania, Maryland,  
Florida, and Colorado.

## **Independent Auditors' Report**

To the Honorable Chairperson and Members of the  
New Jersey Transportation Trust Fund Authority  
(A Component Unit of the State of New Jersey)

### **Report on the Financial Statements**

We have audited, under contract between Hutchins, Meyer and DiLieto, PA and the New Jersey Transportation Trust Fund Authority, the accompanying financial statements of New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. On January 16, 2014, Hutchins, Meyer and DiLieto, PA merged with WithumSmith+Brown, PC.

### **Management's Responsibility for the Financial Statements**

The management of the New Jersey Transportation Trust Fund Authority is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and of each fund of the New Jersey Transportation Trust Fund Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the New Jersey Transportation Trust Fund Authority's basic financial statements. The accompanying schedule of cash receipts and disbursements is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of cash receipts and disbursements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the accompanying supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 on our consideration of the New Jersey Transportation Trust Fund Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Jersey Transportation Trust Fund Authority's internal control over financial reporting and compliance.

*Withum Smith + Brown, PC*

December 16, 2014



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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Chairperson and Members of the  
New Jersey Transportation Trust Fund Authority  
(A Component Unit of the State of New Jersey)

We have audited, under contract between Hutchins, Meyer and DiLieto, PA and the New Jersey Transportation Trust Fund Authority, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Jersey Transportation Trust Fund Authority, which comprise the statement of net position and governmental funds balance sheet as of June 30, 2014, and the related statement of activities and governmental funds revenues, expenses and changes in fund balance/net position for the year then ended and the related notes to the financial statements, which collectively comprise the New Jersey Transportation Trust Fund Authority's basic financial statements, and have issued our report thereon dated December 16, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the New Jersey Transportation Trust Fund Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Jersey Transportation Trust Fund Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Jersey Transportation Trust Fund Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the New Jersey Transportation Trust Fund Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Withum Smith & Brown, PC*

December 16, 2014



## (A Component Unit of the State of New Jersey)

### Management's Discussion and Analysis

With regard to the financial management of the New Jersey Transportation Trust Fund Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

#### Financial Highlights

The Authority disbursed \$1,178,025,991 to the Special Transportation Fund of the State of New Jersey to fund statewide transportation system improvements during the fiscal year. As compared to the amount of \$1,393,245,940 that was disbursed in the prior year, this represents a decrease of approximately 15%, due to the timing of capital projects and increased utilization of expiring Federal grants under the American Recovery and Reinvestment Act of 2009 (ARRA) in lieu of using State funds for statewide transportation system improvements.

The term "net position" refers to the difference between assets and liabilities. At the close of fiscal year 2014, the Authority had a net deficit of \$265 million, as compared to a net position of \$116 million at June 30, 2013. This decrease in net position was mainly due to a decrease in funds generated from the issuance of bonds (2013 Series AA Transportation Program Bond) as compared to the prior year. Additionally, the Authority implemented GASB 65, *Items Previously Reported as Assets and Liabilities*, which resulted in a decrease of \$103 million to the July 1, 2013 opening balance of net position, reflecting the unamortized debt issuance costs as of that date (see *Significant other Events* of this Management Discussion & Analysis and Footnote 1 and 7 of the *Notes to the Financial Statements*). This decrease was partially offset by the reduction in State funded statewide transportation system improvement expenditures as noted above.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Authority is a single program government that combines government-wide and governmental fund financial statements. This report also contains required supplementary information concerning the Authority's cash flow for the fiscal year.

#### Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to that which would be used by a private-sector business.

The statement of net position and governmental funds balance sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without corresponding increases to liabilities results in increased net position, which indicate an improved financial position. The Authority's position decreased by \$381 million in the year ended June 30, 2014 as explained above.

The statement of activities and governmental funds revenues, expenditures and changes in fund balances/net position presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

# NJ Transportation Trust Fund Authority

## (A Component Unit of the State of New Jersey) Management's Discussion and Analysis

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's flow of cash for the fiscal year.

### Financial Analysis

Net position (deficit) may serve, over time, as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities and deferred inflows of resources exceeded assets by \$265,095,285 at the close of the most recent fiscal year.

The largest portion of the Authority's net deficit reflects its investments in current assets (*e.g., accounts receivable, cash and cash equivalents and investments*) less any related bonds outstanding and accounts payable. The Authority's current assets are restricted for payment of state transportation costs and bond issues outstanding.

	Years Ended			% Change 2014-2013
	June 30, 2014	June 30, 2013	June 30, 2012	
Accounts receivable	\$ 15,724,707,102	\$ 15,247,304,728	\$ 14,114,275,200	3%
Cash and cash equivalents	445,123,043	609,322,103	428,932,759	-27%
Unrealized loss on refunding of bonds	-	-	9,467,602	
Unamortized bond discount	9,975,764	19,154,585	19,708,191	-48%
Unamortized bond issuance cost	-	103,797,214	105,737,744	-100%
Total assets	<u>\$ 16,179,805,909</u>	<u>\$ 15,979,578,630</u>	<u>\$ 14,678,121,496</u>	1%
Accrued interest payable	\$ 27,401,569	\$ 26,838,665	\$ 25,147,922	2%
Accounts payable - State of New Jersey	148,519,371	197,273,096	106,984,448	-25%
Accounts payable - other	616,260	1,021,654	147,000	-40%
Bonds payable:				
Due within one year	464,750,000	408,045,000	360,030,000	14%
Due after one year	15,209,466,513	14,683,234,264	13,653,175,615	4%
Unamortized bond premium	579,101,480	538,700,479	379,982,883	7%
Total liabilities	<u>16,429,855,193</u>	<u>15,855,113,158</u>	<u>14,525,467,868</u>	4%
Deferred inflows of resources	15,046,001	8,169,613	-	84%
Net Position Restricted for:				
Debt service	15,645	126,741	232,106	-88%
Future charges	(611,573,286)	(450,756,958)	(270,217,268)	36%
Payment of state transportation system cost	346,462,356	566,926,076	422,638,790	-39%
Total net (deficit) position	<u>(265,095,285)</u>	<u>116,295,859</u>	<u>152,653,628</u>	-328%
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 16,179,805,909</u>	<u>\$ 15,979,578,630</u>	<u>\$ 14,678,121,496</u>	1%

# NJ Transportation Trust Fund Authority

## (A Component Unit of the State of New Jersey) Management's Discussion and Analysis

	Years Ended			% Change 2014-2013
	June 30, 2014	June 30, 2013	June 30, 2012	
<b>Revenues:</b>				
State appropriations				
Motor fuel taxes	\$ 531,000,000	\$ 520,000,000	\$ 522,167,000	2%
Commercial vehicle fees and taxes	581,617,549	438,856,920	422,500,000	33%
Toll Road Authority	12,000,000	12,000,000	78,000,000	0%
Interest income and investment return	305,351	542,751	454,024	-44%
Amortization of bond premium and discount	40,209,999	28,973,856	43,852,659	39%
Total revenues	1,165,132,899	1,000,373,527	1,066,973,683	16%
<b>Expenses:</b>				
Operating expenses and financial costs	2,094,787	2,627,950	1,359,831	-20%
State transportation costs	1,178,025,991	1,393,245,940	1,169,498,617	-15%
Debt service:				
Bond interest expense, including amortization				
deferred gain on advanced refunding	667,709,131	626,581,697	622,035,531	7%
Capital appreciation bonds	141,782,268	134,203,649	127,036,629	6%
Total expenses	1,989,612,177	2,156,659,236	1,919,930,608	-8%
Deficiency of revenues over expenses	(824,479,278)	(1,156,285,709)	(852,956,925)	-29%
<b>Other financing sources (uses):</b>				
Garvee bond debt service reimbursement	3,216,750	3,771,250	3,192,409	-15%
Build America Bond Credits	35,934,451	37,038,041	38,722,469	-3%
Bond issue costs	(2,895,065)	-	-	100%
Total other financing sources (uses)	36,256,136	40,809,291	41,914,878	-11%
Changes in net position	(788,223,142)	(1,115,476,418)	(811,042,047)	-29%
<b>Net (deficit) position:</b>				
Beginning of year - as previously reported	116,295,859	152,653,628	(173,353,748)	-24%
Prior period adjustment	(187,750,270)	-	-	100%
Beginning of year - as restated	(71,454,411)	152,653,628	(173,353,748)	-147%
Current year bond activity, net	594,582,268	1,079,118,649	1,137,049,423	-45%
Net (deficit) position - end of year	\$ (265,095,285)	\$ 116,295,859	\$ 152,653,628	-328%

### Significant and Subsequent Events

As of June 30, 2014, the Authority had \$15,674,216,513 in bonds outstanding, net of unamortized bond accretions, as compared to \$15,091,279,264 in the prior fiscal year, an increase of 3.9%. New debt was incurred by the Authority in the amount of \$849,200,000 during fiscal year 2014 while a total of \$408,045,000 in bond principal was retired through annual debt service payments during the fiscal year.

To capitalize on favorable market conditions, and as a hedge toward an anticipated rise in interest costs associated with the Federal Reserve's expected move to begin phasing out its Quantitative Easing policy, the Authority issued \$849,200,000 in new money Transportation Program Bonds (2013 Series AA) in August 2013, earlier in the fiscal year than has been the case historically.

There were no new Swap Agreements entered into during the fiscal year. See Footnote 8 "Subsequent Events" of the accompanying Notes to the Financial Statements for information on a statement of claim filed by the State of New Jersey regarding the interest rate swap on the Authority's 2003 Series B Bonds.

# NJ Transportation Trust Fund Authority

## (A Component Unit of the State of New Jersey) Management's Discussion and Analysis

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The following information summarizes the changes in debt between fiscal year 2014, 2013 and 2012:

	Years Ended			% Change 2014-2013
	June 30, 2014	June 30, 2013	June 30, 2012	
Bonds payable	\$ 15,674,216,513	\$ 15,091,279,264	\$ 14,013,205,615	3.9%

More detailed information about the Authority's bonds payable is presented in Note 4 of the financial statements.

The prior re-authorization of the Authority expired on June 30, 2011. Assembly Bill A-3205 granted legislative approval to support the State's Capital Transportation Program for Fiscal Years 2013 through 2016, authorizing the Authority to bond a total of \$3,458.3 million for fiscal years 2013 to 2016. For fiscal year 2014, the Authority did not use any of the remaining bond authorizations from the previous act. The NJTTFA expects to issue \$1,061.6 million of new money Transportation Program Bonds provided under the 2012 Amendments in FY 2015, including \$735.3 million authorized for FY 2015 and \$326.3 million of unused bond cap that carried over from FY2014. As a result of the state's ongoing fiscal and budgetary challenges, the three major rating agencies downgraded New Jersey's debt rating during Fiscal Year 2014, which will have the effect of increasing borrowing costs on future financing, as well as fees paid on the Authority's two outstanding variable rate bond Letters of Credit which expire in December 2014 and will not be renewed or replaced. It is the Authority's intention to convert and remarket the two variable rate bonds as fixed rate notes in its Fiscal Year 2015 financing.

### Significant other Events

The Government Accounting Standards Board (GASB) issued Pronouncement No. 65 related to *Items Previously Reported as Assets and Liabilities*, including the treatment of Bond Issuance Costs. GASB-65 states these costs can no longer be established as assets and amortized over the term of the bond issue, but are to be expensed when incurred. These financial statements reflect *the zeroing out of the current year costs and all remaining balances of prior year bond issuance costs and its accumulated amortization*.

For the FY2013 audit and with an option for the FY2014 audit, the Authority had approved the selection of a new independent auditor, Hutchins Meyer & DiLieto, PA to conduct the Authority's annual audit. During the fiscal year Hutchins Meyer & DiLieto, PA merged with WithumSmith+Brown, PC, who is providing these services for the FY2014 audit under the terms of the old agreement with Hutchins Meyer & DiLieto, PA. As required by statute regarding the Authority's annual audit engagement, a Request for Proposal process involving only state approved vendors will take place prior to commencing the FY2015 audit. WithumSmith+Brown is an approved state vendor.

### Contacting the Authority's Financial Management

This financial report is designed to provide the New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to the State of New Jersey and bondholders. If you have questions about this report or need additional financial information, you can contact the New Jersey Transportation Trust Fund Authority at 1035 Parkway Avenue, P.O. Box 600, Trenton, NJ 08625-0600 or visit its website at [www.state.nj.us/ttfa](http://www.state.nj.us/ttfa).

**New Jersey Transportation Trust Fund Authority**  
**(A Component Unit of the State of New Jersey)**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**June 30, 2014**

	<u>Special Revenue Fund</u>	<u>Other Funds (DSF)</u>	<u>Total Government Funds</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Net Position</u>
<b>Assets</b>					
Accounts receivable - State of New Jersey	\$ 37,237,214	\$ -	\$ 37,237,214	\$ 15,674,216,513	\$ 15,711,453,727
Accounts receivable - other	13,253,375	-	13,253,375	-	13,253,375
Cash and cash equivalents	445,107,398	15,645	445,123,043	-	445,123,043
Unamortized bond discounts	-	-	-	9,975,764	9,975,764
Total assets	<u>\$ 495,597,987</u>	<u>\$ 15,645</u>	<u>\$ 495,613,632</u>	<u>\$ 15,684,192,277</u>	<u>\$ 16,179,805,909</u>
<b>Liabilities</b>					
Accrued interest payable	\$ -	\$ -	\$ -	\$ 27,401,569	\$ 27,401,569
Accounts payable - State of New Jersey	148,519,371	-	148,519,371	-	148,519,371
Accounts payable - other	616,260	-	616,260	-	616,260
Transportation bonds payable:					
Due within one year	-	-	-	464,750,000	464,750,000
Due after one year	-	-	-	15,209,466,513	15,209,466,513
Unamortized bond premiums	-	-	-	579,101,480	579,101,480
Total liabilities	<u>149,135,631</u>	<u>-</u>	<u>149,135,631</u>	<u>16,280,719,562</u>	<u>16,429,855,193</u>
<b>Deferred Inflows of Resources</b>					
Deferred gains on advanced refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,046,001</u>	<u>15,046,001</u>
<b>Fund Balances / Net Position (Deficit)</b>					
Restricted for:					
Debt service	-	15,645	15,645	-	15,645
Future charges	-	-	-	(611,573,286)	(611,573,286)
Payment of state transportation system cost	<u>346,462,356</u>	<u>-</u>	<u>346,462,356</u>	<u>-</u>	<u>346,462,356</u>
Total fund balances/net position (deficit)	<u>346,462,356</u>	<u>15,645</u>	<u>346,478,001</u>	<u>(611,573,286)</u>	<u>(265,095,285)</u>
Total liabilities, deferred inflows of resources and fund balances/net position (deficit)	<u>\$ 495,597,987</u>	<u>\$ 15,645</u>	<u>\$ 495,613,632</u>	<u>\$ 15,684,192,277</u>	<u>\$ 16,179,805,909</u>

See Independent Auditors' Report.  
The Notes to Financial Statements are an integral part of this statement.

**New Jersey Transportation Trust Fund Authority**  
**(A Component Unit of the State of New Jersey)**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenses and Changes in Fund Balances/Net Position**  
**Year Ended June 30, 2014**

	<u>Special Revenue Fund</u>	<u>Other Funds (DSF)</u>	<u>Total Government Funds</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Activities</u>
<b>Revenues:</b>					
State appropriations equivalent to:					
Motor fuel taxes	\$ 531,000,000	\$ -	\$ 531,000,000	\$ -	\$ 531,000,000
Commercial vehicle fees and taxes	581,617,549	-	581,617,549	-	581,617,549
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Interest income and investment return	305,351	-	305,351	-	305,351
Amortization of bond premiums and discounts	-	-	-	40,209,999	40,209,999
Total revenue	<u>1,124,922,900</u>	<u>-</u>	<u>1,124,922,900</u>	<u>40,209,999</u>	<u>1,165,132,899</u>
<b>Expenditures:</b>					
Operating expenses and financial costs	76,981	2,017,806	2,094,787	-	2,094,787
State transportation costs	1,178,025,991	-	1,178,025,991	-	1,178,025,991
Debt service:					
Principal	-	408,045,000	408,045,000	(408,045,000)	-
Bond interest expense, including amortization of deferred gain on advanced refunding	-	672,170,973	672,170,973	(4,461,842)	667,709,131
Capital appreciation bonds	-	-	-	141,782,268	141,782,268
Total expenditures	<u>1,178,102,972</u>	<u>1,082,233,779</u>	<u>2,260,336,751</u>	<u>(270,724,574)</u>	<u>1,989,612,177</u>
Excess (deficiency) of revenues over expenses	<u>(53,180,072)</u>	<u>(1,082,233,779)</u>	<u>(1,135,413,851)</u>	<u>310,934,573</u>	<u>(824,479,278)</u>

See Independent Auditors' Report.  
The Notes to Financial Statements are an integral part of this statement.

**New Jersey Transportation Trust Fund Authority  
(A Component Unit of the State of New Jersey)  
Statement of Activities and Governmental Funds Revenues,  
Expenses and Changes in Fund Balances/Net Position  
Year Ended June 30, 2014**

	<u>Special Revenue Fund</u>	<u>Other Funds (DSF)</u>	<u>Total Government Funds</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Activities</u>
<b>Other Financing Sources (Uses):</b>					
Bonds issued	849,200,000	-	849,200,000	(849,200,000)	-
Bond premiums	17,737,899	-	17,737,899	(17,737,899)	-
Garvee bond debt service reimbursement	-	14,861,750	14,861,750	(11,645,000)	3,216,750
Transfers - internal activities	(1,031,326,482)	1,031,326,482	-	-	-
Build American Bond Credits	-	35,934,451	35,934,451	-	35,934,451
Bond issue costs	(2,895,065)	-	(2,895,065)	-	(2,895,065)
Total of other financing sources (uses)	<u>(167,283,648)</u>	<u>1,082,122,683</u>	<u>914,839,035</u>	<u>(878,582,899)</u>	<u>36,256,136</u>
Changes in fund balance/net position	<u>(220,463,720)</u>	<u>(111,096)</u>	<u>(220,574,816)</u>	<u>(567,648,326)</u>	<u>(788,223,142)</u>
<b>Fund Balances/Net Position (Deficit)</b>					
Beginning of year - as previously reported	566,926,076	126,741	567,052,817	(450,756,958)	116,295,859
Prior period adjustment	-	-	-	(187,750,270)	(187,750,270)
Beginning of year - as restated	566,926,076	126,741	567,052,817	(638,507,228)	(71,454,411)
Current year bond activity, net	-	-	-	594,582,268	594,582,268
Fund balances/net deficit, end of year	<u>\$ 346,462,356</u>	<u>\$ 15,645</u>	<u>\$ 346,478,001</u>	<u>\$ (611,573,286)</u>	<u>\$ (265,095,285)</u>

See Independent Auditors' Report.  
The Notes to Financial Statements are an integral part of this statement.

**New Jersey Transportation Trust Fund Authority  
(A Component Unit of the State of New Jersey)  
Notes to the Financial Statements  
June 30, 2014**

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**1. Summary of Significant Accounting Policies**

**Nature of Authority**

New Jersey Transportation Trust Fund Authority (the "Authority"), located in Ewing, New Jersey, was created by the State of New Jersey (the "State") in 1984 pursuant to the New Jersey Transportation Trust Fund Authority Act in order to provide a stable, predictable funding mechanism for transportation system improvements undertaken by the New Jersey Department of Transportation. The Authority also finances State aid to counties and municipalities for transportation system improvements.

**Basis of Accounting**

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Authority follows the hierarchy in determining accounting treatment.

The basic financial statements consist of government-wide and governmental fund financial statements.

The Authority, as a single program government, combines government-wide and governmental fund financial statements, which are linked together by the reconciliation.

The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred. The primary sources of revenues are appropriations received from the State from motor fuel and petroleum products taxes, motor vehicle sales taxes and commercial vehicle fees and taxes.

The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America for governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**New Jersey Transportation Trust Fund Authority  
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Notes to the Financial Statements  
June 30, 2014**

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**Fund Accounts**

In accordance with the 1995 Bond Resolution, the Authority has established the following fund accounts maintained by the Authority:

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Special Revenue Fund Transportation Improvement	Deposit of all revenues received by the Authority. Also used to account for the accumulation of resources for payment of State transportation costs.	Expenditures for specific purposes.
Debt Service Fund (DSF)	Amounts needed to pay matured principal and interest on bonds.	Interest and principal on bonds.

The Authority reserve, which accounts for the Authority's operating expenses, is included in the special revenue fund.

**Income Taxes**

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

**Bond Issuance Costs**

In the Government-wide financial statements, all bond issuance costs related to current and prior bond issues have been expensed in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. See Footnote 7 regarding the prior period adjustment to expense prior years' bond issuance costs.

In the governmental fund financial statements, bond issuance costs are expensed when incurred.

**Bond Premium**

In the government-wide financial statements, bond premiums are reported as deferred revenues (liabilities) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums are recognized as revenue when received.

**Bond Discount**

In the government-wide financial statements, bond discounts are recognized as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond discounts are recognized as expense when received.

**Restricted Net Position**

In accordance with the terms of the various bond resolutions, cash and cash equivalents and investments of all funds required under such bond resolutions are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are not available for the payment of current operating expenses.

**Accounts Receivable**

The following is a summary of receivables due from the State primarily to fund future bonds payable.

Due within one year	\$ 501,987,214
Due after one year	15,209,466,513
	<u>\$ 15,711,453,727</u>

**New Jersey Transportation Trust Fund Authority  
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Notes to the Financial Statements  
June 30, 2014**

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**2. Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of State of New Jersey cash management fund deposits. New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund (“NJCMF”) or in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agencies of the United States that insure deposits.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal 5% of the average daily balance of public funds; or
- If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash and cash equivalents and investments are substantially restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

Cash and cash equivalents at June 30, 2014, were as follows:

NJCMF	\$	445,014,387
Other		108,656
		\$ 445,123,043

Since the Authority’s cash and cash equivalents are all government securities or an external investment pool, they are not subject to credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. Because the Authority maintains investments in government securities or an external investment pool, it is not subject to interest rate risk if interest rates fluctuate.

**3. Accounts Payable – State of New Jersey**

The balance due of \$148,519,371 consists of amounts due to the State of New Jersey Special Transportation Fund for reimbursement of State, local and New Jersey Transit transportation costs.

**4. Transportation Bonds Payable**

Transportation bonds payable consist of Transportation System and Transportation Program Bonds Payable. Bond resolutions have been adopted by the Authority for the purpose of making improvements to the transportation system and programs in the State of New Jersey.

**New Jersey Transportation Trust Fund Authority**  
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Transportation System Bonds refer to bonds issued pursuant to authorizations previously provided in P.L. 1995, c. 108 and P.L. 2006, c.3, as well as any bonds issued to refund those prior bonds. Transportation Program Bonds refer to bonds issued pursuant to the most recent authorization enacted in June, 2012 (P.L. 2012, c. 13) and any bonds subsequently issued to refund those particular bonds.

In fiscal year 2014, the Authority issued \$849,200,000 of new money Transportation Program Bonds authorized under the June 2012 Act. The proceeds of each issuance will be used to support transportation projects within the State of New Jersey.

The Transportation Program Bonds will be issued as “state contract” debt backed by a new contract between the State Treasurer and the Authority. This contract pledges that constitutionally-dedicated revenues appropriated by the Legislature will be made available to the Authority for debt service payments on its Transportation Program Bonds.

The Transportation System Bonds continue to be secured by the existing contract between the State Treasurer and the Authority which pledges that any dedicated New Jersey Transportation Trust Fund Authority revenues appropriated by the Legislature to the payment of such bonds will be made available to the Authority for debt service payments.

The following is a summary of revenue bonds outstanding (\$ in thousands):

Series	Interest Rate Range	Bonds Outstanding June 30, 2013	Additions	Reductions	Bonds Outstanding June 30, 2014	Amount Due within One Year
1999 Series A	5.75%	\$ 158,795	\$ -	\$ -	\$ 158,795	\$ -
2001 Series C	5.50%-5.75%	234,135	-	70,080	164,055	23,030
2003 Series A	5.50%	288,300	-	55,280	233,020	50,950
2003 Series B	5.00%-5.25%	345,000	-	-	345,000	-
2004 Series A	5.75%	107,495	-	-	107,495	-
2004 Series B	5.25%-5.50%	508,425	-	80,310	428,115	160,285
2005 Series A	5.25%	176,940	-	86,150	90,790	90,790
2005 Series B	3.70%-5.50%	884,825	-	46,700	838,125	49,490
2006 Series A	4.25%-5.50%	1,576,785	-	-	1,576,785	-
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-
2006 A Garvee	5.00%	64,335	-	11,645	52,690	12,225
2007 Series A	4.75%-5.00%	871,055	-	-	871,055	-
2008 Series A	5.63%-5.75%	2,173,735	-	-	2,173,735	-
2009 Series A	6.23%-6.40%	869,075	-	-	869,075	-
2009 Series B	6.88%	273,500	-	-	273,500	-
2009 Series C	Variable	150,000	-	-	150,000	-
2009 Series D	Variable	147,500	-	-	147,500	-
2010 Series A	5.85%-6.25%	1,273,180	-	-	1,273,180	-
2010 Series B	6.56%	500,000	-	-	500,000	-
2010 Series C	5.75%-6.10%	1,000,000	-	-	1,000,000	-
2010 Series D	3.00%-5.25%	485,875	-	-	485,875	-
2010 Series E	3.60%	14,100	-	-	14,100	-
2011 Series A	3.00%-6.00%	590,275	-	10,110	580,165	10,515
2011 Series B	5.00%-5.50%	1,295,225	-	20,565	1,274,660	21,495
2012 Series A	5.00%	326,255	-	-	326,255	-
2012 Series AA	2.00%-5.00%	920,745	-	21,245	899,500	22,095

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Series	Interest Rate Range	Bonds Outstanding June 30, 2013	Additions	Reductions	Bonds Outstanding June 30, 2014	Amount Due within One Year
<i>(continued)</i>						
2013 Series A	1.00%-5.00%	538,845	-	5,960	532,885	10,575
2013 Series B	1.09%-1.76%	338,220	-	-	338,220	-
2013 Series AA	2.00%-5.50%	-	849,200	-	849,200	13,300
		19,821,205	849,200	408,045	20,262,360	464,750
Less bond accretion		(4,729,926)	-	141,783	(4,588,143)	-
Total		<u>\$ 15,091,279</u>	<u>\$ 849,200</u>	<u>\$ 549,828</u>	<u>\$ 15,674,217</u>	<u>\$ 464,750</u>

Total maturities of transportation system and transportation program bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 464,750,000	\$ 654,885,481	\$ 1,119,635,481
2016	488,065,000	631,459,937	1,119,524,937
2017	517,260,000	607,130,112	1,124,390,112
2018	537,730,000	584,232,449	1,121,962,449
2019	562,910,000	558,679,061	1,121,589,061
2020-2024	3,607,490,000	2,295,346,283	5,902,836,283
2025-2029	4,224,915,000	1,508,437,886	5,733,352,886
2030-2034	3,581,050,000	1,090,324,000	4,671,374,000
2035-2039	4,092,855,000	675,160,763	4,768,015,763
2040-2044	<u>2,185,335,000</u>	<u>148,879,038</u>	<u>2,334,214,038</u>
Total	20,262,360,000	<u>\$ 8,754,535,009</u>	<u>\$ 29,016,895,009</u>
Less unamortized bond accretion	<u>4,588,143,487</u>		
Total bonds payable	<u>\$15,674,216,513</u>		

The bonds are secured primarily by revenues received by the Authority from the State. The payment of all such revenues to the Authority is subject to and dependent upon appropriations being made from time to time by the State Legislature. The State Legislature has no legal obligation to make such appropriations.

**2003 Series B**

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) as fixed rate bonds in September 2008. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments were to begin December 15, 2016, and end December 15, 2019. Interest payments began December 15, 2008. Existing Swap Agreements could be amended, terminated or offset with additional interest rate swaps when market conditions permitted. The Authority applied a portion of the Existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds. Amid favorable market conditions, those swap agreements were terminated in December 2011, in accordance with the bond agreement. See footnote 8 "Subsequent Events" of these notes to the Financial Statements for information on a statement of claim filed by the State of New Jersey regarding the interest rate swap on the Authority's 2003 Series B Bonds.

**2006 A Garvee Bond**

The debt service and interest expense payments on the 2006 A Garvee bond are reimbursed by the Federal Highway Administration, through the New Jersey Department of Transportation. These amounts are included in the principal and bond interest expense. The annual principal and interest payments made during the year ended June 30, 2014 of \$11,645,000 and \$3,216,750, respectively, are reimbursed by the State.

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**2009 Series C and D Bonds-Letter of Credit Facilities**

In connection with the issuance of and to provide additional security to the 2009 Series C and Series D bondholders, the Authority entered into irrevocable, direct-pay letter of credit facilities (the "Credit Facility" or "Credit Facilities") with two separate financial institutions (the "Credit Facility Providers"). The Credit Facilities for the 2009 Series C Bonds and 2009 Series D Bonds in the original stated amount of \$152,367,124 and \$149,827,672, respectively, representing the sum of: a) the aggregate principal amount of the 2009 Series C and D Bonds, and, b) 48 days' interest on the 2009 Series C and D Bonds (computed at a rate of 12% per annum) were originally scheduled to expire on December 15, 2011, unless extended in accordance with its terms. These two Credit Facilities were renewed with two new financial institutions on December 9, 2011, and are now set to expire on December 9, 2014. Each Credit Facility will terminate upon conversion of the 2009 Series C or Series D Bonds from a variable rate to a fixed rate interest mode. The bond trustee for each of the 2009 Series C and Series D Bonds is directed to draw on the Credit Facilities to pay when due the principal of and interest on the bonds. The Authority pays a letter of credit fee to the Credit Facility Providers and has entered into agreements to reimburse the Credit Facility Providers for any amounts drawn upon the Credit Facilities by the bond trustee. For the year ended June 30, 2014, the Authority paid \$1,982,656 in fees related to the Credit Facilities compared to \$1,986,686 paid in the prior fiscal year. It is the Authority's intention to convert and remarket the two variable rate bonds as fixed rate notes in its Fiscal Year 2015 financing.

**5. Advance Refunding**

When conditions warrant, the Authority sells various issues of bonds to provide for the refunding of previously issued obligations in order to achieve interest cost savings.

The proceeds received from the sales of the bond issues are used to currently refund the outstanding bond issues or to deposit in an irrevocable escrow fund held by an escrow agent an amount that, when combined with interest earnings thereon, will be at least equal to the sum of the first optional redemption date thereof and the premium required to redeem the bonds outstanding on such date. Accordingly, the Authority's assets and the liabilities for defeased bonds are not included in the Authority's financial statements. These transactions defease the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues.

There were no new refunding bonds during the fiscal year 2014.

Principal amounts outstanding on bonds refunded during fiscal year ended June 30, 2014 are:

Issue	Principal Amount Outstanding 06/30/14
1999 Series A	\$ 158,795,000
2005 Series B	838,125,000
2007 Series A	871,055,000
2011 Series A	580,165,000
2011 Series B	1,274,660,000
	<u>\$ 3,722,800,000</u>

**New Jersey Transportation Trust Fund Authority**  
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**6. Adjustments – Reconciliation of Differences between the Governmental Funds and Government-Wide Financial Statements**

- a) Unamortized bond discounts are recorded as deferred charges (other assets) in the statement of net position and are amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond discounts are recognized as expense when received. Balances as of June 30, 2014, were:

Bond discount	\$ 11,730,085
Accumulated amortization	(1,754,321)
Total unamortized bond discount	<u>\$ 9,975,764</u>
Amortization expense	<u>\$ 419,125</u>

- b) Long-term liabilities (bonds payable and accrued interest payable) applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2014, were:

Bonds payable	\$ 15,091,279,264
Add issuance of bonds	849,200,000
Less principal payments	(408,045,000)
Add accretion	141,782,249
Total	<u>\$ 15,674,216,513</u>
Accrued interest payable	<u>\$ 27,401,569</u>

- c) Unamortized bond premiums are recorded as deferred revenues (other liabilities) in the statement of net position and are amortized over the life of the debt. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, bond premiums are recognized as revenue when received. Balances as of June 30, 2014, were:

Bond premium	\$ 780,496,587
Accumulated amortization	(201,395,107)
Total unamortized bond premium	<u>\$ 579,101,480</u>
Amortization revenue	<u>\$ 40,629,124</u>

- d) Deferred gain on advanced refunding are recorded as deferred inflows of resources in the statement of net position and are amortized over the remaining life of the old debt or the life of new debt, whichever is shorter. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, deferred gain on advanced refunding is not applicable. Balances as of June 30, 2014, were:

Gains on advanced refunding	\$ 63,162,536
Accumulated amortization	(48,116,535)
Deferred gain on advanced refunding	<u>\$ 15,046,001</u>
Amortization revenue as component of interest expense	<u>\$ 5,335,320</u>

**New Jersey Transportation Trust Fund Authority  
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- e) Bond proceeds contribute to the change in fund balance in governmental funds. In the government-wide statements, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Proceeds were received from:

2013 Series AA	<u>\$ 849,200,000</u>
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- f) Repayments of bond principal are reported as expenditures in governmental funds and thus reduce the fund balance. For the government wide financial statements, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. Principal payments, including amounts required for refunding bond issues, were made as follows:

Scheduled principal payments	<u>\$ 408,045,000</u>
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- g) The adjustment related to current year bond activity, net, is comprised of the following:

Bond principal payment	\$ (408,045,000)
Garvee bond principal reimbursement	11,645,000
Bond premium	(17,737,899)
Net bond proceeds	866,937,899
Capital appreciation bonds	<u>141,782,268</u>
Current year bond activity, net	<u>\$ 594,582,268</u>

**7. Prior Period Adjustment**

During the current fiscal year, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Accounting changes adopted to conform to the provisions of GASB No. 65 are to be applied retroactively by restating all prior periods presented. As a result, an adjustment of \$103,486,640 was made to the July 1, 2013 opening balance of net position, which reflects the unamortized debt issuance costs as of that date. Additionally, the Authority made an adjustment to decrease its opening net position by \$84,263,630. The adjustment was to correct prior years' amortization of deferred gain/loss on advanced refunding, bond premium and bond discounts due to 2010 Series D & E refunding bonds not reflected in the calculation of amortization, as well as to correct cost of issuance that was recognized as bond discounts and previous years' differences between the amortization schedule and general ledger.

**8. Subsequent Events**

The Authority has evaluated subsequent events occurring after June 30, 2014 through the date of December 16, 2014, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that the following subsequent events have occurred, which require disclosure in the financial statements.

The State has filed a statement of claim with respect to the matter of the Treasurer of the State of New Jersey and the New Jersey Transportation Trust Fund Authority vs. Goldman, Sachs & Co. and UBS Financial Services, Inc. regarding the interest rate swap on the NJTTFA's 2003 Series B Bond and that a litigation hold is in place regarding the option rate securities that Goldman Sachs & Co. was involved transacting with the State of New Jersey. Goldman Sachs & Co. and UBS Financial Services Inc. issued municipal auction rate securities by the NJTTFA, including but not limited to the underwriting and/or investment services of Goldman Sachs & Co. and UBS Financial Services, Inc., as well as their subsidiaries and affiliates in connection with NJTTFA issuance of municipal auction rate securities.

**SUPPLEMENTARY INFORMATION**

**New Jersey Transportation Trust Fund Authority**  
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**Schedule of Cash Receipts and Disbursements**  
**Year Ended June 30, 2014**

	<u>Transportation Improvement</u>	<u>Transportation Improvement Disbursements</u>	<u>Total</u>	<u>Debt Service</u>	<u>Total</u>
Cash Balances, June 30, 2013	\$ 25,313	\$ 62,305	\$ 87,618	\$ 126,742	\$ 214,360
Receipts:					
Motor fuel taxes	-	-	-	531,000,000	531,000,000
Commercial vehicle taxes and fees	-	-	-	228,000,000	228,000,000
Sales taxes	-	-	-	305,783,899	305,783,899
Build America Bond Credits	-	35,934,451	35,934,451	-	35,934,451
Garvee bond debt service reimbursement	-	14,584,000	14,584,000	-	14,584,000
Operating transfers in	<u>12,975,625</u>	<u>2,375,313</u>	<u>15,350,938</u>	<u>75,288</u>	<u>15,426,226</u>
Total receipts	<u>12,975,625</u>	<u>52,893,764</u>	<u>65,869,389</u>	<u>1,064,859,187</u>	<u>1,130,728,576</u>
Disbursements:					
Operating expenses and financial costs	-	2,094,786	2,094,786	-	2,094,786
Bond interest expense	-	-	-	668,544,996	668,544,996
Principal retirement of bonds payable	-	-	-	396,400,000	396,400,000
Costs of issuance	-	749,821	749,821	-	749,821
Operating transfers out	<u>13,000,938</u>	<u>50,018,451</u>	<u>63,019,389</u>	<u>25,288</u>	<u>63,044,677</u>
Total disbursements	<u>13,000,938</u>	<u>52,863,058</u>	<u>65,863,996</u>	<u>1,064,970,284</u>	<u>1,130,834,280</u>
Cash Balances, June 30, 2014	<u>\$ -</u>	<u>\$ 93,011</u>	<u>\$ 93,011</u>	<u>\$ 15,645</u>	<u>\$ 108,656</u>

**Note:** Cash balances consist of checking account activity only.

See Independent Auditors' Reports.