

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

Financial Statements and  
Supplementary Information

June 30, 2023

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

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**INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the New Jersey Transportation Trust Fund Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2023, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages four through eight be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 GAAS, 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of cash receipts and disbursements, as listed in table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of cash receipts and disbursements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the 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 solely 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 the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.

*Mercadieu, P.C.*

*Certified Public Accountants*

November 16, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

# **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

(A Component Unit of the State of New Jersey)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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### **Management's Discussion and Analysis**

The New Jersey Transportation Trust Fund Authority (the "Authority") provides a discussion and analysis to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position in the financial statements for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

### **Financial Highlights**

On a cash basis, the Authority reimbursed the State's Special Transportation Fund \$1,962,000,000 in fiscal year 2023, for statewide transportation system improvements. After adjusting for accrued expenses, the Authority's total obligations to the State of New Jersey Special Transportation Fund amounted to \$1,962,118,327 to fund statewide transportation system improvements during the fiscal year. This compares to reimbursements totaling \$1,523,000,000 and total obligations of \$1,597,371,427 in the prior fiscal year.

The term "net position" refers to the difference between assets and liabilities. At the close of fiscal year 2023, the Authority had a net position of \$(256,018,262) as compared to a net position of \$307,294,774 at June 30, 2022. The Authority's net position decreased in fiscal year 2023, primarily due to the fact that capital project expenditures levels exceeded the issuance of new money bonds and other available resources.

In fiscal year 2023, the Authority received a total of \$756,270,702 in Pay As You Go ("PayGo") capital funding from the Transportation Trust Fund Subaccount for Capital Reserves ("Subaccount"), comprised of \$464,055,534 in PayGo capital funding and \$292,215,168 for PayGo federal project costs. In fiscal year 2022, the Authority received a total of \$844,261,351 of PayGo funding, comprised of \$552,040,433 in PayGo capital funding and \$292,220,918 for PayGo federal project costs. The decrease in PayGo capital funding reflects the decline from the prior year of the Petroleum Products Gross Receipts Tax ("PPGRT") on State revenues. The 2016 Transportation Trust Fund Re-Authorization Act ("Re-Authorization") provides for funding the Subaccount with the excess of constitutionally-dedicated PPGRT revenues not needed to satisfy current year debt service costs.

### **Overview of the Financial Statements**

The Management's Discussion and Analysis section 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 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 as to whether the financial position of the Authority is improving or deteriorating. Net position decreases when expenditures exceed revenues and other funding sources and/or liabilities increase without a corresponding increase to assets, which may indicate a worsened financial position. The Authority's net position decreased by \$563,313,134 for the year ended June 30, 2023.



**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

**Basic Financial Statements (Continued)**

The Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Net Position presents information that shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as underlying events occur, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that may result in cash inflows or outflows in future periods.

**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.

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

**Financial Analysis**

The largest portion of the Authority's net position reflects its cash and cash equivalents 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 in use for payment of state transportation costs and bond issues outstanding.

	June 30, 2023	June 30, 2022	Change 2023-2022	Percentage Change 2023-2022
Cash and equivalents	\$ 705,213,971	\$ 1,265,942,444	\$ (560,728,473)	(44.29) %
Accounts receivable - State of New Jersey	19,976,709,803	20,009,693,188	(32,983,385)	(0.16) %
Accrued Build America Bonds	10,921,975	-	10,921,975	100.00 %
Unamortized bond discount	12,613,407	13,089,647	(476,240)	(3.64) %
<b>Total assets</b>	<b>20,705,459,156</b>	<b>21,288,725,279</b>	<b>(583,266,123)</b>	<b>(2.74) %</b>
Accrued interest payable	30,670,395	41,173,246	(10,502,851)	(25.51) %
Accounts payable - State of New Jersey	152,979,122	152,860,795	118,327	0.08 %
Accounts payable - other	336,211	384,946	(48,735)	(12.66) %
Bonds payable				
Due within one year	986,425,000	951,350,000	35,075,000	3.69 %
Due after one year	18,990,284,803	19,058,343,188	(68,058,385)	(0.36) %
Unamortized bond premium	555,740,037	567,194,178	(11,454,141)	(2.02) %
<b>Total liabilities</b>	<b>20,716,435,568</b>	<b>20,771,306,353</b>	<b>(54,870,785)</b>	<b>(0.26) %</b>
Deferred inflows of resources	245,041,950	210,124,152	34,917,798	16.62 %
Net position restricted for:				
Debt service	10,845,417	3,434,143	7,411,274	215.81 %
Deferred charges	(818,838,975)	(805,401,929)	(13,437,046)	(1.67) %
Payment of state transportation system costs	551,975,196	1,109,262,560	(557,287,364)	(50.24) %
<b>Net position</b>	<b>\$ (256,018,362)</b>	<b>\$ 307,294,774</b>	<b>\$ (563,313,136)</b>	<b>(183.31) %</b>

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

**Financial Analysis (Continued)**

	Year Ended		Change 2023-2022	Percentage Change 2023-2022
	June 30, 2023	June 30, 2022		
<b>Revenues</b>				
State appropriations				
Motor fuel taxes	\$ 468,727,350	\$ 461,764,929	\$ 6,962,421	1.51 %
Petroleum Products Gross Receipts Tax	813,367,764	797,663,535	15,704,229	1.97 %
Sales Tax	200,000,000	200,000,000	-	- %
Toll road authority	12,000,000	12,000,000	-	- %
Funding, Subaccount Capital Reserve	756,270,702	844,261,351	(87,990,649)	(10.42) %
Interest income and investment return	30,511,920	1,833,275	28,678,645	1,564.34 %
Amortization of bond premium and discount	56,333,604	184,126,409	(127,792,805)	(69.40) %
Total revenues	<u>2,337,211,340</u>	<u>2,501,649,499</u>	<u>(164,438,159)</u>	<u>(6.57) %</u>
<b>Expenses</b>				
Operating expenses and financial costs	63,560	60,189	3,371	5.60 %
State transportation costs	1,962,118,327	1,597,371,427	364,746,900	22.83 %
<b>Debt Service</b>				
Bond interest expense, including amortization of deferred gain on advanced refunding	750,869,460	933,246,753	(182,377,293)	(19.54) %
Bond interest expense, capital appreciation bonds	233,271,615	220,711,704	12,559,911	5.69 %
Total operating expenses	<u>2,946,322,962</u>	<u>2,751,390,073</u>	<u>194,932,889</u>	<u>7.08 %</u>
Deficiencies of revenues over expenses	(609,111,622)	(249,740,574)	(359,371,048)	(143.90) %
<b>Other financing sources (uses)</b>				
Build America Bond Credits	21,795,554	21,747,160	48,394	0.22 %
Bond issuance costs	(7,918,681)	(6,903,156)	(1,015,525)	(14.71) %
Total other financing sources	<u>13,876,873</u>	<u>14,844,004</u>	<u>(967,131)</u>	<u>(6.52) %</u>
Changes in net position	(595,234,749)	(234,896,570)	(360,338,179)	(153.40) %
<b>Net position</b>				
Beginning of year	307,294,772	504,369,639	(197,074,867)	(39.07) %
Current year bond activity, net	31,921,615	37,821,705	(5,900,090)	(15.60) %
Net position, end of year	<u>\$ (256,018,362)</u>	<u>\$ 307,294,774</u>	<u>\$ (563,313,136)</u>	<u>(183.31) %</u>

**Other Information**

As of June 30, 2023, The Authority had \$19,976,709,803 in bonds and notes outstanding, net of unamortized bond accretions, as compared to \$20,009,693,188 in the prior fiscal year, a decrease of 0.16%. During fiscal year 2023 the Authority refunded \$1,182,860,000 of existing Transportation System and Program Bonds (par value), as described in Note E to the financial statements. These refunding issues did not count against the Authority's eight-year, \$12 billion bonding cap provided by the 2016 Capital Program Re-Authorization.

In the current fiscal year the Authority issued Transportation Program Bonds totaling \$750,000,000 which, with the related bond premium, will count against the Authority's eight-year, \$12 billion bonding capacity related to the Re-Authorization.

During the fiscal year, the Authority retired a total of \$2,134,210,000 in bond principal through annual debt service payments and bond refunding activity, including \$182,515,000 of Garvee bond principal paid.

## NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

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#### Other Information (Continued)

The bond refunding activity included the 2023 Series A System Bond that refunded certain outstanding taxable 2019 Series B Transportation System Bonds. The 2019 Series B Bonds were issued as taxable, advance refunding bonds, which had refunded the 2011 Series A & B System Bonds whose call dates had passed. Thus, the 2019 Series B Bonds were eligible to be refunded on a tax-exempt basis. To effectuate the refunding, the Authority conducted a Tender Offer whereby it offered to purchase certain of the 2019 Series B System Bonds directly from bondholders. The participation rate of the Tender Offer was 52.9%. Through the Tender Offer, the Authority financed the purchase of the taxable 2019 Series B Bonds with the issuance of the tax-exempt 2023 Series A System Bonds, generating net present value savings of \$29.7 million.

The Authority did not enter into any credit agreements subsequent to the close of fiscal year June 30, 2023. The Authority did not enter into any new Swap Agreements during the fiscal year.

The following information summarizes the changes in debt between fiscal year 2023 and 2022:

	June 30, 2023	June 30, 2022	Change 2023-2022	Percentage Change 2023-2022
Bonds Payable	\$ 19,976,709,803	\$ 20,009,693,188	\$ (32,983,385)	(0.16) %

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

#### Significant and Subsequent Events

On October 1, 2023, the PPGRT was increased by \$0.009 as State revenue collections fell slightly below fiscal year revenue targets. The PPGRT was previously decreased by \$0.01 per gallon on October 1, 2022, as fiscal year 2022 fuel consumption revenue targets slightly exceeded fiscal year revenue targets. That reduction, along with the \$0.083 reduction of October 1, 2021, reversed all of the \$0.093 increase implemented on October 1, 2020, to offset the decline in Motor Fuel and PPGRT revenues due to COVID-19.

Annual increases and decreases to the PPGRT are provided by provisions of the Re-Authorization that allows the State to adjust the rate contingent upon meeting budgeted fiscal year fuel tax revenue targets that support the Authority's funding of capital projects and payment of debt service.

The Re-Authorization also established the Subaccount, Capital Reserve which is funded annually from the excess of constitutionally-dedicated PPGRT revenues not needed to satisfy current year debt service. As noted above, in fiscal year 2023, the Authority received \$464,055,534 in PayGo capital funding from the Subaccount. Future anticipated funds from the Subaccount will provide an estimated \$286 million in PayGo capital funding through fiscal year 2024 in support of statewide transportation capital projects.

In the fall of 2023, the Authority plans on issuing \$1,250,000,000 of new money Transportation Program Bonds with a final maturity of June 15, 2051, with coupon rates ranging from 4.25% to 5.25%, in order to fund transportation project costs and take advantage of the favorable interest rate environment.

## **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

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### **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).

## **BASIC FINANCIAL STATEMENTS**

**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, 2023

	Special Revenue Fund	Other Funds (DSF)	Total Govern- mental Funds	Adjustments (Note G)	Statement of Net Position
<b>ASSETS</b>					
Cash and equivalents	\$ 694,368,554	\$ 10,845,417	\$ 705,213,971	\$ -	\$ 705,213,971
Accounts receivable - State of New Jersey	-	-	-	19,976,709,803	19,976,709,803
Accrued Build America Bonds	10,921,975	-	10,921,975	-	10,921,975
Unamortized bond discount	-	-	-	12,613,407	12,613,407
Total assets	<u>\$ 705,290,529</u>	<u>\$ 10,845,417</u>	<u>\$ 716,135,946</u>	<u>\$ 19,989,323,210</u>	<u>\$ 20,705,459,156</u>
<b>LIABILITIES</b>					
Accrued interest payable	\$ -	\$ -	\$ -	\$ 30,670,395	\$ 30,670,395
Accounts payable - State of New Jersey	152,979,122	-	152,979,122	-	152,979,122
Accounts payable - other	336,211	-	336,211	-	336,211
Bonds and notes payable					
Due within one year	-	-	-	986,425,000	986,425,000
Due after one year	-	-	-	18,990,284,803	18,990,284,803
Unamortized bond premium	-	-	-	555,740,037	555,740,037
Total liabilities	<u>153,315,333</u>	<u>-</u>	<u>153,315,333</u>	<u>20,563,120,235</u>	<u>20,716,435,568</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gains on advanced refundings	-	-	-	245,041,950	245,041,950
<b>FUND BALANCES/NET POSITION</b>					
Restricted for					
Debt service	-	10,845,417	10,845,417	-	10,845,417
Deferred charges	-	-	-	(818,838,975)	(818,838,975)
Payment of state transportation system costs	551,975,196	-	551,975,196	-	551,975,196
Total fund balances/net position	<u>551,975,196</u>	<u>10,845,417</u>	<u>562,820,613</u>	<u>(818,838,975)</u>	<u>(256,018,362)</u>
Total liabilities, deferred inflows of resources, and fund balances/net position	<u>\$ 705,290,529</u>	<u>\$ 10,845,417</u>	<u>\$ 716,135,946</u>	<u>\$ 19,989,323,210</u>	<u>\$ 20,705,459,156</u>

See notes to financial statements.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

(A Component Unit of the State of New Jersey)

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN NET POSITION/FUND BALANCES**  
Year Ended June 30, 2023

	Special Revenue Fund	Other Funds (DSF)	Total Govern- mental Funds	Adjustments (Note G)	Statement of Net Position
<b>REVENUES</b>					
State appropriations equivalent to:					
Motor fuel taxes	\$ 468,727,350	\$ -	\$ 468,727,350	\$ -	\$ 468,727,350
Petroleum Products Gross Receipts Tax	813,367,764	-	813,367,764	-	813,367,764
Sales Tax	200,000,000	-	200,000,000	-	200,000,000
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Funding Subaccount Capital Reserve	756,270,702	-	756,270,702	-	756,270,702
Interest income and investment return	30,511,920	-	30,511,920	-	30,511,920
Amortization of bond premium and discount	-	-	-	56,333,604	56,333,604
Total revenues	<u>2,280,877,736</u>	<u>-</u>	<u>2,280,877,736</u>	<u>56,333,604</u>	<u>2,337,211,340</u>
<b>EXPENDITURES</b>					
Operating expenses and financial costs	20,924	42,636	63,560	-	63,560
State transportation costs	1,962,118,327	-	1,962,118,327	-	1,962,118,327
Debt Service					
Principal	-	951,350,000	951,350,000	(951,350,000)	-
Bond interest expense, including amortization of deferred gain on advanced refunding	-	731,330,662	731,330,662	19,538,798	750,869,460
Bond interest expense, capital appreciation bonds	-	-	-	233,271,615	233,271,615
Total expenditures	<u>1,962,139,251</u>	<u>1,682,723,298</u>	<u>3,644,862,549</u>	<u>(698,539,587)</u>	<u>2,946,322,962</u>
Excess/deficiency of revenues over expenditures	318,738,485	(1,682,723,298)	(1,363,984,813)	754,873,191	(609,111,622)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and notes issued	1,867,955,000	-	1,867,955,000	(1,867,955,000)	-
Net bond premium	92,183,377	-	92,183,377	(92,183,377)	-
Transfers - internal activities	(1,668,339,019)	1,668,339,019	-	-	-
Build America Bond Credits	-	21,795,554	21,795,554	-	21,795,554
Escrow fund deposit	(1,159,906,526)	-	(1,159,906,526)	1,159,906,526	-
Bond issuance costs	(7,918,681)	-	(7,918,681)	-	(7,918,681)
Total other financing sources (uses)	<u>(876,025,849)</u>	<u>1,690,134,573</u>	<u>814,108,724</u>	<u>(800,231,851)</u>	<u>13,876,873</u>
Changes in fund balances/net position	(557,287,364)	7,411,275	(549,876,089)	(45,358,660)	(595,234,749)
Fund balances/net position, beginning of year	1,109,262,560	3,434,142	1,112,696,702	(805,401,930)	307,294,772
Current year bond activity, net	-	-	-	31,921,615	31,921,615
Fund balances/net position, end of year	<u>\$ 551,975,196</u>	<u>\$ 10,845,417</u>	<u>\$ 562,820,613</u>	<u>\$ (818,838,975)</u>	<u>\$ (256,018,362)</u>

See notes to financial statements.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**A. 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 and New Jersey Transit Corporation. The Authority also provides 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. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider non-authoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

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

The Authority, as a single program government, combines governmental fund (modified accrual basis) and government-wide (accrual basis) financial statements, which are linked together by the reconciliation of differences between the Governmental Funds and Government-Wide Financial Statements (see Note G).



# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

## NOTES TO FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

The government-wide financial statements are prepared under the current 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, Petroleum Products Gross Receipts Tax ("PPGRT") and sales taxes, the toll road authorities, and Pay As You Go ("PayGo") capital funding. As provided for in the 2016 Transportation Trust Fund Re-Authorization Act, PayGo represents the excess of constitutionally-dedicated PPGRT revenue not needed to satisfy current year debt service costs that is deposited into the Transportation Trust Fund Subaccount for Capital Reserves ("Subaccount").

The governmental fund financial statements are prepared under the 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.

#### Fund Accounts

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

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Special Revenue Fund (General 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.	Bond interest and principal payments.

#### Income Taxes

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

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 expenditures when received.

**Deferred Inflows of Resources**

Gain on advanced refunding of bonds is recorded as a deferred inflow of resources in the statement of net position and is amortized over the life of old debt or the life of new debt, whichever is shorter.

**Restricted Net Position**

In accordance with the terms of the various bond resolutions, cash and 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	\$ 986,425,000
Due after one year	18,990,284,803
	<u>\$ 19,976,709,803</u>

**B. CASH AND EQUIVALENTS**

Cash and equivalents consist primarily of State 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. NJCMF is considered to be an investment trust fund as defined in GASB Statement No. 31.

# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

## NOTES TO FINANCIAL STATEMENTS

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### B. CASH AND EQUIVALENTS (CONTINUED)

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

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds; or
- (b) 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. The Authority's NJCMF funds are not subject to custodial credit risk due to the fact that the funds are held by and in the name of the NJCMF in a segregated trust account with a third-party custodian rather than in the possession of a third-party custodian. Additionally, cash and equivalents and investments of the Authority 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 vehicles with limited or no custodial credit risk such as 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.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (S&P), and Fitch Ratings (Fitch). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Though the underlying assets and investments of the NJCMF pool are subject to credit risk, the risk is limited by a mix of the credit quality ratings of the assets in the portfolio maintained by the NJCMF.

Cash and equivalents at June 30, 2023, were as follows:

NJCMF	\$ 693,650,074
US Bank	11,563,897
Total	<u>\$ 705,213,971</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investments maintained by the Authority are not subject to interest rate risk.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**C. ACCOUNTS PAYABLE - STATE OF NEW JERSEY**

The balance due of \$152,979,122 consists of amounts due the State of New Jersey Special Transportation Fund for reimbursement of State, local and New Jersey Transit transportation costs.

**D. BONDS AND NOTES PAYABLE**

Bonds and notes payable consist of Transportation System Bonds Payable, Transportation Program Bonds Payable, and Federal Highway Revenue Reimbursement Notes (Indirect Garvees) Payable. Bond resolutions have been adopted by the Authority which authorize the issuance of bonds and notes to fund transportation system improvements in the State of New Jersey.

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 P.L. 2012, c.13 and the most recent authorization enacted in October 2016, (P.L. 2016, c. 56) and any bonds subsequently issued to refund those particular bonds.

The Transportation Program Bonds are issued as "state contract" debt backed by a 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 are secured by a separate 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.

For Federal Indirect Garvee bonds, the state agency issuer submits eligible project expenses to the Federal Highway Administration for reimbursement, and a portion of such reimbursements is used to pay the resulting debt service on the Indirect Garvees. Indirect Garvee bonds are typically used to finance a series of future projects, the exact details of which have yet to be determined. Future federal appropriations are pledged to pay debt service on Indirect Garvee bonds and the State can decide whether additional revenues beyond federal appropriations will be pledged to provide security to the bond holders.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

**D. BONDS AND NOTES PAYABLE (CONTINUED)**

The following is a summary of transportation system bonds, transportation program bonds, and Federal Highway Revenue Reimbursement notes outstanding:

Series	Interest Rate Range	Bonds Outstanding (in Thousands)			Bonds Outstanding (in Thousands)		Amounts Due Within One Year (in Thousands)
		June 30, 2022	Additions (in Thousands)	Reductions (in Thousands)	June 30, 2023		
2004 Series A	5.75%	\$ 107,495	\$ -	\$ 33,850	\$ 73,645	\$ 35,795	
2005 Series B	5.25%	156,710	-	83,480	73,230	73,230	
2006 Series A	4.25%-5.50%	718,085	-	543,480	174,605	174,605	
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-	
2008 Series A	6.12%-6.75%	1,422,955	-	-	1,422,955	33,000	
2009 Series A	6.23%-6.40%	869,075	-	-	869,075	-	
2009 Series C Note	5.25%	150,000	-	-	150,000	-	
2009 Series D Note	5.00%	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%	575,000	-	-	575,000	-	
2010 Series D	4.00%-5.25%	380,835	-	1,355	379,480	285,280	
2013 Series A	4.00%-5.00%	14,445	-	-	14,445	14,445	
2013 Series AA	4.75%-5.50%	727,075	-	727,075	-	-	
2014 Series AA	4.25%-5.00%	630,620	-	26,285	604,335	27,520	
2014 Series BB-1	5.00%	150,000	-	-	150,000	-	
2014 Series BB-2	5.00%	114,195	-	-	114,195	-	
2015 Series AA	4.00%-5.25%	561,980	-	12,650	549,330	13,280	
2016 A Garvee	4.10%-5.00%	937,520	-	76,710	860,810	88,045	
2016 B Garvee	3.01%-3.23%	500,000	-	-	500,000	-	
2018 A Garvee	3.00-5.00%	957,385	-	105,805	851,580	150,230	
2018 Series A	4.00%-5.00%	1,531,595	-	-	1,531,595	27,840	
2019 Series AA	3.75%-5.25%	750,000	-	-	750,000	-	
2019 Series BB	3.25%-5.00%	1,000,000	-	-	1,000,000	-	
2019 Series A	4.00%-5.00%	618,835	-	-	618,835	-	
2019 Series B	2.55%-4.13%	900,975	-	520,885	380,090	-	
2020 Series AA	3.00%-5.00%	1,500,000	-	-	1,500,000	-	
2021 Series A	4.00%-5.00%	580,420	-	-	580,420	-	
2022 Series A	4.00%	304,500	-	-	304,500	-	
2022 Series AA	5.00%	589,250	-	2,635	586,615	2,920	
2022 Series BB	3.00%-5.00%	750,000	-	-	750,000	-	
2022 Series CC	5.00%-5.25%	-	750,000	-	750,000	-	
2023 Series A	4.00%-5.25%	-	425,050	-	425,050	40,580	
2023 Series AA	4.25%-5.00%	-	692,905	-	692,905	19,655	
		23,128,215	1,867,955	2,134,210	22,861,960	986,425	
Less bond accretion		(3,118,522)	-	(233,272)	(2,885,250)	-	
Total		\$ 20,009,693	\$ 1,867,955	\$ 1,900,938	\$ 19,976,710	\$ 986,425	

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

**D. BONDS AND NOTES PAYABLE (CONTINUED)**

Total maturities of transportation system bonds, transportation program bonds, and Federal Highway Revenue Reimbursement notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 986,425,000	\$ 731,492,061	\$ 1,717,917,061
2025	1,039,015,000	685,496,653	1,724,511,653
2026	1,063,640,000	654,101,758	1,717,741,758
2027	1,069,170,000	627,799,680	1,696,969,680
2028	1,120,865,000	593,740,866	1,714,605,866
2029-2033	5,266,240,000	2,456,734,935	7,722,974,935
2034-2038	5,164,280,000	1,750,129,671	6,914,409,671
2039-2043	4,779,890,000	1,000,006,756	5,779,896,756
2044-2048	1,704,940,000	360,878,413	2,065,818,413
2049-2050	667,495,000	42,798,650	710,293,650
Total	\$ 22,861,960,000	\$ 8,903,179,443	\$ 31,765,139,443
Less: unamortized bond accretion	2,885,250,197		
Total Bonds Payable	\$ 19,976,709,803		

Interest payments vary by series. The majority of the Authority's debts have fixed rate interest payments, payable semi-annually on June 15 and December 15. Excluded from these debts are capital appreciation bonds. Capital appreciation bonds do not pay interest periodically, but add the interest value to the face value of the bond to be paid at maturity.

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.

**2006 Series C and 2008, 2009, and 2010 Series A - Capital Appreciation Bonds**

The Series 2006C, 2008A, 2009A and 2010A bonds were issued as capital appreciation bonds. The bonds were originally issued at principal values of \$1,115,496,792, \$1,122,744,638, \$416,230,924 and \$859,253,361, respectively. Portions of the total issuances that were capital appreciation bonds were \$1,115,496,792, \$249,999,638, \$142,730,924 and \$359,253,361, respectively. Interest on each series is not payable on a current basis. Interest is calculated on the basis of a 360-day year and is part of the accreted value from the date of issuance through the date of maturity or prior redemption, compounded semi-annually each June and December 15th. The accreted values of the bonds reflect the initial principal of the bonds as noted above plus the interest accrued from the date of issuance. As of June 30, 2023, capital appreciation bonds are reported net of their unamortized bond accretion values of \$1,112,283,647, \$776,533,835, \$524,384,851 and \$472,047,863, respectively. The bonds are payable upon the respective maturity dates at the accreted values or prior to maturity at the greater of the accreted values and the present value of the accreted value discounted at the applicable tax-exempt municipal bond rate plus 30 basis points. Total accreted values at maturity are expected to be \$3,708,585,000, \$1,422,955,000, \$869,075,000 and \$1,273,180,000, respectively.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**D. BONDS AND NOTES PAYABLE (CONTINUED)**

**2010 Series B and 2010 Series C - Build America Bonds**

The 2010 Series B and 2010 Series C Transportation System Bonds were issued as Build America Bonds. These federally taxable bonds were issued in connection with the American Recovery and Reinvestment Act of 2009, constituting Section 54AA of the Internal Revenue Code of 1986, as amended, for which the Authority, through the State, is entitled to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on each bond series on each interest payment date. The Budget Control Act of 2011 reduced the amount of the subsidy paid by the United States Treasury.

In fiscal year 2020 the Authority fully refunded the 2009 Series B bonds and partially refunded the 2010 Series B bonds, reducing the amount of qualifying federally taxable bond tax credits by approximately 40%. The Authority received credits totaling \$21,795,554 in fiscal year 2023. This represents 33% of the total interest due on June and December 15<sup>th</sup> for these series and a 2% decrease on the original subsidy.

There can be no certainty the United States Treasury will not make further cuts to the program. The bonds are subject to redemption prior to their maturity at the option of the Authority upon a material reduction or elimination of the subsidy payments.

**2016 Series A and B Federal Highway Reimbursement Revenue Notes (Indirect Garvees)**

On November 2, 2016, the Authority issued \$3,241,425,000 of Federal Highway Reimbursement Revenue Notes (Indirect Garvees) which consisted of \$2,741,425,000 of publicly offered 2016 Series A Indirect Garvees and \$500,000,000 of 2016 Series B Indirect Garvees, which are bank loan notes, purchased by Bank of America, N.A. Both series of notes are secured solely through reimbursements received by or on behalf of the New Jersey Department of Transportation pursuant to Title 23 of the United States Code from the Federal Highway Administration. The proceeds were used to fund Transportation Capital Program expenditures for fiscal years 2017, 2018 and part of fiscal year 2019.

For the year ended June 30, 2023, a total of \$138,302,005 in debt service (\$76,710,000 in principal and \$61,592,005 in interest) was paid on these obligations.

**2018 Series A Federal Highway Reimbursement Revenue Refunding Notes (Indirect Garvees)**

On July 25, 2018, the Authority issued \$1,195,730,000 of Federal Highway Reimbursement Revenue Refunding Notes (Indirect Garvees). These notes are secured through reimbursements received by, or on behalf of the New Jersey Department of Transportation pursuant to Title 23 of the United States Code from the Federal Highway Administration. The proceeds were used to refund \$1,300,000,000 in 2016 Series A Federal Highway Reimbursement Revenue Notes for fiscal year 2019 and generated \$124 million in net present value debt service savings.

For the year ended June 30, 2023, a total of \$153,363,163 in debt service (\$105,805,000 in principal and \$47,558,163 in interest) was paid on these obligations. Combined with the 2016 Series A and B Federal Highway Reimbursement Revenue Notes, a total of \$291,665,168 in debt service was paid on the Federal Highway Reimbursement Revenue Notes for the year ended June 30, 2023.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**D. BONDS AND NOTES PAYABLE (CONTINUED)**

**New Bonds Issued in FY 2023**

In fiscal year 2023 the Authority issued \$750,000,000 in 2022 Series CC Transportation Program Bonds, authorized under the October 2016 Act. The proceeds of any new Transportation Program Bond issuance and associated bond premiums are used to support transportation projects within the State of New Jersey.

**E. REFUNDINGS**

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. A Bond refunding is typically categorized as either current, in which outstanding bonds are called and paid off within 90 days, an advanced refunding, in which the new bond proceeds are placed into escrow until the call date of the bonds, or a forward refunding, in which an issuer and underwriter agree that the issuer will issue refunding bonds on a specified future date and which the underwriter will purchase those bonds at a specified price. The funds originally pledged for the prior bonds secures the refunding bonds.

The proceeds received from the sales of the bond issues are used to currently refund the outstanding bond issues or to deposit into 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. Typically, these transactions result in a deduction of debt service over the term of the bonds.

During fiscal year 2023, the Authority completed two Refunding Bond agreements. On June 1, 2023, the Authority issued \$425,050,000 in 2023 Series A Transportation System Refunding Bonds and \$692,905,000 in 2023 Series AA Transportation Program Refunding Bonds which, together with the premiums generated on the bonds, was used to refund \$474,455,000 of principal on 2019 Series B Transportation System Bonds and \$708,405,000 of principal on 2013 Series AA Transportation Program Bonds, respectively. The refunding generated a total of \$89.2 million in net present value debt service savings.

The 2023 Series A Transportation System Bond refunded certain outstanding taxable 2019 Series B Transportation System Bonds which were issued on a taxable basis. The 2019 Series B Transportation System Bonds had refunded the 2011 Series A & B Transportation System Bonds. The call date for the 2011 Series A & B Transportation System Bonds has passed. Thus, the 2019 Series B Transportation System Bonds were eligible to be refunded on a tax-exempt basis. To effectuate the refunding, the Authority conducted a Tender Offer whereby it offered to purchase certain of the 2019 Series B Transportation System Bonds directly from bondholders. The participation rate of the Tender Offer was 52.9%. The Authority financed the purchase of the 2019 Series B System Bonds with the issuance of the 2023 Series A System Bonds which generated a net present value savings of \$29.7 million.

As of June 30, 2023, the Authority has approximately \$10,893,690,000 bonds outstanding which have been previously defeased and are secured by investments held in escrow by the bond trustee. The escrow accounts are not controlled by the Authority. The bonds are considered extinguished and accordingly, the assets and related debt obligations are not reflected on the financial statements of the Authority.



**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

**F. CONCENTRATION OF RISK AND UNCERTAINTIES**

**Cash and Equivalents**

The Authority maintains cash and short-term investment balances which may exceed federally insured limits. It historically has not experienced any credit-related losses.

**G. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS**

- (1) Long-term liabilities (bonds payable, notes 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, 2023, were:

Bonds payable (June 30, 2022)	\$ 20,009,693,188
Add issuance of bonds and notes	1,867,955,000
Less scheduled principal payments	(951,350,000)
Less net principal reduction from refunded debt	(1,182,860,000)
Add accretion of capital appreciation bonds	233,271,615
Bonds payable (June 30, 2023)	<u>\$ 19,976,709,803</u>
Accrued interest payable	<u>\$ 30,670,395</u>

- (2) Bonds and notes issued and net bond premium 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 assets and does not affect the statement of activities.

Proceeds consisting of bonds and notes issued and net bond premium were received from:

2022 Series CC Transportation Program Bonds	\$ 795,355,704
2023 Series A Transportation System Bonds	436,629,924
2023 Series AA Transportation Program Bonds	728,152,749
Total	<u>\$ 1,960,138,377</u>

- (3) Repayment of bond principal is reported as an expenditure in governmental funds and thus reduces the net position/fund balances. For the Authority as a whole, 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	\$ 768,835,000
Scheduled principal payments of Garvee Bonds	182,515,000
Total	<u>\$ 951,350,000</u>

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
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NOTES TO FINANCIAL STATEMENTS

**G. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

- (4) Unamortized bond premium is recorded as deferred revenue (other liabilities) in the statement of net position and is 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, 2023, were:

Bond premium	\$ 1,136,146,979
Accumulated amortization	(580,406,942)
Total unamortized bond premium	<u>\$ 555,740,037</u>
Amortization revenue	<u>\$ 56,809,844</u>

- (5) Unamortized bond discount is recorded as an asset (deferred charge) in the statement of net position and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond discounts are expensed when incurred. Balances as of June 30, 2023, were:

Bond discount	\$ 14,322,811
Accumulated amortization	(1,709,404)
Total unamortized bond discount	<u>\$ 12,613,407</u>
Amortization expense	<u>\$ 476,240</u>

- (6) Deferred gain on advanced refundings is recorded as deferred inflows of resources in the statement of net position and is 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, 2023, were:

Net gain on advanced refunding	\$ 273,002,989
Net loss on advanced refunding	(27,961,039)
Net deferred gain on advanced refundings	<u>\$ 245,041,950</u>
Amortization revenue as a component of interest expense	<u>\$ 5,462,126</u>

The adjustment related to current year bond activity, net, is comprised of the following:

Bond principal payments	\$ (951,350,000)
Net bond premium	(92,183,377)
Bond issuance costs	7,918,681
Net bond proceeds	1,994,171,222
Escrow Fund Deposit	(1,159,906,526)
Capital appreciation bonds	233,271,615
Current year bond activity, net	<u>\$ 31,921,615</u>

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
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NOTES TO FINANCIAL STATEMENTS

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**H. SUBSEQUENT EVENTS**

On October 1, 2023, the PPGRT was increased by \$0.009 as State revenue collections fell slightly shy of meeting the annual highway fuel cap revenue target. Previously, the State decreased the PPGRT by \$0.01 on October 1, 2022. That reduction, along with the \$0.083 reduction of October 1, 2021, reversed all of the \$0.093 increase implemented on October 1, 2020, to offset the decline in Motor Fuel and PPGRT revenues due to COVID-19. These adjustments are provided by provisions of the Re-Authorization that allows the State to adjust the rate contingent upon meeting budgeted fiscal year fuel tax revenue targets.

In the fall of 2023, the Authority plans on issuing \$1,250,000,000 of new money Transportation Program Bonds with a final maturity of June 15, 2050, with coupon rates ranging from 4.25% to 5.25%, in order to fund transportation project costs and take advantage of the favorable interest rate environment.

**SUPPLEMENTARY INFORMATION**

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Year Ended June 30, 2023

	Transportation Improvement	Debt Service	Total
Cash Balances, June 30, 2022	\$ 542,823	\$ -	\$ 542,823
<b>RECEIPTS</b>			
Motor fuel taxes	-	468,727,350	468,727,350
Petroleum Products Gross Receipts and Sales Tax	-	899,604,996	899,604,996
Toll Road Authority	-	12,000,000	12,000,000
Build America Bond Credits	10,873,580	10,873,580	21,747,160
Operating transfers in	1,544,693	-	1,544,693
Total Receipts	<u>12,418,273</u>	<u>1,391,205,926</u>	<u>1,403,624,199</u>
<b>DISBURSEMENTS</b>			
Operating expenses and financial costs	1,466,590	-	1,466,590
Bond interest expense	-	622,370,926	622,370,926
Principal retirement of bonds payable	-	768,835,000	768,835,000
Operating transfers out	10,873,580	-	10,873,580
Total Disbursements	<u>12,340,170</u>	<u>1,391,205,926</u>	<u>1,403,546,096</u>
Cash Balances, June 30, 2023	<u>\$ 620,926</u>	<u>\$ -</u>	<u>\$ 620,926</u>

Note: Cash balances consist of checking account activity only.

**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  
New Jersey Transportation Trust Fund Authority  
A Component Unit of the State of New Jersey

We have audited, 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 accompanying financial statements of the governmental activities and each fund of the 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, 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected or 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 over financial reporting 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 or significant deficiencies may exist that were not identified.

**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 (CONTINUED)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and other matters, noncompliance with which could have a direct and material effect on the financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mercedien, P.C.*  
*Certified Public Accountants*

November 16, 2023

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

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None reported.



**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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None reported.