NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

FINANCIAL STATEMENTS

December 31, 2013

NEW JERSEY BUILDING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Jersey Building Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each fund of the New Jersey Building Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management 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 audits. We conducted our audits 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 auditors' 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 Authority'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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 respective financial position of the governmental activities and each fund of the Authority, as of December 31, 2013 and 2012, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note L to the financial statements, in 2013 the Authority adopted new accounting guidance GASB Statement No. 65 - Items Previously Reported As Assets and Liabilities. Our opinion is not modified with respect to this matter.

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 five through eight be presented to supplement the basic financial statements. Such information, 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 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 reports dated April 28, 2014 and April 24, 2013, 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 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. These reports are an integral part of our audits performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercadien, P.C.
Certified Public Accountants

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

April 28, 2014

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 Board of Directors of
New Jersey Building Authority

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 financial statements of the government-type activities and each fund, of the New Jersey Building Authority (the "Authority"), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion 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 a 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 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.

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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 (CONTINUED)

Internal Control Over Financial Reporting (continued)

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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 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.

Mercadien, P.C.
Certified Public Accountants

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

April 28, 2014

NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the New Jersey Building Authority's annual financial report represents our discussion of the New Jersey Building Authority's (the "Authority") financial performance and provides an overview of the Authority's activities for the year ended December 31, 2013. 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. Please read it in conjunction with the Authority's basic financial statements.

Financial and Construction Highlights

Financial

- $47,620,000 2013 Bond Anticipation Note issued in November 2013 as completion funding for the State House Exterior Renovations and the Mechanical and Electrical Equipment Relocation projects.
- $258,580,000 2013 Series A Refunding Bonds issued in November 2013 to refund all remaining 2003 Series A Bonds.
- $21,625,000 2013 Series B Refunding Bonds issued in November 2013 to refund certain principal payments due in December 2013 and June 2014.

Construction

- Construction-In-Progress outlays totaled $5,606,725.
- Construction Phase of Renovation of the Health Lab Security Command Center Facility initiated.
- Significant progress on the replacement of Justice Complex Skylight insulated glass units and the repair and modernization of elevators.
- Significant progress on the structure repairs to the State House Parking Garage caused by flooding.
- Architect/Engineering phase of the State House Exterior and Mechanical & Electrical Equipment Relocation Projects has been initiated.

Overview of the Financial Statements

The annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Net Position.

With regard to the State of New Jersey, the Authority is a component unit which provides services entirely or almost entirely to the State. Per GASB Statement No. 14 requirements, the Authority is thus considered a blended component unit for inclusion in the New Jersey Comprehensive Annual Financial Report. Blending requires the component unit's balances and transactions to be recorded in a manner similar to the balances and transactions of the State, i.e. a governmental fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures, and the related liabilities, are accrued when they are normally expected to be paid out of revenues recognized during the current period. The exception to this rule is that principal and interest on long term debt is recognized when due.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances. 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 Fund Balance/Net Position. Fund Balance/Net Position increases when revenues exceed expenditures.

The Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Net Position presents information showing how the Authority's Fund Balance/Net Position changed during the year. All changes in Fund Balance/Net Position are reported as the underlying events occur, regardless of the timing of the related cash flows. Therefore, revenues and expenditures are reported in this statement for some items, such as accrued bond interest, that will result in cash flows in future calendar years.

Notes to the Basic Financial Statements.

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

Financial Analysis

Net Position (in thousands) - Statement of Fund Balance/Net Position

	December 31,			Change
	2013	2012	2011	2012-2013
Current assets	$ 77,020	$ 128,769	$ 97,874	(40.19)%
Non-current assets and deferred outflows of resources	526,830	475,669	567,067	10.76 %
Total assets and deferred outflows of resources	603,850	604,438	664,941	(0.10)%
Current liabilities	13,903	113,036	90,721	(87.70)%
Non-current liabilities	573,456	472,502	551,410	21.37 %
Total liabilities	587,359	585,538	642,131	0.31 %
Fund balance/net position	$ 16,491	$ 18,900	$ 22,810	(12.75)%

Change in Fund Balance/Net Position (in thousands) - Statement of Activities

	Year Ended December 31,			Percentage Change
	2013	2012	2011	2012-2013
Revenues				
Investment income	$ 15	$ 4	$ 27	271.86 %
State rental payments	20,519	28,020	28,156	(26.77)%
State appropriation for administrative costs	800	827	935	(3.21)%
Total revenues	21,334	28,851	29,118	(26.05)%
Expenditures				
Debt Service:				
Interest	20,000	26,639	26,622	(24.92)%
Other administrative expenses	3,743	1,904	2,417	96.64 %
Total expenditures	23,743	28,543	29,039	(17.24)%
Change in fund balance/net position	(2,409)	308	79	(879.85)%
Fund balance/net position, beginning of year	18,900	22,810	22,732	(17.20)%
Cumulative effect of change in accounting principal (see Note L)	-	4,218	-	(100.00)%
Fund balance/net position, end of year	$ 16,491	$ 18,900	$ 22,810	(11.20)%

Cash Receipts

State debt service receipts of $64.1 million, of which $14.5 million was associated with 2013 interest payments, $46.45 million with principal payments and $4.4 million for SWAP related costs.

The Authority received a State appropriation of $0.800 million to cover its 2013 Administrative Budget, the majority of which was used for salary and payroll related expenses of its four full time and one part time employees.

Construction Contract Payments
Construction expenditures in 2013 totaled $5.6 million and are detailed in Table 1.

Table 1

Construction Contract Payments	2013 (in thousands)
State House Exterior	$ 1,218
Justice Complex Elevator	1,089
Health Lab Facility	847
State House Garage	574
M&E Equipment Relocation	586
Justice Skylight	640
Taxation Water Infiltration	382
Welcome Center Plaza	82
State House Air Handler	76
State Museum	69
State House Water Infiltration	28
State Police EOC	15
Total	$ 5,606

As of December 31, 2013, the design phase of the executive state house exterior repairs and the state house annex garage mechanical equipment room relocation was completed and the construction phase is about to begin.

Debt Service

During 2013 the Authority made principal payments of $46.45 million. Table 2 summarized the change in debt service between the calendar years 2013 and 2012.

Table 2 (in thousands)

	2013	2012	2011	Percentage Change 2012-2013
Bonds payable	$ 494,805	$ 544,980	$ 617,980	(9.21)%

	2013	2012	2011	Percentage Change 2012-2013
Bond Anticipation Note Payable	$ 47,620	$ 20,000	$ -	135 %

The Authority Bond Ratings as of December 31, 2013 and 2012, were as follows:

	2013	2012
Fitch Ratings	A+	AA+
Moody's Investor Service, Inc.	A1	A1
Standard & Poor's Rating Services	A+	A+

To provide the reader with a better understanding of the above ratings, included below is a schedule explaining the various ratings utilized by three rating companies.

Investment Grade	Fitch	Moody's	Standard & Poor's
Highest Quality	AAA+	Aaa1	AAA+
Highest Quality	AAA	Aaa2	AAA
Highest Quality	AAA-	Aaa3	AAA-
High Quality	AA+	Aa1	AA+
High Quality	AA	Aa2	AA
High Quality	AA-	Aa3	AA-
Upper Medium	A+	A1	A+
Upper Medium	A	A2	A
Upper Medium	A-	A3	A-

Moody's uses a modifier of 1, 2 or 3 to show relative standing in a category (1 higher than 2, 2 higher than 3). Standard & Poor's and Fitch use a modifier of plus or minus.

Contacting Financial Management

This financial report is designed to provide citizens, vendors and creditors with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Authority's Fiscal Office at P.O. Box 219, Trenton, New Jersey 08625-0219.

NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2013

	Governmental Funds	Adjustments (Note H)	Statement of Net Position
ASSETS			
Cash and equivalents- restricted	$ 62,581,529	$ -	$ 62,581,529
Current minimum lease payments receivable	-	6,640,000	6,640,000
Long term minimum lease payments receivable	-	489,903,340	489,903,340
Property and equipment	-	101	101
Construction in progress	-	4,799,620	4,799,620
DEFERRED OUTFLOWS OF RESOURCES			
Loss on advanced refunding of bonds	-	39,925,233	39,925,233
Total assets and deferred outflows of resources	$ 62,581,529	$ 541,268,294	$ 603,849,823
LIABILITIES			
Accounts payable			
Other	$ 23,832,832	$ (22,338,366)	$ 1,494,466
Contractor retainage payable	143,575	-	143,575
Accrued bond interest payable	-	1,978,863	1,978,863
Bond anticipation notes payable	-	47,620,000	47,620,000
Current bonds payable	-	6,640,000	6,640,000
Long term bonds payable	-	488,165,000	488,165,000
Unamortized bond premiums, net of discounts	-	41,316,904	41,316,904
Total liabilities	23,976,407	563,382,401	587,358,808
FUND BALANCE/NET POSITION			
Restricted	38,605,122	(22,114,107)	16,491,015
Total fund balance/net position	38,605,122	(22,114,107)	16,491,015
Total liabilities and fund balance/net position	$ 62,581,529	$ 541,268,294	$ 603,849,823

See notes to financial statements.

NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2012

	Governmental Funds	Adjustments (Note H)	Statement of Net Position (Restated)
ASSETS			
Cash and equivalents- restricted	$ 40,932,046	$ -	$ 40,932,046
Current minimum lease payments receivable	-	83,965,000	83,965,000
Long term minimum lease payments receivable	-	461,015,000	461,015,000
Property and equipment	-	10,724	10,724
Construction in progress	-	862,536	862,536
DEFERRED OUTFLOWS OF RESOURCES			
Loss on advanced refunding of bonds	-	17,653,297	17,653,297
Total assets and deferred outflows of resources	$ 40,932,046	$ 563,506,557	$604,438,603
LIABILITIES			
Accounts payable			
Other	$ 22,859,006	$ (18,233,446)	$ 4,625,560
Contractor retainage payable	120,076	-	120,076
Accrued bond interest payable	-	825,615	825,615
Bond anticipation notes payable	-	20,000,000	20,000,000
Current bonds payable	-	83,965,000	83,965,000
Long term bonds payable	-	461,015,000	461,015,000
Unamortized bond premiums, net of discounts	-	14,987,334	14,987,334
Total liabilities	22,979,082	562,559,503	585,538,585
FUND BALANCE/NET POSITION			
Restricted	17,952,964	947,055	18,900,019
Total fund balance/net position	17,952,964	947,055	18,900,019
Total liabilities and fund balance/net position	$ 40,932,046	$ 563,506,557	$604,438,603

See notes to financial statements.

NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/NET POSITION
Year Ended December 31, 2013

	Governmental Funds	Adjustments (Note H)	Statement of Activities
REVENUES			
Investment income	$ 15,655	$ -	$ 15,655
State rental payments	17,796,363	2,723,048	20,519,411
State principal payments	46,455,000	(46,455,000)	-
State appropriation for administrative costs	800,300	-	800,300
Total revenues	65,067,318	(43,731,952)	21,335,366
EXPENDITURES			
Capital outlay	5,606,725	(5,606,725)	-
Debt service			
Principal	46,455,000	(46,455,000)	-
Interest	19,275,961	724,135	20,000,096
Other administrative expenses	3,744,274	-	3,744,274
Total expenditures	75,081,960	(51,337,590)	23,744,370
(Deficiency) excess of revenues over expenditures	(10,014,642)	7,605,638	(2,409,004)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	327,825,000	(327,825,000)	-
Premium on debt issued	33,013,837	(33,013,837)	-
Payment to bond refunding escrow agent	(330,172,037)	330,172,037	-
Total other financing sources (uses)	30,666,800	(30,666,800)	-
Change in fund balance/net position	20,652,158	(23,061,162)	(2,409,004)
Fund balance/net position			
Beginning of year	17,952,964	947,055	18,900,019
End of year	$ 38,605,122	$ (22,114,107)	$ 16,491,015

See notes to financial statements.

NEW JERSEY BUILDING AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/NET POSITION
Year Ended December 31, 2012

	Governmental Funds	Adjustments (Note H)	Statement of Activities* (Restated)
REVENUES			
Investment income	$ 4,022	$ -	$ 4,022
State rental payments	28,156,883	(135,850)	28,021,033
State principal payments	73,000,000	(73,000,000)	-
State appropriation for administrative costs	826,800	-	826,800
Total revenues	101,987,705	(73,135,850)	28,851,855
EXPENDITURES			
Capital outlay	4,361,505	(4,361,505)	-
Debt service			
Principal	73,000,000	(73,000,000)	-
Interest	26,889,306	(249,700)	26,639,606
Other administrative expenses	1,904,112	-	1,904,112
Total expenditures	106,154,923	(77,611,205)	28,543,718
(Deficiency) excess of revenues over expenditures	(4,167,218)	4,475,355	308,137
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	20,000,000	(20,000,000)	-
Premium on debt issued	259,400	(259,400)	-
Total other financing sources (uses)	20,259,400	(20,259,400)	-
Change in fund balance/net position	16,092,182	(15,784,045)	308,137
Fund balance/net position			
Beginning of year - before cumulative effect of change in accounting principle	1,967,382	20,842,653	22,810,035
Cumulative effect of change in accounting principle (see Note L)	106,600	4,111,553	4,218,153
End of year	$ 17,952,964	$ 947,055	$ 18,900,019

*Some numbers have been reclassed to conform with current year presentation.

See notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Authority

The New Jersey Building Authority (the "Authority"), a component unit of the State of New Jersey (the "State"), a body corporate and politic and an instrumentality of the State, was created in 1981 by the state legislature for the purpose of providing the capital resources (through the sale of bonds, notes and other obligations) necessary to acquire, construct, reconstruct, rehabilitate or improve office buildings or related facilities necessary or convenient to the operation of any State agency.

In Chapter 174 of the Pamphlet Laws of 1992, the state legislature amended the Authority's statute to expand the types of projects the Authority can undertake. The Authority can also now construct or rehabilitate correctional facilities and renovate and preserve historic public buildings. The amendment also removed the $250 million bond principal limitation.

Reporting Entity

The decision to include a potential component unit in the Authority's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the Authority has no component units.

Under a master lease with amendments for individual properties, the Authority has leased to the State the buildings constructed or renovated with funds provided from various bond offerings made by the Authority. The State is required to pay rent to the Authority in amounts sufficient to pay (1) debt service on the bonds outstanding (to the extent such debt service is not funded from other monies available in the debt service account of the debt service fund, as provided for in the master lease agreement), and (2) administrative expenses of the Authority. The lease transactions with the State are accounted for as direct financing leases.

The State is responsible for awarding and monitoring all contracts for the design, acquisition and construction of projects, as well as supervising construction work and accepting the completed projects. Project costs incurred by the State are paid by the Authority's bond trustee out of the construction fund after approval by an authorized Authority representative. Pursuant to the terms of the master lease, the Authority is not liable or responsible for the adequacy, sufficiency and suitability of the plans and specifications of any contracts or agreements with respect to the acquisition or construction of these projects. During the master lease term, the State is responsible for all costs relating to the operation, maintenance and repair of the projects. In addition, the State pays for all utilities, taxes and governmental charges during the lease term.

At any time prior to the expiration of the master lease term, the State has the option to purchase the projects for a price of $1 plus an amount sufficient to provide the full payment of the bonds and accrued interest in conformity with the bond resolution. If such option has not been exercised prior to the end of the lease term, the title to the projects will be transferred by the Authority to the State at that time.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The obligation of the State to make rental payments is subject to and depends upon yearly appropriations being made by the State legislature for such purposes. In the event the State fails to make the necessary lease payments, the Authority may take possession of the projects and either lease or sell them to another party. In either case, the State is obligated to reimburse the Authority for any deficiency between the lease payments called for by the master lease and amounts paid by other parties.

Basis of Accounting

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

The accompanying basic 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 ("GASB").

In its accounting and financial reporting, the Authority follows the pronouncements of the GASB and other entities that promulgate accounting principles according to a hierarchy of sources of accounting principles. Per GASB Statement No. 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 a reconciliation.

The government-wide financial statements are prepared using 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 rental payments received from the State of New Jersey, in accordance with the Authority's master lease agreement with the State.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures, and the related liabilities, are accrued when they are normally expected to be paid out of revenues recognized during the current period. The exception to this rule is that principal and interest on long-term debt are recognized when payment is due.

Use of Estimates

The preparation of basic 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.

Funds Required by Bond Resolutions

In accordance with certain bond resolutions, the Authority has established the following restricted funds (accounts) to be held by US Bank, as trustee, to account for all revenue received by the Authority:

Fund Accounts	Amount	Use for Which Restricted
Construction	Any amount determined by the Authority after meeting requirements under the bond resolution for all of the other funds.	Payment of construction costs of any authorized projects.
Debt Service	Amounts needed to pay principal and interest on or before each interest payment date and principal installment date on the bonds.	Payment of principal and interest on the bonds.
Rebate	Estimated amount needed to pay arbitrage earnings.	Payment of arbitrage earnings to the federal government.

For financial reporting purposes, the assets, liabilities and fund balance/net position and related revenues, expenditures and other financing sources and uses of these funds have been combined.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Required by Bond Resolutions (Continued)

The following sets forth the cash and equivalent balances in the above funds:

	December 31,	
	2013	2012
Construction fund	$ 62,073,241	$ 37,802,548
Debt service	87,546	2,616,533
Rebate and other	420,742	512,965
	$ 62,581,529	$ 40,932,046

Construction in Progress

In the government-wide financial statements, construction in progress is stated at cost, which includes direct construction costs and other expenditures related to construction, including capitalized net interest. All construction costs related to projects which are not yet completed are charged to construction in progress until such time as the projects are completed and put into operation. Construction in progress is reduced when assets are put into operation and an offsetting minimum lease payment receivable is established. The State is obligated to make payments to the Authority for the construction in progress funded by bonds issued by the Authority.

In the governmental fund financial statements, construction costs are recorded as capital outlay expenditures as expended.

Bond Premiums/Discounts

Bond premiums, net of discounts, are recorded as a liability in the statement of net position and are amortized over the life of the debt. In the governmental fund financial statements bond premiums are recognized as revenue as received.

Deferred Loss on Advanced Refunding of Bonds

Loss on advanced refunding of bonds is recorded as a deferred outflow 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.

Fund Balance/Net Position

Fund balance/net position is classified as restricted and can only be utilized upon approval by the State Treasurer.

Income Taxes

As an instrumentality of the State, under existing statute, the Authority is exempt from both federal and state income taxes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expense

The Authority receives an appropriation from the State for salaries, fringe benefits, related costs for overhead, and other expenses that support the operations of the Authority.

Concentration of Risk

The Authority maintains cash and equivalent balances which may exceed federally insured limits. They historically have not experienced any credit-related losses.

New Accounting Standard Adopted

Statement No. 65, Items Previously Reported as Assets and Liabilities

Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Implementation of this statement materially affected the classification of certain balances. See Note L.

B. CASH AND EQUIVALENTS

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires uncollateralized deposits exposed to custodial risk to be disclosed. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits that are in the possession of an outside party. The following is a summary of the Authority's cash deposits and the amount exposed to custodial credit risk at December 31, 2013 and 2012. The New Jersey Cash Management Fund (the "Fund") is a pooled investment fund and is guaranteed by the State of New Jersey. Thus, deposits in the Fund are not subject to credit risk or custodial credit risk. U.S. Treasury notes are explicitly guaranteed by the U.S. government and are not subject to credit risk or custodial credit risk. As of December 31, 2013 and 2012, the Authority's cash balances were as follows:

	December 31, 2013		December 30, 2012	
	Financial Statement Balance	Bank Balance	Financial Statement Balance	Bank Balance
Amount insured by the FDIC or collateralized with securities held in its name by the Authority.	$ 29,573	$ 29,573	$ 130,038	$ 130,038
Amount collateralized with securities held by the pledging financial institution's trust department in the Authority's name.	38,860,015	38,860,015	14,206,016	14,206,016
Total	$38,889,588	$38,889,588	$14,336,054	$ 14,336,054

Cash equivalents are stated at fair market value and consist of deposits in the Fund. Original cost basis and fair market value at December 31, 2013 and 2012, are summarized as follows:

	December 31, 2013		December 30, 2012	
	Original Cost	Fair Market Value	Original Cost	Fair Market Value
New Jersey Cash Management Fund	$23,691,941	$ 23,691,941	$26,595,992	$ 26,595,992

C. FINANCIAL INSTRUMENTS

Variable Rate Revenue Bonds, 2003 Series A Issue

In connection with its issuance of $189,950,000 Variable Rate Revenue Bonds, 2003 Series A issued on August 15, 2003, and then remarketed on May 9, 2008, the Authority has entered into six separate swap agreements, two each with Citibank, N.A., New York ("Citibank"), Goldman Sachs Mitsui Marine Derivative Products, L.P. ("Goldman Sachs") and Morgan Stanley Capital Services, Inc. ("Morgan Stanley"). The nature and purpose of each of these transactions is described below:

C. FINANCIAL INSTRUMENTS (CONTINUED)

1) Interest Rate Swap Agreements

Under the terms of these agreements, which were executed on the same date and feature identical general terms, the Authority pays a fixed rate of 3.64% to Citibank, Goldman Sachs and Morgan Stanley on a notional amount equal to the principal amount of the 2003 bonds being hedged pursuant to such swap. In return, the respective swap provider will pay the Authority a floating amount based on 62% of one month LIBOR plus .20% on the same notional amount. As the 2003 bonds are redeemed, the notional amounts of the respective swaps shall decrease proportionately. The purpose of these agreements is to achieve a fixed rate. The swaps remain in effect during the entire term of the 2003 bonds unless the bonds are refunded and swaps are terminated. The negative fair value of the swaps were $0 and $22,394,245 as of December 31, 2013 and 2012, respectively.

The Authority implemented GASB Statement No. 53 as of December 31, 2010, which required the Authority to measure all financial instruments at fair value in its financial statements. No amounts are recorded because any asset or liability related to the swap would result in a corresponding deferred inflow or outflow from the State of New Jersey under the master lease agreement and not result in any change to the statement of activities and governmental funds revenues, expenditures and changes in fund balance/net position. Since the swap agreement is backed by the State of New Jersey, the ultimate responsibility falls on the State of New Jersey to record these amounts.

2) Credit Risk

The swap agreement contracts require that each swap counterparty shall have a credit rating from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories at the onset of the swap contract. Ratings, which are obtained from any other nationally recognized statistical rating agencies for such swap counterparty shall also be within the three highest investment rated categories, or the payment obligations of the swap counterparty shall also be unconditionally guaranteed by an entity with such credit ratings. The swap agreements also require that, should the credit rating of a swap counterparty fall below the rating required, that the obligations of such swap counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, at the agreed upon collateral threshold levels pursuant to the Credit Support Annex. The collateral threshold levels are adjusted based on counterparty ratings as set forth in the Credit Support Annex.

3) Termination Risk

The swap contracts use the International Swap Dealers Association Master Agreement, which includes provision for standard termination events, such as failure to pay and bankruptcy. The Schedule to the master agreement includes provision for an "additional termination event." That is, the swap may be terminated by the Authority if the counterparty's credit quality rating falls below "A-," as issued by Fitch Ratings or Standards & Poor's Rating Service, or "A3," as issued by Moody's Investors Service, Inc. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if the swap were to have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. If at the time of a termination the swap agreement has a positive fair value, the Authority would incur a gain and would be able to settle with the swap counterparty at the swap agreement's fair value.

C. FINANCIAL INSTRUMENTS (CONTINUED)

4) Synthetic Rate

The Authority issued bonds bearing interest at a variable rate and simultaneously entered into one or more swap agreements with various swap providers. Under the terms of the swap agreements, the Authority will pay a fixed rate on a notional amount of bonds outstanding while the swap counterparty pays a variable rate on the same notional amount which is anticipated to, over time, match the variable interest rate on the bonds.

5) Basis Risk

The swap agreements expose the Authority to basis risk should the relationship between LIBOR and actual variable rate payments on the related bonds diverge. The effect of this difference in basis is indicated by the difference between the anticipated variable rate and the actual variable rate.

In connection with these agreements, no amounts are recorded in the basic financial statements other than the net interest expense and related costs resulting from the agreement.

In November 2013, the Authority issued 2013 Series A refunding bonds, which refunded the remaining 2003 Series A bonds. Due to this refunding, all swap agreements were terminated. The Authority incurred $16.5 million in swap termination fees which are recorded in other financing sources (uses) section of the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Net Position. See Note E for more details about 2003 Series A refunding bonds.

D. MINIMUM LEASE PAYMENTS RECEIVABLE

Future minimum lease payments receivable from the State as of December 31, 2013, are as follows:

2014	$ 31,678,248
2015	99,635,094
2016	98,835,401
2017	84,398,390
2018	96,603,684
2019-2023	150,965,216
2024-2027	50,578,400
	612,694,433
Less amounts representing interest	(116,151,093)
	$ 496,543,340

The State is obligated to make payments to the Authority against the minimum lease payments receivable for the completed portions of projects funded by bonds issued by the Authority, plus any administrative expenses of the Authority as defined in the master lease agreement with the State of New Jersey which include any fees and costs associated with swap agreements.

E. BONDS PAYABLE

Bond activity for the years ended December 31, 2013 and 2012, was as follows:

Balance, December 31, 2012	$ 544,980,000
Additions	280,205,000
Reductions	(330,380,000)
Balance, December 31, 2013	$ 494,805,000
Balance, December 31, 2011	$ 617,980,000
Reductions	(73,000,000)
Balance, December 31, 2012	$ 544,980,000

2013 Series A Refunding

In November 2013, the Authority issued $258,580,000, of 2013 Series A Bonds. The proceeds were used to refund $263,420,000 of previously issued bonds, including $54,765,000 of 2002 Series B bonds, $150,375,000 of 2003 Series A bonds, $3,390,000 of 2004 Series B bonds, $2,035,000 of 2006 Series A bonds, $37,115,000 of 2007 Series A bonds, $13,350,000 of 2009 Series A bonds, and $2,390,000 of 2009 Series B bonds.

The bonds were issued at a premium of $31,268,088. The bonds are scheduled to mature in various amounts from June 2015 through June 2027. The bonds bear interest rates ranging from 2.5% to 5%.

In connection with the 2013 Series A refunding, the Authority realized a loss on refunding in the amount of $34,103,367, which has been included as part of the deferred loss on advance refunding of bonds on the statement of net position and is being amortized over the remaining lives of the bonds issued.

2013 Series B Refunding

In November 2013, the Authority issued $21,625,000, of 2013 Series B bonds. The proceeds were used to refund $20,505,000 of previously issued bonds, including $7,290,000 of 2007 Series B bonds and $13,215,000 of 2011 Series A bonds.

The bonds are scheduled to mature in various amounts from June 2015 through June 2018. The bonds bear interest rates ranging from 0.748% to 2.303%.

In connection with the 2013 Series B refunding, the Authority realized a loss on refunding in the amount of $207,758, which has been included as part of the deferred loss on advance refunding of bonds in the statement of net position and is being amortized over the remaining lives of the bonds issued.

As a result of these two refundings, the Authority realized an economic gain in the amount of $4,450,979.

Defeased Bonds

The Authority has refunded various general obligation bond issuances by creating separate irrevocable trust funds. Refunding bonds have been issued, the proceeds from which are used to purchase U.S. Treasury Obligations - State and Local Government Series. The securities are deposited into an irrevocable trust fund and then held by the trustee. The investments themselves and the fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded debt has been considered defeased and has therefore been removed as a liability from the Authority's long-term debt. As of December 31, 2013, the amount of defeased general obligation debt outstanding but removed from the Authority's long-term debt amounted to $488,860,000.

E. BONDS PAYABLE (CONTINUED)

The following table reflects the Authority's annual principal obligation for defeased general obligation debt outstanding:

2014	$ 98,170,000
2015	67,885,000
2016	51,535,000
2017	77,015,000
2018	80,935,000
2019-2022	113,320,000
Total	$ 488,860,000

F. FUTURE DEBT SERVICE PAYMENTS

The following table reflects the debt service by year for the various Series Bonds issued by the Authority:

Year	Total debt service
2014	$ 31,678,248
2015	99,635,094
2016	98,835,401
2017	84,398,390
2018	96,603,684
2019-2023	150,965,216
2024-2027	50,578,400
Subtotal, gross debt	612,694,433
Less: interest portion	(117,889,433)
Net Bonds Payable	$ 494,805,000

G. BOND ANTICIPATION NOTES

On December 11, 2012, the Authority issued the State Building Revenue Bond Anticipation Notes, Series 2012 with an interest rate of 1.5%, payable at maturity on December 18, 2013. The funds will be used to begin the State House Exterior Restoration Project and the Mechanical and Electrical Equipment Relocation Project.

In November 2013, the Authority issued a $47,620,000 million Bond Anticipation Note which refunded the note issued on December 11, 2012, and included an additional $27.62 million to fund upcoming construction projects. This note was issued at a premium of $1,745,749 and is set to mature on June 15, 2016.

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

(1) A loss on an advance refunding of bonds is recorded as a deferred outflow of resources and is amortized over the shorter of the remaining amortization period that was used or the life of the newly issued debt.

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

Loss on advance refunding net of amortization:

	December 31,	
	2013	2012
2002 refunding	$ -	$ 7,137,154
2003 refunding	244,954	549,196
2004 refunding	198,525	352,575
2007 refunding	1,582,134	2,977,339
2009 refunding	2,052,363	2,819,087
2011 refunding	1,844,725	3,817,946
2013 refunding	34,002,533	-
	$ 39,925,234	$ 17,653,297

(2) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as an expenditure in governmental funds. However, the statement of net position includes those capital assets among the assets of the Authority as a whole.

	December 31,	
	2013	2012
Cost of property and equipment	$ 74,351	$ 74,350
Accumulated depreciation	(74,250)	(63,626)
Property and equipment, net	$ 101	$ 10,724
Construction in progress	$ 4,799,620	$ 862,536
Capital outlay	$ 5,606,725	$ 4,361,505

(3) Minimum lease payments receivable are not part of the Authority's governmental fund activities because no portion of this balance is available to finance liabilities at year end.

	December 31,	
	2013	2012
Minimum lease receivable	$496,543,340	$544,980,000

(4) Unmatured principal and accrued interest applicable to the Authority's governmental activities are not shown as liabilities or expenses until they are due and payable. Unamortized bond premiums, net of discounts, are recorded as 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 fund financial statements, net bond premiums are recognized as revenue when received. All liabilities - both current and long-term - are reported in the statement of net position.

	December 31,	
	2013	2012
Accrued bond interest payable	$ 1,978,863	$ 825,615
Related adjustment to interest expense, net of amortization	$ 724,135	$ (249,700)
Bonds payable	$494,805,000	$ 544,980,000
Unamortized bond premiums, net of discounts	$ 41,316,904	$ 14,987,334

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

(5) Amortization expense in the governmental funds differs from amortization expense in the statement of activities ($2,927,609 in 2013 and $3,102,467 in 2012). The difference is a result of the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

(6) Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in net position. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from:

	Year Ended December 31,	
	2013	2012
Debt issuance	$327,825,000	$ 20,000,000
Premium on debt issued	$ 33,013,837	$ 259,400

Repayment of bond principal is reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the Authority as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. The Authority's bond debt was reduced by principal payments made to bondholders.

	Year Ended December 31,	
	2013	2012
Principal payments made	$ 46,455,000	$ 73,000,000

(7) The amounts received from the State for debt service principal payments of $46,455,000 during 2013 and $73,000,000 during 2012 constitute governmental fund revenues and thus are not included in the Authority's statements of activities.

(8) The Authority had an arbitrage rebate calculation performed at December 31, 2013, that resulted in no liability due to the Internal Revenue Service.

I. GASB STATEMENT NUMBER 45 - ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POST-RETIREMENT BENEFITS OTHER THAN PENSION

The Authority is a member of the State of New Jersey's cost sharing multiple-employer plan for health and post-retirement medical benefits. Thus, the Authority's portion of this liability and cost is included in the State of New Jersey's Comprehensive Annual Financial Report, as such, the Liability of Authority's employees is covered under the State plan on an annual basis.

Please refer to State website www.state.nj.us for more information regarding the plan.

J. PENSION PLAN

The Authority's employees participate in the Public Employees Retirement System of New Jersey ("PERS"), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is determined by State statute and is based upon an actuarial computation performed by the PERS.

J. PENSION PLAN (CONTINUED)

The Authority's total and covered payroll for the years ended December 31, 2013, 2012 and 2011 were, $400,993, $733,825 and $452,035, respectively. Pension costs for the years ended December 31, 2013, 2012 and 2011 were $44,275, $46,801 and $77,977, respectively. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage of contributions, as determined by PERS, was 6.5% from January 1, 2012 to June 30, 2012; 6.64% from July 1, 2012 to December 31, 2012; 5.5% from January 1, 2011 to September 30, 2011; 6.5% from October 1, 2011 to December 31, 2011; and 5.5% in 2010.

The State of New Jersey, Division of Pension and Benefits, issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pension and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions.

K. COMMITMENTS AND CONTINGENCIES

The Authority has contract commitments totaling approximately $48,000,000 and $10,000,000 as of December 31, 2013 and 2012, respectively. Such commitments relate to various architectural and construction contracts under various projects.

The Authority is engaged in certain legal proceedings relating to vendor claims. Management of the Authority believes the outcome of these proceedings will not have a material or adverse effect on the Authority's financial statements.

L. GASB 65 RESTATEMENT

During fiscal year ended December 31, 2012, there was a change in accounting principle as a result of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement 65 is retroactive to the prior reporting period. The adjustment is detailed below.

L. GASB 65 RESTATEMENT (CONTINUED)

Summary Statement of Net Position and Governmental Fund Balance Sheet
as of December 31, 2012

	Previously Reported	Prior Period Adjustment	Restated
Assets			
Cash	$ 40,932,046	$ -	$ 40,932,046
Minimum lease payments receivable	544,980,000	-	544,980,000
Property and equipment	10,724	-	10,724
Construction in progress	862,536	-	862,536
Deferred outflows of resources			
Bond issuance costs	3,697,526	(3,697,526)	-
Loss on advanced refunding of bonds	17,653,297	-	17,653,297
Total Assets	$ 608,136,130	$ (3,697,526)	$ 604,438,603
Liabilities			
Accounts payable	$ 4,625,560	$ -	$ 4,625,560
Contractor retainage payable	120,076	-	120,076
Accrued bond interest payable	825,615	-	825,615
Bond anticipation note payable	20,000,000	-	20,000,000
Bonds payable	544,980,000	-	544,980,000
Deferred inflows of resources			
Unamortized bond premiums, net of discounts	14,987,334	-	14,987,334
	585,538,585	-	585,538,585
Fund balance/net position			
Restricted	22,597,545	(3,697,526)	18,900,019
Total fund balance/net position	$ 608,136,130	$ (3,697,526)	$ 604,438,603

Summary Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Net Position
For the Year Ended December 31, 2012

	Previously Reported	Prior Period Adjustment	Restated
Revenues	$ 28,851,855	$ -	$ 28,851,855
Expenditures			
Interest expense	27,160,233	520,627	26,639,606
Other administrative expenses	1,904,112	-	1,904,112
Change in Net Position	(212,490)	520,627	308,137
Net Position - December 31, 2011	22,810,035	(4,218,153)	18,591,882
Net Position - December 31, 2012	$ 22,597,545	$ (3,697,526)	$ 18,900,019