NEW JERSEY TRANSPORTATION
TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

Financial Statements and
Supplementary Information

June 30, 2008

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

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MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
A Mercadien Group Company

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

We have audited the accompanying financial statements of the governmental activities, each fund, and the aggregate remaining fund information of New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each fund, of the New Jersey Transportation Trust Fund Authority as of June 30, 2008, and the changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

The management's discussion and analysis on pages 5 to 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Jersey Transportation Trust Fund Authority's basic financial statements. The schedule of cash receipts and disbursements on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of cash receipts and disbursements has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Mercadien, PC
Certified Public Accountants

December 5, 2008

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
A Mercadien Group Company

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 the accompanying financial statements of the New Jersey Transportation Trust Fund Authority's (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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, contracts and grants, 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.*

This report is intended solely for the information and use of Authority members, the finance committee, management, others within the Authority, and the State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

Mercadien, P.C.
Certified Public Accountants

December 5, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As financial management of the New Jersey Transportation Trust Fund Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority disbursed $1,429,280,164 to the Special Transportation Fund of the State of New Jersey to fund statewide transportation system improvements during the fiscal year. This was a decrease of 0.84% from the prior year. The term "net assets" refers to the difference between assets and liabilities. At the close of fiscal year 2008, the Authority had a net deficit of $248,538,350, as compared to net deficit of $306,895,970 at June 30, 2007. This decrease in net assets was caused by the increased bond funding of statewide transportation system improvements.

Overview of the Financial Statements

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

Basic Financial Statements

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

The balance sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without corresponding increases to liabilities result in increased net assets, which indicate an improved financial position.

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

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.

Other Information

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

Financial Analysis

Net assets (deficit) may serve, over time, as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by $248,538,350 at the close of the most recent fiscal year.

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

	June 30, 2008	June 30, 2007	June 30, 2006	Percentage Change 2008-2007
Accounts receivable	$ 9,193,076,405	$ 8,201,081,391	$ 8,369,224,364	12
Cash and equivalents	293,822,721	222,818,362	1,273,660,250	32
Investments	88,805	131,252	41,240,212	(32)
Deferred loss on refunding on bonds	8,223,541	6,480,980	4,738,419	27
Unamortized bond issuance cost	108,234,243	97,153,507	103,302,005	11
Total Assets	9,603,445,715	8,527,665,492	9,792,165,250	13
Accrued interest payable	16,762,799	15,001,357	15,705,978	12
Accounts payable - State of New Jersey	246,982,044	216,701,880	215,382,817	14
Accounts payable - bond issuances	-	-	462,081	-
Bonds payable:				
Due within one year	266,705,000	238,725,000	225,925,000	12
Due after one year	8,892,871,405	7,928,856,391	8,110,799,364	12
Unamortized bond premium	428,662,817	435,276,834	470,569,658	(2)
Total Liabilities	9,851,984,065	8,834,561,462	9,038,844,898	12
Net Assets (Deficit) Restricted for:				
Debt Services	316,314	1,450,559	42,553,149	(78)
Deferred Charge	(328,967,832)	(346,643,704)	(378,235,212)	(5)
Payment of state transportation system cost	80,113,168	38,297,175	1,089,002,415	109
Net Assets (Deficit)	$ (248,538,350)	$ (306,895,970)	$ 753,320,352	(19)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	Years Ended			Percentage Change
	June 30, 2008	June 30, 2007	June 30, 2006	2008-2007
Revenues				
State appropriations				
Motor fuel taxes	$ 483,000,000	$ 483,000,000	$ 405,000,000	-
Commercial vehicle fees and taxes	400,000,000	400,000,000	400,000,000	-
Toll road authority	12,000,000	12,000,000	-	-
Interest income and investment return	24,348,352	42,071,243	24,690,777	(42)
Amortization of bond premium	33,044,665	35,292,689	40,200,513	(6)
Total Revenues	952,393,017	972,363,932	869,891,290	(2)
Expenses				
Operating expenses and financial costs	968,485	965,106	1,332,695	-
State transportation costs	1,429,280,164	1,441,319,063	1,369,418,186	(1)
Debt Service	-	-	-	-
Bond interest expense, including amortization of bond issuance costs	410,978,498	378,940,934	353,386,799	8
Bond interest expense, capital appreciation bonds	59,665,032	56,782,027	4,472,572	5
Total Operating Expenses	1,900,892,179	1,878,007,130	1,728,610,252	1
Deficiencies of revenues over expenses	(948,499,162)	(905,643,198)	(858,718,962)	5
Other financing sources:				
Garvee bond debt service reimbursement	6,171,750	6,449,849	-	(4)
Total other financing sources	6,171,750	6,449,849	-	(4)
Change in Net Deficit	(942,327,412)	(899,193,349)	(858,718,962)	5
Net Assets (Deficit), Beginning of Year	(306,895,970)	753,320,352	(403,760,050)	(141)
Current year bond activity, net	1,000,685,032	(161,022,973)	2,015,799,364	721
Net Assets (Deficit), End of Year	$ (248,538,350)	$ (306,895,970)	$ 753,320,352	(19)

Significant and Subsequent Events

As of June 30, 2008, the Authority had $9,159,576,405 in bonds outstanding, as compared to $8,167,581,391 in the prior fiscal year - an increase of 12.15%. There was new debt incurred by the Authority in the amount of $1,171,055,000 during fiscal year 2008. A total of $ 238,725,000 in bond principal was retired by the annual debt service payments during the fiscal year.

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) bond. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments begin December 15, 2016, and end December 15, 2019. Interest payments begin December 15, 2008.

The following information summarizes the changes in debt between the fiscal year 2008, 2007 and 2006

	June 30, 2008	June 30, 2007	June 30, 2006	Percentage Change 2008-2007
Bonds Payable	$ 9,159,576,405	$ 8,167,581,391	$ 8,336,724,364	12

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

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.

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

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2008

	Special Revenue Fund	Other Funds (DSF)	Total Governmental Funds	Adjustments (Note H)	Statement of Net Assets
ASSETS					
Account receivable - State of New Jersey	$ 33,500,000	$ -	$ 33,500,000	$ 9,159,576,405	$ 9,193,076,405
Cash and equivalents	293,595,212	227,509	293,822,721	-	293,822,721
Investments	-	88,805	88,805	-	88,805
Deferred loss on refunding of bonds	-	-	-	8,223,541	8,223,541
Unamortized bond issuance costs	-	-	-	108,234,243	108,234,243
Total Assets	$ 327,095,212	$ 316,314	$ 327,411,526	$ 9,276,034,189	$ 9,603,445,715
LIABILITIES					
Accrued interest payable	$ -	$ -	$ -	$ 16,762,799	$ 16,762,799
Accounts payable - State of New Jersey	246,982,044	-	246,982,044	-	246,982,044
Transportation system bonds payable:					
Due within one year	-	-	-	266,705,000	266,705,000
Due after one year	-	-	-	8,892,871,405	8,892,871,405
Unamortized bond premium	-	-	-	428,662,817	428,662,817
Total Liabilities	246,982,044	-	246,982,044	9,605,002,021	9,851,984,065
FUND BALANCES/NET ASSETS (DEFICIT)					
Restricted for:					
Debt Service	-	316,314	316,314	-	316,314
Deferred Charges	-	-	-	(328,967,832)	(328,967,832)
Payment of state transportation systems cost	80,113,168	-	80,113,168	-	80,113,168
Total Fund Balances/Net Assets (Deficit)	80,113,168	316,314	80,429,482	(328,967,832)	(248,538,350)
Total Liabilities and Fund Balances/Net Assets (Deficit)	$ 327,095,212	$ 316,314	$ 327,411,526	$ 9,276,034,189	$ 9,603,445,715

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 FUND BALANCE

Year Ended June 30, 2008

	Special Revenue Fund	Other Funds (DSF)	Total Governmental Funds	Adjustments (Note H)	Statement of Activities
REVENUES					
State appropriations equivalent to:					
Motor fuel taxes	$ 483,000,000	$ -	$ 483,000,000	$ -	$ 483,000,000
Commercial vehicle fees and taxes	400,000,000	-	400,000,000	-	400,000,000
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Interest income and investment return	24,309,589	38,763	24,348,352	-	24,348,352
Amortization of bond premium	-	-	-	33,044,665	33,044,665
Total revenues	919,309,589	38,763	919,348,352	33,044,665	952,393,017
EXPENDITURES					
Operating expenses and financial costs	73,304	895,181	968,485	-	968,485
State transportation costs	1,429,280,164	-	1,429,280,164	-	1,429,280,164
Debt Service					
Principal	-	238,725,000	238,725,000	(238,725,000)	-
Bond interest expense, including amortization of bond issuance costs	-	404,631,943	404,631,943	6,346,555	410,978,498
Bond interest expense, capital appreciation bonds	-	-	-	59,665,032	59,665,032
Total expenditures	1,429,353,468	644,252,124	2,073,605,592	(172,713,413)	1,900,892,179
Deficiency of revenues over expenses	(510,043,879)	(644,213,361)	(1,154,257,240)	205,758,078	(948,499,162)
OTHER FINANCING SOURCES (USES):					
Bonds issued	1,171,055,000	-	1,171,055,000	(1,171,055,000)	-
Bond premium	26,430,647	-	26,430,647	(26,430,647)	-
Garvee bond debt service reimbursement	-	14,861,750	14,861,750	(8,690,000)	6,171,750
Transfers - internal activities	(629,336,700)	629,336,700	-	-	-
Cost of issuance	(17,408,409)	-	(17,408,409)	17,408,409	-
Total other financing (uses) sources	550,740,538	644,198,450	1,194,938,988	(1,188,767,238)	6,171,750
Change in fund balance/net assets	40,696,659	(14,911)	40,681,748	(983,009,160)	(942,327,412)
Fund balance/net deficit					
Beginning of year	39,416,509	331,225	39,747,734	(346,643,704)	(306,895,970)
Current year bond activity, net	-	-	-	1,000,685,032	1,000,685,032
End of year	$ 80,113,168	$ 316,314	$ 80,429,482	$ (328,967,832)	$ (248,538,350)

See notes to financial statements.

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. The Authority also finances State aid to counties and municipalities for transportation system improvements.

Basis of Accounting

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

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

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

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

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

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

Financial Instruments

The Authority follows GASB: TB 2003-1, which established disclosure requirements for certain derivatives. This includes disclosing the fair value of financial instruments in the notes to financial statements. See Note D regarding 2003 Series B.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounts

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

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

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

Income Taxes

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

Bond Issuance Costs

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

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

Bond Premium

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

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

Restricted Net Assets

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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

Due within one year	$ 300,205,000
Due after one year	8,892,871,405
	$9,193,076,405

B. CASH AND EQUIVALENTS

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

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

(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. Cash and equivalents and investments are substantially restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

The bank balances and amounts deposited in these accounts at June 30, 2008, were as follows:

NJCMF	$ 293,822,722
Commerce Bank	88,805
Total	$ 293,911,527

B. CASH AND EQUIVALENTS (CONTINUED)

Custodial Credit Risk

As of June 30, 2008, the Authority had the following investments and maturities:

	Fair Value	Investment Maturity (In Years) Less than 1	1-5	6-10	More than 10
US Treasury Notes	$ 88,805	$ 88,805	$ -	$ -	$ -

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Because the Authority maintains investments in US Treasury Notes, it is subject to interest rate risk if interest rates fluctuate.

C. ACCOUNTS PAYABLE - STATE OF NEW JERSEY

The balance due of $246,982,044 consists of amounts due the State of New Jersey Special Transportation Fund for reimbursement of New Jersey Transit transportation costs.

D. TRANSPORTATION SYSTEM BONDS PAYABLE

Bond resolutions have been adopted by the Authority for the purpose of making improvements to the transportation system in the State of New Jersey. The following is a summary of revenue bonds outstanding:

Series	Interest Rate Range	Bonds Outstanding (in Millions) June 30, 2007	Additions (in Millions)	Reductions (in Millions)	Bonds Outstanding (in Millions) June 30, 2008	Amounts Due within One Year (in Millions)
1995 Series B	4.50%-7.00%	$ 93,960	$ -	$ -	$ 93,960	$ -
1998 Series A	4.25%-5.25%	102,830	-	-	102,830	-
1999 Series A	4.50%-5.75%	267,630	-	18,435	249,195	18,450
2001 Series A	4.00%-5.50%	9,625	-	8,055	1,570	-
2001 Series C	2.50%-6.00%	967,365	-	85,275	882,090	145,115
2003 Series A	4.00%-5.50%	316,310	-	4,155	312,155	4,325
2003 Series B	3.50%-5.25%	345,000	-	-	345,000	-
2003 Series C	2.25%-5.50%	15,710	-	-	15,710	-
2004 Series A	3.25%-5.75%	107,495	-	-	107,495	-
2004 Series B	2.50%-5.50%	825,535	-	25,470	800,065	9,505
2005 Series A	5.00%-5.25%	507,865	-	61,945	445,920	65,210
2005 Series B	3.70%-5.50%	1,213,140	-	26,700	1,186,440	-
2005 Series C	3.25%-5.25%	48,480	-	-	48,480	-
2005 Series D	4.00%-5.00%	465,910	-	-	465,910	-
2006 Series A	4.25%-5.50%	1,580,540	-	-	1,580,540	-
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-
2006 A Garvee	5.00%	123,435	-	8,690	114,745	9,125
2007 Series A	3.60%-5.00%	-	1,171,055	-	1,171,055	14,975
		10,699,415	1,171,055	238,725	11,631,745	266,705
Less unamortized bond accretion		(2,531,834)	59,666	-	(2,472,168)	-
Total		$ 8,167,581	$ 1,230,721	$ 238,725	$ 9,159,577	$ 266,705

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

Total maturities of transportation system bonds are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2009	$ 266,705,000	$ 398,585,156	$ 665,290,156
2010	281,170,000	386,179,720	667,349,720
2011	315,215,000	371,215,105	686,430,105
2012	332,855,000	354,548,960	687,403,960
2013	352,930,000	335,963,606	688,893,606
2014-2018	2,137,245,000	1,375,203,035	3,512,448,035
2019-2023	3,030,140,000	744,920,650	3,775,060,650
2024-2028	1,670,940,000	202,029,344	1,872,969,344
2029-2033	1,726,455,000	125,308,750	1,851,763,750
2034-2038	1,518,090,000	270,802,213	1,788,892,213
Total	11,631,745,000	$ 4,564,756,539	$16,196,501,539
Less unamortized bond accretion	2,472,168,595		
Total Bonds Payable	$ 9,159,576,405		

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

2003 Series B

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) bonds in September 2008. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments begin December 15, 2016, and end December 15, 2019. Interest payments begin December 15, 2008.

INTEREST RATE SWAP AGREEMENTS

In connection with the initial issuance of the Remarketed Bonds, the Authority entered into five swap agreements (the "Existing Swap Agreements") with Goldman Sachs Mitsui Marine Derivative Products L.P. (the "Existing Counterparty") for the purpose of converting the Authority's variable rate exposure on the Remarketed Bonds to a fixed rate. The outstanding aggregate principal amount of the Remarketed Bonds is equal to the aggregate notional amount of these related Existing Swap Agreements. Under the terms of the Existing Swap Agreements, the Authority pays a fixed rate to the Existing Counterparty between 3.537% and 3.675% and receives a variable rate equal to 67% of either one-month or one-

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2003 Series B (Continued)

week LIBOR, in each case depending on the Existing Swap Agreement. These Existing Swap Agreements terminate upon the final maturity of the Remarketed Bonds; provided that the Authority may terminate and cancel any or all of the Existing Swap Agreements with no payment due from the Authority at any time on or after December 15, 2011. It is expected that the Existing Swap Agreements will not be terminated as a result of the conversion of the Remarketed Bonds to the Fixed Rate Mode. In connection with the conversion and remarketing of the Remarketed Bonds, the Existing Swap Agreements may be amended in a manner which could result in the Authority paying fixed rates in excess of the rates stated above.

In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), either the Authority or the Existing Counterparty will be required to make a termination payment to the other party. The party required to make such payment and the amount thereof will be determined by market conditions at the time of such early termination.

The Authority's obligations to make regularly scheduled payments under each Existing Swap Agreement are payable from moneys in the Debt Service Fund established under the Resolution on a parity with the Remarketed Bonds and all other Bonds issued or to be issued under the Resolution. In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), any termination payments required to be made by the Authority pursuant to such Existing Swap Agreement shall be payable from the Subordinated Debt Fund established under the Resolution, subject and subordinate to the payment of Bond Payment Obligations, including payment of the Remarketed Bonds, pursuant to the Resolution.

2006 A Garvee Bond

The debt service and interest expense payments on the 2007 A Garvee bond are reimbursed by the Federal Highway Administration, through the New Jersey Department of Transportation. These amounts are included in the principal and bond interest expense. The principal payment and interest payments reimbursed as of June 30, 2008, were $8,690,000 and $6,171,750, respectively.

2006 Series A and B Refunding Bonds

In June 2007, the Authority issued $1,580,540,000 of 2007 Series A Bonds and $109,375,000 of 2006 Series B Bonds. The proceeds were used to refund $1,791,455,000 of previously issued bonds and for the costs of issuance of the 2007 Series A Bonds.

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2006 Series A and B Refunding Bonds (Continued)

As a result of the advance refundings during the year ended June 30, 2007, the Authority recorded a loss on defeasance totaling $36,560,994 representing the difference between the new debt issued and the carrying amount of the debt refunded. The loss on defeasance is being deferred and amortized over the life of the new debt. For financial statement purposes, the Authority follows Governmental Accounting Standards Board Statement No. 23, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The unamortized deferred loss on refundings of bonds amounted to $8,223,541 at June 30, 2008. Amortization of $1,742,561 is included in amortization of cost of issuance and deferred loss on refunding at June 30, 2008. The present value of the debt service savings resulted in an economic gain from the advanced refundings in 2007 in the amount of $31,743,405.

E. ADVANCE REFUNDINGS

When conditions warranted during prior years, the Authority sold various issues of bonds to provide for the refunding of previously issued obligations in order to achieve interest cost savings.

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

E. ADVANCE REFUNDINGS (CONTINUED)

Refunded bonds outstanding at June 30, 2008, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2008
1995 Series B	$ 56,465,000
1998 Series A	356,440,000
1999 Series A	71,390,000
2000 Series A	310,475,000
2001 Series A	161,480,000
2001 Series C	100,500,000
2003 Series C	842,035,000
2004 Series A	332,560,000
2005 Series C	449,430,000
2005 Series D	487,110,000
	$ 3,167,885,000

F. FINANCIAL INSTRUMENTS

In connection with the interest rate swaps disclosed in note D, no amounts are recorded in the financial statements other than the net interest expense resulting from the agreements. As of June 30, 2008, the swaps had a total net present value of $(2,419,050). A negative net present value denotes that the Authority owes the swap provider.

G. 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.

Financial Instruments

As disclosed in Notes D and F, the Authority's 2003 Series B bond issue utilized financial instruments. These agreements are structured to enable variable rate bond proceeds to meet specific needs by reducing the risk associated with changes in interest rates.

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

(1) Unamortized bond issuance cost is recorded as deferred charges (other assets) in the statement of net assets and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond issuance costs are expensed when incurred. Balances as of June 30, 2008, were:

Bond issuance costs	$ 125,971,045
Accumulated amortization	(17,736,802)
Total unamortized bond issuance cost	$ 108,234,243
Amortization expense	$ 6,327,673

(2) Long-term liabilities (bonds payable and accrued interest payable) applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances as of June 30, 2008, were:

Bonds payable	$ 8,167,581,373
Add issuance of bonds	1,171,055,000
Less principal payments	(238,725,000)
Add accretion	59,665,032
Total	$ 9,159,576,405
Accrued interest payable	$ 16,762,799

(3) Bond proceeds contribute to the change in fund balance in governmental funds. In the government-wide statements, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statements of activities.

Proceeds were received from:

2007 Series A Bond	$ 1,171,055,000

(3) Repayment of bond principal is reported as an expenditure in governmental funds and thus reduces the fund balance. For the Authority as a whole, the principal payments reduce the liabilities in the statement of net assets 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	$ 238,725,000

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCE 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 assets 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, 2008, were:

Bond premium	$ 584,969,952
Accumulated amortization	(156,307,135)
Total unamortized bond premium	$ 428,662,817
Amortization revenue	$ 33,044,665

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

Bond principal payment	$ (238,725,000)
Garvee bond debt service reimbursement	8,690,000
Bond premium	(26,430,647)
Bond issuance costs	17,408,409
Net bond proceeds	1,180,077,238
Capital appreciation bonds interest expense	59,665,032
Current year bond activity, net	$ 1,000,685,032

I. SUBSEQUENT EVENT

The Authority issued the 2008 Series A bonds totaling $1.12 billion on November 13, 2008 to finance highway and mass transit improvements. Bond maturities for the current interest bonds and capital appreciations bonds are from 2023-2038. Interest payments for the current interest bonds begin in June 2009.

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, 2008

	Authority Reserve	Transportation Improvement	Total	Debt Service	Total
CASH BALANCES, JUNE 30, 2007	$ -	$ -	$ -	$ -	$ -
RECEIPTS:					
Motor fuel taxes	-	483,000,000	483,000,000	-	483,000,000
Commercial vehicle fees and taxes	-	400,000,000	400,000,000	-	400,000,000
Toll road authorities	-	12,000,000	12,000,000	-	12,000,000
Interest income	1,108	24,308,480	24,309,588	38,763	24,348,351
Bond proceeds	-	1,180,077,238	1,180,077,238	-	1,180,077,238
Sale of cash management fund investment and other investments (net)	(59,341)	1,100,689	1,041,348	14,911	1,056,259
Garvee bond debt service reimbursement	-	-	-	14,861,750	14,861,750
Operating transfers in	130,852	-	130,852	629,336,700	629,467,552
Total Receipts	72,619	2,100,486,407	2,100,559,026	644,252,124	2,744,811,150
DISBURSEMENTS:					
Operating expenses and financial costs	72,619	684	73,303	895,181	968,484
Bond interest expense	-	-	-	404,631,943	404,631,943
State transportation costs	-	1,399,000,000	1,399,000,000	-	1,399,000,000
Principal retirement of bonds payable	-	-	-	238,725,000	238,725,000
Purchase of cash management fund investments	-	72,018,171	72,018,171	-	72,018,171
Operating transfers out	-	629,467,552	629,467,552	-	629,467,552
Total Disbursements	72,619	2,100,486,407	2,100,559,026	644,252,124	2,744,811,150
CASH BALANCES, JUNE 30, 2008	$ -	$ -	$ -	$ -	$ -

Note: Cash balances consist of checking account activity only.