

OFFICE OF THE STATE AUDITOR

AUDIT REPORT

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
APPROPRIATIONS TO THE DEPARTMENT OF TRANSPORTATION

JULY 1, 1994 TO DECEMBER 31, 1994

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
APPROPRIATIONS TO THE DEPARTMENT OF TRANSPORTATION

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The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Garabed "Chuck" Haytaian  
Speaker of the General Assembly

Mr. Albert Porrone  
Executive Director  
Office of Legislative Services

We have completed an audit of expenditures made by the Department of Transportation for transportation projects from the revenues of the New Jersey Transportation Trust Fund Authority for the period July 1, 1994 to December 31, 1994. We found that the financial transactions included in our testing related to the projects.

This report is issued pursuant to the State Auditor's responsibilities as set forth in N.J.S.A. 27:1B-21.1e and N.J.S.A. 27:1B-21.1f.

Richard L. Fair

State Auditor

DEPARTMENT OF TRANSPORTATION

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS

Scope

We have completed an audit of the expenditures made by the Department of Transportation for transportation projects from the revenues of the New Jersey Transportation Trust Fund Authority for the period July 1, 1994 to December 31, 1994. Our audit included financial activities accounted for in the state's Capital Projects Funds.

Total expenditures of the projects during the six month audit period were \$96.9 million. The prime responsibility of the New Jersey Transportation Trust Fund Authority is to provide the payment for and financing of all, or a portion of, the costs incurred by the Department of Transportation for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the state's transportation system.

In addition, we are to report on the status of the bonds and projects financed from the proceeds of the bonds. The report shall include the investment status of all unexpended bond proceeds and provide a description of any bond issues expected during a fiscal year. Accordingly, we have included this as supplementary data in our report. This information has not been audited and we do not express an opinion on the information.

Objectives

The objective of our audit was to determine the extent to which funds are expended for costs directly related to the projects, including but not limited to salaries and other administrative expenses. We also tested for resolution of significant conditions noted in our prior report.

This report is issued pursuant to the State Auditor's responsibilities as set forth in N.J.S.A. 27:1B-21.1e and N.J.S.A. 27:1B-21.1f.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the projects, the internal control structure, status of bonds, projects financed by the proceeds and the investment status of the bond proceeds.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample populations were stratified and large dollar transactions were examined. Other transactions were randomly selected.

To ascertain the status of questionable expenditures included in our prior reports, we identified corrective action, if any, taken by the agency and walked through the system to determine if the corrective action was taken.

### Conclusion

We found that the financial transactions included in our testing related to the objectives of the projects.

We also found that the agency has addressed the significant issues noted in our prior report.

SUPPLEMENTARY DATA

### Bond Issued and Status of Bonds

On January 15, 1985 the Transportation Trust Fund Authority issued bonds for the purpose of financing the costs of planning, engineering, construction, repair and rehabilitation of the state transportation system. The 1985 Series A Bond was the initial series of bonds issued by the authority under the bond resolution. The authority has issued bonds totaling \$1,622,740,000 as of December 31, 1994. As of December 31, 1994 the total outstanding was \$1,512,507,251. See Schedule I for the status of each bond issue.

### Investment Status

All investments of the authority are maintained in the State of New Jersey Cash Management Fund. The market value at December 31, 1994 was \$281,130,824.

### Projects Financed by Proceeds

The projects financed by the proceeds of each bond issue are not determinable. The bond proceeds are commingled with other revenue sources: motor fuel taxes, commercial vehicle fees and taxes, and toll road authority contributions. A schedule of the current projects and the ending balances is provided on Schedule II.

### Bond Issues Expected

The bonds expected to be issued are dependent on the continuation of the Transportation Trust Fund Authority Law, which was pending legislative approval at the conclusion of our field work.

SCHEDULE I

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
DEPARTMENT OF TRANSPORTATION  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS  
(UNAUDITED)

Bond	Issued Amount	Outstanding as of December 31, 1994		
		Principal	Interest	Total
1985 Series A	61,270,000	0	0	0
1986 Series A	200,000,000	0	0	0
1988 Series A	125,000,000	45,290,000	5,509,676	50,799,676
1992 Series A	275,000,000	230,655,000	57,985,063	288,640,063
1993 Series A	500,000,000	500,000,000	108,020,110	608,020,110
1993 Series B	61,470,000	46,395,000	2,528,915	48,923,915
1994 Series A	400,000,000	400,000,000	116,123,487	516,123,487
Total	<u>\$1,622,740,000</u>	<u>\$1,222,340,000</u>	<u>\$290,167,251</u>	<u>1,512,507,251</u>