



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

**Department of Transportation
New Jersey Transportation Trust
Fund Authority Appropriations**

July 1, 1998 to June 30, 1999

**Richard L. Fair
State Auditor**

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New Jersey State Legislature

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The Honorable Christine Todd Whitman
Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

The Honorable Jack Collins
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
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Enclosed is our report on the audit of the Department of Transportation, New Jersey Transportation Trust Fund Authority Appropriations for the period July 1, 1998 to June 30, 1999.

If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair
State Auditor
December 17, 1999

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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 the period July 1, 1998 to June 30, 1999 for transportation projects funded from revenues of the New Jersey Transportation Trust Fund Authority. Our scope did not include the project expenditures for New Jersey Transit Corporation since this entity and its financial activities are audited by an independent certified public accounting firm.

Total expenditures of the projects during the audit period were \$512.9 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. These activities are accounted for in the State Transportation Fund.

In addition, we are to report on the status of the bonds and projects financed from the proceeds of the bonds. The report shall also include the investment status of all unexpended bond proceeds and provide a description of any anticipated bond issues. Accordingly, we have included this supplementary data in our report; however, it has not been audited by us and we do not express an opinion on the information.

Objectives

The objectives of our audit were 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. 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, internal controls, 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 conclusion about the validity of transactions as well as internal control and compliance attributes. Transactions were randomly selected.

Conclusions

We found that the financial transactions included in our testing related to the objectives of the projects, were reasonable, and were properly recorded in the accounting system.

**SUPPLEMENTARY DATA
(UNAUDITED)**

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 \$5,667,785,000 as of June 30, 1999. As of June 30, 1999, the total principal and interest outstanding was \$5,853,148,868. See Schedule I for the status of each bond issue.

Investment Status

All unexpended bond proceeds are invested in the State of New Jersey Cash Management Fund. The fair value at June 30, 1999 was \$331,887,310.

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 obligated and unobligated balances by budget fiscal year is provided on Schedule II.

Future Bond Issues

The Authority sold \$450 million of bonds in October 1999 and anticipates another \$450 million sale of bonds in December 1999 or January 2000.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
BONDS PAYABLE
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS
AS OF JUNE 30, 1999
(UNAUDITED)

Schedule I

Bond Series	Amount Issued	Outstanding as of June 30, 1999		
		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	0	0	0
1992 Series A	275,000,000	0	0	0
1993 Series A	500,000,000	0	0	0
1993 Series B	61,470,000	0	0	0
1994 Series A	400,000,000	0	0	0
1995 Series A	804,475,000	702,650,000	363,243,362	1,065,893,362
1995 Series B	788,225,000	687,045,000	390,156,633	1,077,201,633
1996 Series A	334,065,000	313,670,000	163,106,797	476,776,797
1996 Series B	714,340,000	671,840,000	393,792,013	1,065,632,013
1997 Series A	703,940,000	673,220,000	396,186,825	1,069,406,825
1998 Series A	700,000,000	689,605,000	408,633,238	1,098,238,238
Totals	\$5,667,785,000	\$3,738,030,000	\$2,115,118,868	\$5,853,148,868

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
DEPARTMENT OF TRANSPORTATION
SUMMARY OF OBLIGATED AND UNOBLIGATED BALANCES
AS OF JUNE 30, 1999
(UNAUDITED)

BUDGET FISCAL YEAR	OBLIGATED	Schedule II
		UNCOMMITTED AMOUNT
1993	\$7,620,848	\$290,031
1994	53,913,666	1,313,648
1995	30,036,670	765,806
1996	30,012,993	1,888,410
1997	56,538,636	3,138,931
1998	125,337,328	18,643,544
1999	<u>160,478,564</u>	<u>25,576,627</u>
TOTAL	<u><u>\$463,938,705</u></u>	<u><u>\$51,616,997</u></u>