



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

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**Transportation Trust Fund Authority  
Appropriations**

July 1, 2004 to June 30, 2006

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**Richard L. Fair  
State Auditor**

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*New Jersey State Legislature*

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The Honorable Jon S. Corzine  
Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Joseph J. Roberts, Jr.  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Transportation Trust Fund Authority Appropriations for the period of July 1, 2004 to June 30, 2006. If you would like a personal briefing, please call me at (609) 292-3700.

A handwritten signature in black ink, appearing to read "Richard L. Fair".

Richard L. Fair  
State Auditor  
July 11, 2007

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## Transportation Trust Fund Authority Appropriations

### *Scope*

We have completed an audit of expenditures made by the Department of Transportation for the period July 1, 2004 to June 30, 2006 for transportation projects funded from revenues of the New Jersey Transportation Trust Fund Authority (TTFA). 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 \$1.3 billion. The primary responsibility of the TTFA 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 Special Transportation Fund.

In addition, we are to report on the status of the bonds including the investment status of all unexpended bond proceeds and a description of any anticipated bond issues. Accordingly, we have included this supplementary data in our report.

### *Objectives*

The objectives of our audit were to determine the extent to which funds are expended for costs directly related to the projects, including the costs for salaries and other administrative expenses. In addition, the statutes require that we report on the status of bonds, to identify projects financed from the proceeds of the bonds, the investment status of unexpended bond proceeds, and to provide a description of any anticipated bond issues. We also tested for resolution of the significant conditions noted in our prior report dated April 27, 2006.

This audit was conducted 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 Office of Management and Budget, and policies of the department. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed department personnel to obtain an understanding of the programs and the internal controls, status of bonds, projects financed by the bond proceeds, and the investment status of bond proceeds.

A nonstatistical sampling approach was used. Our samples of expenditure transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Transactions were sorted and transactions were judgmentally selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action taken by the department and walked through or performed tests on the system to determine if the corrective action was effective.

### ***Conclusions***

We found that the financial transactions included in our testing related to the TTFA projects. We also found that the department has resolved the significant issues noted in our prior report. Information on the status of the bonds, investment of the unexpended bond proceeds, projects financed from bond proceeds, and the anticipated bond issues is included as supplementary data in this report.

**SUPPLEMENTARY DATA**

### **Bonds Issued and Status of Bonds**

On January 15, 1985 the Transportation Trust Fund Authority (TTFA) issued bonds for the purpose of financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the state's transportation system. The 1985 Series A bond was the initial series of bonds issued by the TTFA under the bond resolution. The TTFA has issued bonds totaling \$20,484,350,000 as of June 30, 2006. Total debt service at June 30, 2006 was \$14,911,324,469. See Schedule I for the status of bonds issued as of June 30, 2006.

### **Investment Status**

Investments, and cash and cash equivalents consist of State of New Jersey Cash Management Fund deposits and short term investments acquired under forward delivery agreements (GARVEE and Capital Appreciation). The fair market value of investments, and cash and cash equivalents at June 30, 2006 was \$41,240,212 and \$1,273,660,250, respectfully.

### **Projects Financed by Proceeds**

The projects financed by the proceeds of each bond issue are indeterminable. The bond proceeds are included with other revenue sources including 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**

As of June 7, 2007 no date had been established for the sale of new bonds. However, TTFA does expect to issue bonds valued at \$1.2 billion during the first quarter of fiscal year 2008. The new issuances are expected to have maturities up to 31 years and are anticipated to be a mixture of current interest bonds and capital appreciation bonds.

DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS  
AS OF JUNE 30, 2006

Schedule I

<u>Bond Series</u>	<u>Outstanding</u>				
<u>Amount Issued</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>		
1985 Series A	\$ 61,270,000	\$ -	\$ -	\$ -	
1986 Series A	200,000,000	-	-	-	
1988 Series A	125,000,000	-	-	-	
1992 Series A	275,000,000	-	-	-	
1993 Series A	500,000,000	-	-	-	
1993 Series B	61,470,000	-	-	-	
1994 Series A	400,000,000	-	-	-	
1995 Series A	804,475,000	-	-	-	
1995 Series B	788,225,000	93,960,000	31,792,400	125,752,400	
1996 Series A	334,065,000	-	-	-	
1996 Series B	714,340,000	-	-	-	
1997 Series A	703,940,000	-	-	-	
1998 Series A	700,000,000	102,830,000	57,892,725	160,722,725	
1999 Series A	450,000,000	283,145,000	140,763,375	423,908,375	
2000 Series A	450,000,000	-	-	-	
2001 Series A	325,000,000	9,625,000	1,463,550	11,088,550	
2001 Series B	690,000,000	-	-	-	
2001 Series C	1,191,450,000	1,082,480,000	288,693,969	1,371,173,969	
2003 Series A	331,100,000	320,300,000	150,652,275	470,952,275	
2003 Series B	345,000,000	345,000,000	151,515,916	496,515,916	
2003 Series C	924,810,000	15,710,000	12,988,200	28,698,200	
2004 Series A	471,655,000	107,495,000	111,487,325	218,982,325	
2004 Series B	849,800,000	849,800,000	336,572,319	1,186,372,319	
2005 Series B	1,213,140,000	1,213,140,000	837,643,770	2,050,783,770	
2005 Series A	566,785,000	566,785,000	146,062,088	712,847,088	
2005 Series C	524,750,000	48,480,000	35,632,800	84,112,800	
2005 Series D	953,020,000	465,910,000	307,768,581	773,678,581	
2006 Series A	1,580,540,000	1,580,540,000	1,328,579,327	2,909,119,327	
2006 Series B	109,375,000	-	-	-	
2006 Series C	1,115,496,792	1,115,496,792	-	1,115,496,792	
2006 Series C Accretion	2,593,088,208	2,593,088,208	-	2,593,088,208	
2006 Series A Garvee	131,555,000	131,555,000	46,475,849	178,030,849	
<b>Total</b>	<b>\$ 20,484,350,000</b>	<b>\$ 10,925,340,000</b>	<b>\$ 3,985,984,469</b>	<b>\$ 14,911,324,469</b>	

DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS  
SUMMARY OF OBLIGATED AND UNOBLIGATED BALANCES  
AS OF JUNE 30, 2006

Schedule II

<u>Budget Fiscal Year</u>	<u>Obligated Balance</u>	<u>Unobligated Balance</u>
1993	\$ 2,562,821	\$ 338,380
1994	12,299,720	1,842,366
1995	6,301,588	853,267
1996	6,054,864	2,749,801
1997	7,348,686	2,255,000
1998	9,448,853	229,555
1999	11,919,133	1,347,552
2000	15,734,612	1,380,442
2001	20,602,511	792,959
2002	35,696,125	1,819,816
2003	45,792,221	5,864,971
2004	74,064,090	5,990,267
2005	145,583,662	10,395,353
2006	<u>253,969,669</u>	<u>78,175,383</u>
<b>Total</b>	<u>\$ 647,378,555</u>	<u>\$ 114,035,112</u>



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*Governor*

KRIS KOLLURI  
*Commissioner*

TO: Rose Todaro  
Manager  
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New Jersey Office of Legislative Services

FROM: Steven B. Hanson *SBH*  
Chief Financial Officer  
Department of Transportation

DATE: July 2, 2007

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SUBJECT: Audit of Transportation Trust Fund Authority  
Appropriations July 1, 2004 to June 30,  
2006.

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We received a copy of your recent audit of Transportation Trust Fund Authority expenditures for the period FY 2004-2006. The report is well written and accurate. We offer no exceptions and concur with the report as presented. If you have any questions, let me know.

c: Deputy Commissioner Dilts  
Robert Salman  
Alemnesh Tessema  
Joseph Licari