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, 1996 to June 30, 1997

Richard L. Fair
State Auditor
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  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Transportation, New Jersey Transportation Trust Fund Authority Appropriations for the period July 1, 1996 to June 30, 1997.

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

Richard L. Fair  
State Auditor  
December 16, 1997
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Scope

We have completed an audit of the expenditures made by the Department of Transportation for the period July 1, 1996 to June 30, 1997 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 $430.8 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 transportation system. These activities are accounted for in the Special 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 bond issues expected during a fiscal year. Accordingly, we have included this supplementary data in our report. This information has been compiled from the records of the New Jersey Transportation Trust Fund Authority and we have not audited and 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. 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 sample of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Transactions were judgmentally selected.

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

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. We also found that the agency has resolved the significant issues noted in our prior report.
Supplementary Data

Bonds Issued and Status of Bonds
On January 15, 1985 the New Jersey 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 $4,263,845,000. As of June 30, 1997, the total outstanding was $4,124,770,394. 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 market value at June 30, 1997 was $234,986,415.

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 issued bonds totaling $703,940,000 in December 1997.

1/4/2
### Schedule I

<table>
<thead>
<tr>
<th>Bond Series</th>
<th>Amount Issued</th>
<th>Outstanding as of June 30, 1997</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td>Principal</td>
</tr>
<tr>
<td>1985 Series A</td>
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<tr>
<td>1986 Series A</td>
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<td>1992 Series A</td>
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<td>1993 Series A</td>
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<td>1993 Series B</td>
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<td>1994 Series A</td>
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<td>1995 Series A</td>
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<td>1995 Series B</td>
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<td>1996 Series A</td>
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<td>$334,065,000</td>
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<tr>
<td>1996 Series B</td>
<td>$529,752,835</td>
<td>$714,340,000</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$4,263,845,000</strong></td>
<td><strong>$2,541,650,000</strong></td>
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<tr>
<td>Year</td>
<td>Obligated</td>
<td>Unobligated</td>
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<td>------</td>
<td>------------</td>
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<td>1993</td>
<td>$17,418,923</td>
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<tr>
<td>Total</td>
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<td>$29,219,203</td>
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