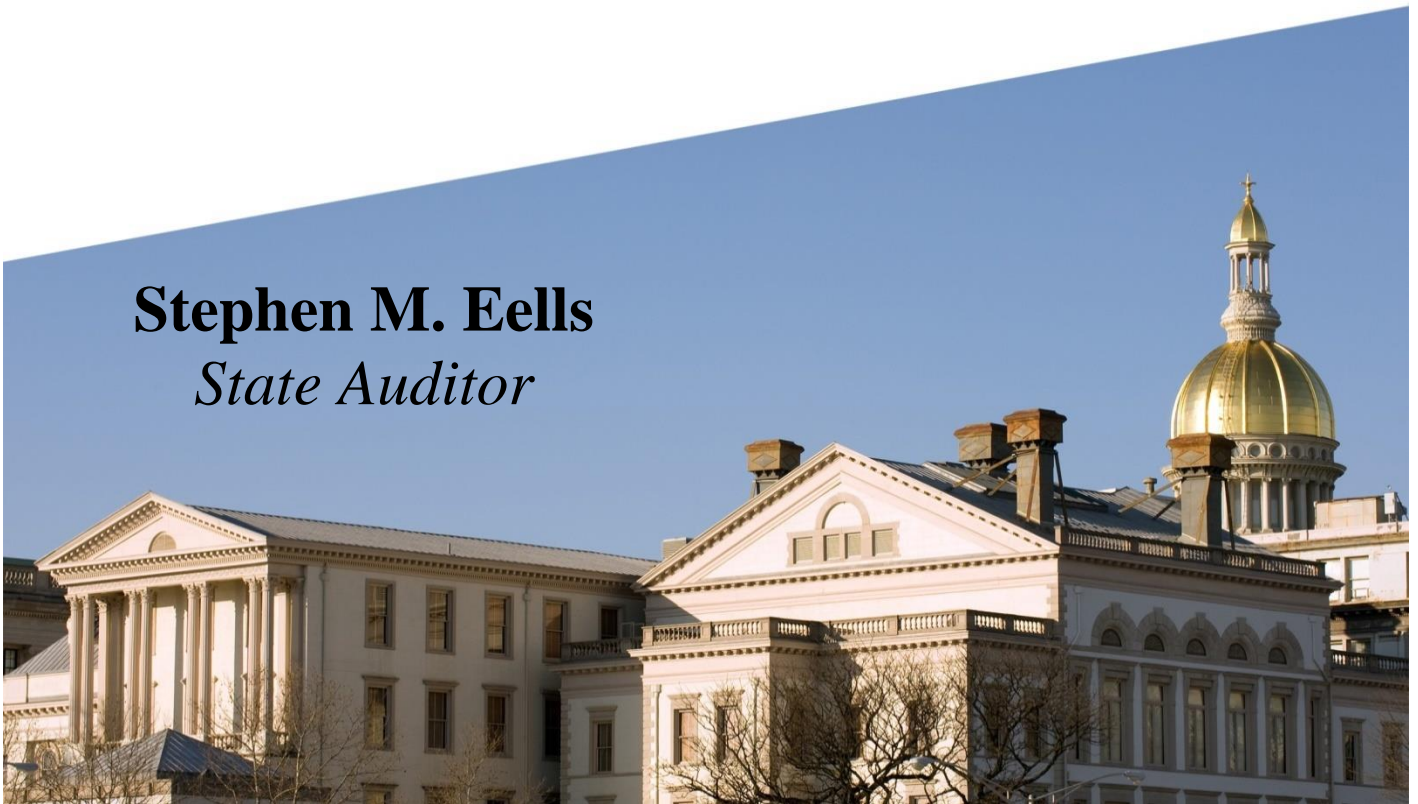


*New Jersey Legislature*  
★ *Office of* LEGISLATIVE SERVICES ★  
**OFFICE OF THE STATE AUDITOR**

Transportation Trust Fund Authority

July 1, 2015 to June 30, 2018

**Stephen M. Eells**  
*State Auditor*



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New Jersey State Legislature

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---

PERI A. HOROWITZ  
*Executive Director*  
(609) 847-3901

The Honorable Philip D. Murphy  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Craig J. Coughlin  
Speaker of the General Assembly

Ms. Peri A. Horowitz  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Transportation Trust Fund Authority for the period of July 1, 2015 to June 30, 2018. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells  
State Auditor  
October 8, 2019

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## *Scope*

We have completed an audit of expenditures made by the Department of Transportation for the period July 1, 2015 to June 30, 2018 for transportation projects funded from the New Jersey Transportation Trust Fund Authority (TTFA). Our scope did not include project expenditures of the New Jersey Transit Corporation since the entity and its financial activities are audited by an independent certified public accounting firm. Additionally, we are to report on the status of the bonds and projects financed by bond proceeds, the investment status of all unexpended bond proceeds, and to provide a description of any anticipated bond issues. Accordingly, we have included this supplementary data in our report.

Total expenditures for projects during the audit period were \$2.1 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.

## *Objectives*

The objectives of our audit were to determine if funds are expended for costs eligible for funding from the authority and in a manner consistent with appropriations made by the legislature. In addition, the statutes require that we report on the status of the bonds and projects financed by bond proceeds, the investment status of all unexpended bond proceeds, and to provide a description of any anticipated bond issues.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution, Title 52 of the New Jersey Statutes, 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. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circulars promulgated by the Department of the Treasury, and policies of the department. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing. We also read the budget messages, reviewed financial trends, and interviewed department personnel to obtain an understanding of the programs and the internal controls, the status of the bonds and projects financed by the bond proceeds, the investment status of all unexpended bond proceeds, and a description of anticipated

bond issues.

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. Sample populations were sorted and transactions were judgmentally selected for testing.

### *Conclusions*

We found the funds included in our testing were expended for costs eligible for funding from the authority and in a manner consistent with appropriations made by the legislature. Information on the status of all bonds and projects financed by bond proceeds, the investment status of all unexpended bond proceeds, and a description of any 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 \$38,484,379,999 as of June 30, 2018. Total debt service at June 30, 2018 was \$28,015,251,128. See Schedule I and Schedule II for the status of bonds issued as of June 30, 2018 and for debt service payments in future fiscal years, respectively.

**Investment Status**

Investments and cash and cash equivalents consist of short-term investments acquired under forward delivery agreements and deposits into the State of New Jersey Cash Management Fund, respectively. The investment value was zero and the fair market value of cash and cash equivalents at June 30, 2018 was \$1,417,455,138.

**Projects Financed by Proceeds**

The projects financed by the proceeds of each bond issue are indeterminable. The bond proceeds are pooled to fund all ongoing construction projects while the dedicated revenue sources including motor fuel taxes, sales and use taxes, and toll road authority contributions are used almost exclusively for debt service. A schedule of encumbered and uncommitted balances by budget fiscal year is provided on Schedule III.

**Anticipated Bond Issues**

In fiscal year 2019, the TTFA issued \$1.2 billion of 2018 Series A Federal Highway Reimbursement Revenue Refunding Notes and \$1.6 billion of 2018 Series A refunding bonds. In addition, the TTFA issued \$750 million of 2019 Series AA Transportation Program Bonds. Approximately \$800 million in additional bonds are expected to be sold during fiscal year 2020.

SCHEDULE I  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS  
AS OF JUNE 30, 2018

| <b>Bond Series</b>             | <b>Par Value<br/>Issued</b> | <b>Outstanding</b>           |                 | <b>Total<br/>Debt Service*</b> |
|--------------------------------|-----------------------------|------------------------------|-----------------|--------------------------------|
|                                |                             | <b>Principal<br/>Balance</b> | <b>Interest</b> |                                |
| 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 (Refunding)      | 804,475,000                 | -                            | -               | -                              |
| 1995 Series B (Refunding)      | 788,225,000                 | -                            | -               | -                              |
| 1996 Series A                  | 334,065,000                 | -                            | -               | -                              |
| 1996 Series B                  | 714,340,000                 | -                            | -               | -                              |
| 1997 Series A                  | 703,940,000                 | -                            | -               | -                              |
| 1998 Series A                  | 700,000,000                 | -                            | -               | -                              |
| 1999 Series A                  | 450,000,000                 | 69,245,000                   | 6,028,013       | 75,273,013                     |
| 2000 Series A                  | 450,000,000                 | -                            | -               | -                              |
| 2001 Series A                  | 325,000,000                 | -                            | -               | -                              |
| 2001 Series B                  | 690,000,000                 | -                            | -               | -                              |
| 2001 Series C (Refunding)      | 1,191,450,000               | 38,215,000                   | 1,050,913       | 39,265,913                     |
| 2003 Series A (Refunding)      | 333,100,000                 | -                            | -               | -                              |
| 2003 Series B (Refunding)      | 345,000,000                 | 183,100,000                  | 9,475,438       | 192,575,438                    |
| 2003 Series C                  | 924,810,000                 | -                            | -               | -                              |
| 2004 Series A                  | 471,655,000                 | 107,495,000                  | 37,315,775      | 144,810,775                    |
| 2004 Series B (Adv. Refund)    | 849,800,000                 | -                            | -               | -                              |
| 2005 Series A (Forward Refund) | 566,785,000                 | -                            | -               | -                              |
| 2005 Series B (Adv. Refund)    | 1,213,140,000               | 683,540,000                  | 119,718,725     | 803,258,725                    |
| 2005 Series C                  | 524,750,000                 | -                            | -               | -                              |
| 2005 Series D                  | 953,020,000                 | -                            | -               | -                              |
| 2006 Series A (Refunding)      | 1,580,540,000               | 1,576,785,000                | 315,197,053     | 1,891,982,053                  |
| 2006 Series A GARVEE           | 131,555,000                 | -                            | -               | -                              |
| 2006 Series B (Refunding)      | 109,375,000                 | -                            | -               | -                              |
| 2006 Series C                  | 1,115,496,792               | 1,115,496,792                | -               | 1,115,496,792                  |
| 2006 Series C Accretion        | 2,593,088,207               | 2,593,088,208                | -               | 2,593,088,208                  |
| 2007 Series A                  | 1,171,055,000               | 871,055,000                  | 573,818,638     | 1,444,873,638                  |
| 2008 Series A                  | 1,122,744,638               | 1,000,779,638                | 636,162,997     | 1,636,942,635                  |
| 2008 Series A Accretion        | 1,172,955,362               | 1,172,955,362                | -               | 1,172,955,362                  |
| 2009 Series A                  | 142,730,924                 | 142,730,924                  | -               | 142,730,924                    |
| 2009 Series A Accretion        | 726,344,076                 | 726,344,076                  | -               | 726,344,076                    |
| 2009 Series B                  | 273,500,000                 | 273,500,000                  | 404,267,188     | 677,767,188                    |



SCHEDULE I  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS (continued)  
AS OF JUNE 30, 2018

| <u>Bond Series</u>        | <u>Par Value<br/>Issued</u> | <u>Outstanding</u>           |                  | <u>Total<br/>Debt Service*</u> |
|---------------------------|-----------------------------|------------------------------|------------------|--------------------------------|
|                           |                             | <u>Principal<br/>Balance</u> | <u>Interest</u>  |                                |
| 2009 Series C             | \$ 150,000,000              | \$ 150,000,000               | \$ 93,627,188    | \$ 243,627,188                 |
| 2009 Series D             | 147,500,000                 | 147,500,000                  | 86,251,750       | 233,751,750                    |
| 2010 Series A             | 359,253,361                 | 359,253,361                  | -                | 359,253,361                    |
| 2010 Series A Accretion   | 913,926,639                 | 913,926,639                  | -                | 913,926,639                    |
| 2010 Series B             | 500,000,000                 | 500,000,000                  | 738,112,500      | 1,238,112,500                  |
| 2010 Series C             | 1,000,000,000               | 1,000,000,000                | 499,189,368      | 1,499,189,368                  |
| 2010 Series D (Refunding) | 485,875,000                 | 444,910,000                  | 113,045,638      | 557,955,638                    |
| 2010 Series E (Refunding) | 14,100,000                  | -                            | -                | -                              |
| 2011 Series A             | 600,000,000                 | 535,175,000                  | 421,671,138      | 956,846,138                    |
| 2011 Series B             | 1,315,000,000               | 1,182,110,000                | 904,160,836      | 2,086,270,836                  |
| 2012 Series A             | 326,255,000                 | 326,255,000                  | 362,929,750      | 689,184,750                    |
| 2012 Series AA            | 920,745,000                 | 805,595,000                  | 443,754,250      | 1,249,349,250                  |
| 2013 Series A (Refunding) | 538,845,000                 | 292,090,000                  | 27,495,425       | 319,585,425                    |
| 2013 Series B (Refunding) | 338,220,000                 | 250,000,000                  | 2,197,500        | 252,197,500                    |
| 2013 Series AA            | 849,200,000                 | 793,410,000                  | 659,302,213      | 1,452,712,213                  |
| 2014 Series AA            | 764,055,000                 | 723,825,000                  | 577,908,438      | 1,301,733,438                  |
| 2014 Series BB            | 297,500,000                 | 297,500,000                  | 97,692,341       | 395,192,341                    |
| 2015 Series AA            | 626,800,000                 | 606,960,000                  | 536,447,734      | 1,143,407,734                  |
| 2016 A GARVEE             | 2,741,425,000               | 2,741,425,000                | 1,035,047,750    | 3,776,472,750                  |
| 2016 B GARVEE             | 500,000,000                 | 500,000,000                  | 121,755,020      | 621,755,020                    |
| Subtotal                  | \$ 38,484,379,999           | \$ 23,124,265,000            | \$ 8,823,623,579 | \$ 31,947,888,579              |
| Less: Unamortized         |                             |                              |                  |                                |
| Interest on Capital       |                             |                              |                  |                                |
| Appreciation Bonds        |                             | (3,932,637,451)              |                  | (3,932,637,451)                |
| Total                     | \$ 38,484,379,999           | \$ 19,191,627,549            | \$ 8,823,623,579 | \$ 28,015,251,128              |

\*Total debt service does not include New Jersey Transit Corporation certificates of participation which range from \$69.4 million to \$85.4 million through fiscal year 2028. Additionally, Indirect GARVEE interest is paid through the TTFA capital reserve account in the General Fund; therefore, interest and total debt service are greater than the amounts reported in the fiscal year 2018 TTFA audited financial report.

**SCHEDULE II**  
**DEPARTMENT OF TRANSPORTATION**  
**TRANSPORTATION TRUST FUND AUTHORITY**  
**SCHEDULE OF DEBT SERVICE PAYMENTS ON BONDS**  
**AS OF JUNE 30, 2018**

| <b>Fiscal Year Ending</b><br><b>June 30,</b> | <b>Principal</b>         | <b>Interest</b>         | <b>Total Debt Service*</b> |
|--|--------------------------|-------------------------|----------------------------|
| FY 2019                                      | \$ 781,460,000           | \$ 798,591,148          | \$ 1,580,051,148           |
| FY 2020                                      | 874,485,000              | 764,636,197             | 1,639,121,197              |
| FY 2021                                      | 924,630,000              | 714,491,222             | 1,639,121,222              |
| FY 2022                                      | 973,730,000              | 665,371,518             | 1,639,101,518              |
| FY 2023                                      | 1,024,835,000            | 614,266,486             | 1,639,101,486              |
| FY 2024                                      | 1,077,840,000            | 561,156,953             | 1,638,996,953              |
| FY 2025                                      | 1,099,400,000            | 512,463,903             | 1,611,863,903              |
| FY 2026                                      | 1,130,065,000            | 476,850,941             | 1,606,915,941              |
| FY 2027                                      | 1,156,185,000            | 446,214,342             | 1,602,399,342              |
| FY 2028                                      | 1,190,440,000            | 408,266,864             | 1,598,706,864              |
| FY 2029                                      | 1,226,985,000            | 368,082,810             | 1,595,067,810              |
| FY 2030                                      | 1,050,495,000            | 335,441,777             | 1,385,936,777              |
| FY 2031                                      | 1,081,265,000            | 304,754,562             | 1,386,019,562              |
| FY 2032                                      | 775,070,000              | 273,360,631             | 1,048,430,631              |
| FY 2033                                      | 772,790,000              | 253,422,061             | 1,026,212,061              |
| FY 2034                                      | 818,760,000              | 232,896,725             | 1,051,656,725              |
| FY 2035                                      | 841,490,000              | 210,592,200             | 1,052,082,200              |
| FY 2036                                      | 894,220,000              | 189,360,413             | 1,083,580,413              |
| FY 2037                                      | 880,935,000              | 170,390,281             | 1,051,325,281              |
| FY 2038                                      | 878,220,000              | 151,268,988             | 1,029,488,988              |
| FY 2039                                      | 956,570,000              | 132,615,944             | 1,089,185,944              |
| FY 2040                                      | 1,061,900,000            | 106,423,938             | 1,168,323,938              |
| FY 2041                                      | 980,405,000              | 65,217,825              | 1,045,622,825              |
| FY 2042                                      | 298,460,000              | 32,641,575              | 331,101,575                |
| FY 2043                                      | 145,375,000              | 18,025,625              | 163,400,625                |
| FY 2044                                      | 152,325,000              | 11,077,650              | 163,402,650                |
| FY 2045                                      | 37,040,000               | 3,796,500               | 40,836,500                 |
| FY 2046                                      | 38,890,000               | 1,944,500               | 40,834,500                 |
| <b>Total Minimum Payments</b>                | <b>\$ 23,124,265,000</b> | <b>\$ 8,823,623,579</b> | <b>\$ 31,947,888,579</b>   |
| Less: Unamortized                            |                          |                         |                            |
| Interest on Capital                          |                          |                         |                            |
| Appreciation Bonds                           | (3,932,637,451)          |                         | (3,932,637,451)            |
| <b>Total</b>                                 | <b>\$ 19,191,627,549</b> | <b>\$ 8,823,623,579</b> | <b>\$ 28,015,251,128</b>   |

\*Total debt service does not include New Jersey Transit Corporation certificates of participation which range from \$69.4 million to \$85.4 million through fiscal year 2028. Additionally, Indirect GARVEE interest is paid through the TTFA capital reserve account in the General Fund; therefore, interest and total debt service are greater than the amounts reported in the fiscal year 2018 TTFA audited financial report.

SCHEDULE III  
 DEPARTMENT OF TRANSPORTATION  
 TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS  
 SUMMARY OF ENCUMBERED AND UNCOMMITTED BALANCES  
 AS OF JUNE 30, 2018

| <u>Budget Fiscal Year</u> | <u>Pre-Encumbered</u> | <u>Encumbered</u>       | <u>Uncommitted</u>      |
|---------------------------|-----------------------|-------------------------|-------------------------|
| 1993                      | \$ -                  | \$ 274,044              | \$ 1,070,806            |
| 1994                      | 109,201               | 205,650                 | 5,084,906               |
| 1995                      | 23,235                | 562,585                 | 184,122                 |
| 1996                      | -                     | 183,162                 | 405,447                 |
| 1997                      | 48,929                | 344,945                 | 1,666,729               |
| 1998                      | 268,001               | 636,247                 | 845,419                 |
| 1999                      | 2,389,614             | 3,520,627               | 268,813                 |
| 2000                      | 4,002,846             | 1,025,845               | 1,254,551               |
| 2001                      | 507,861               | 1,717,054               | 1,819,660               |
| 2002                      | 277,878               | 1,099,947               | 204,087                 |
| 2003                      | 1,785,001             | 2,527,560               | 315,819                 |
| 2004                      | 3,193,764             | 1,375,836               | 1,103,068               |
| 2005                      | 104,589               | 743,067                 | 831,461                 |
| 2006                      | 239,236               | 6,793,878               | 282,848                 |
| 2007                      | 5,457,748             | 8,172,783               | 5,852,714               |
| 2008                      | 9,012,513             | 7,419,583               | 4,961,592               |
| 2009                      | 3,908,604             | 13,553,576              | 1,546,592               |
| 2010                      | 16,195,514            | 28,964,002              | 6,125,282               |
| 2011                      | 9,645,514             | 18,985,608              | 5,859,304               |
| 2012                      | 1,221,459             | 19,373,885              | 2,092,413               |
| 2013                      | 7,190,186             | 28,621,450              | 7,951,685               |
| 2014                      | 3,873,238             | 63,269,603              | 34,435,676              |
| 2015                      | 3,813,402             | 91,984,771              | 41,204,658              |
| 2016                      | 12,423,327            | 130,870,445             | 98,765,726              |
| 2017                      | 30,317,438            | 427,330,377             | 327,652,252             |
| 2018                      | 179,172,859           | 540,793,590             | 451,982,508             |
| Total                     | <u>\$ 295,181,957</u> | <u>\$ 1,400,350,120</u> | <u>\$ 1,003,768,138</u> |

- Pre-Encumbered                      Represents a requisition which earmarks or sets aside funds for future purposes.
- Encumbered                              Represents legally obligated funds reserved for future payment usually supported by issuance of a purchase order or execution of a contract.
- Uncommitted                              Represents appropriation balance after charging all disbursements, encumbrances, and pre-encumbrances.



*State of New Jersey*  
DEPARTMENT OF TRANSPORTATION  
P.O. Box 600  
Trenton, New Jersey 08625-0600

PHILIP D. MURPHY  
*Governor*

SHEILA Y. OLIVER  
*Lt. Governor*

DIANE GUTIERREZ-SCACCETTI  
*Commissioner*

LEWIS DAIDONE  
*Assistant Commissioner  
Finance and Administration*

September 23, 2019

David J. Kaschak, State Auditor  
Office of the State Auditor  
125 South Warren Street  
PO Box 67  
Trenton, NJ 08625 – 0067

Subject: Transportation Trust Fund Authority Audit Report

Dear Mr. Kaschak:

The NJDOT Office of the Chief Financial Officer provides accounting support and facilitates the operations of the Transportation Trust Fund Authority. We have reviewed the results of your audit contained in the Conclusions section of your report and agree that all costs that were eligible for funding were expended consistent with the appropriations made by the legislature. We also note that there were no concerns or other matters that require our attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Daidone".

Lewis Daidone