EXECUTIVE SUMMARY
TRANSPORTATION TRUST FUND AUTHORITY

We have completed an audit of expenditures made by the Department of Transportation for the period July 1, 2009 to June 30, 2011 for transportation projects funded from the New Jersey Transportation Trust Fund Authority (TTFA). The objectives of our audit were to determine the extent to which funds were expended for costs directly related to the projects. 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 found that the financial transactions included in our testing related to the TTFA projects. However, we noted significant misstatements in the bond payable note merit management’s attention.

AUDIT HIGHLIGHTS

- For fiscal year 2010, the Transportation Systems Bonds Payable note overstated interest payable by $1.9 billion, and for fiscal year 2011, this note understated interest payable by $76 million. Department of Transportation management is responsible for the preparation of the financial statements and accompanying notes for the Transportation Trust Fund Authority (TTFA). An external auditor is engaged to perform an annual financial statement audit. An integral part of the financial statements are the accompanying notes that provide additional information which are essential in obtaining a full understanding of the data. Staff at the Department of Transportation prepared the summation on the bonds payable and have made errors for fiscal years 2010 and 2011. In addition, the testing and review process performed by the external auditor did not identify the errors in the notes to the financial statements in their reports issued October 29, 2010 and October 27, 2011 for fiscal years 2010 and 2011, respectively.

AUDITEE RESPONSE
The department concurs with our finding and recommendation.

For the complete audit report, click here.