EXECUTIVE SUMMARY

TRANSPORTATION TRUST FUND AUTHORITY

We have completed an audit of expenditures made by the Department of Transportation for the period July 1, 2011 to June 30, 2013 for transportation projects funded from the New Jersey Transportation Trust Fund Authority. The objectives of our audit, per statute, 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 bonds and 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 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. In making this determination, we noted an outstanding loan which merits management’s attention. Additionally, we observed a future funding issue with the state’s transportation infrastructure.

AUDIT HIGHLIGHTS

- The Department of Transportation signed an agreement on October 14, 1997 to loan the City of Elizabeth $5 million to support the construction of road improvements for the MetroMail project. The agreement stated Elizabeth shall repay the loan in consecutive annual payments of $500,000, 11 years after its final certificate of occupancy. The 11 year period expired over three years ago and the department has not billed, nor received, a single payment on the loan.

- The state’s plan to institute a “pay as you go” philosophy was predicated on available dedicated revenue sources, including motor fuels taxes and sales tax, being used to fund current transportation projects. In fiscal year 2014, almost all dedicated revenue sources were used to fund debt service. Motor fuels taxes have remained flat at $540 million over the last decade. The fiscal year bonding cap was statutorily reduced to $626.76 million. This amount plus any unused cash balance will fall short of the current funding level on projects. Per a 2011 report by the Institute on Taxation and Economic Policy, 35 states have increased their gas tax since New Jersey’s last increase in 1989.

AUDITEE RESPONSE

The department concurs with our finding and recommendation.

For the complete audit report, click here.