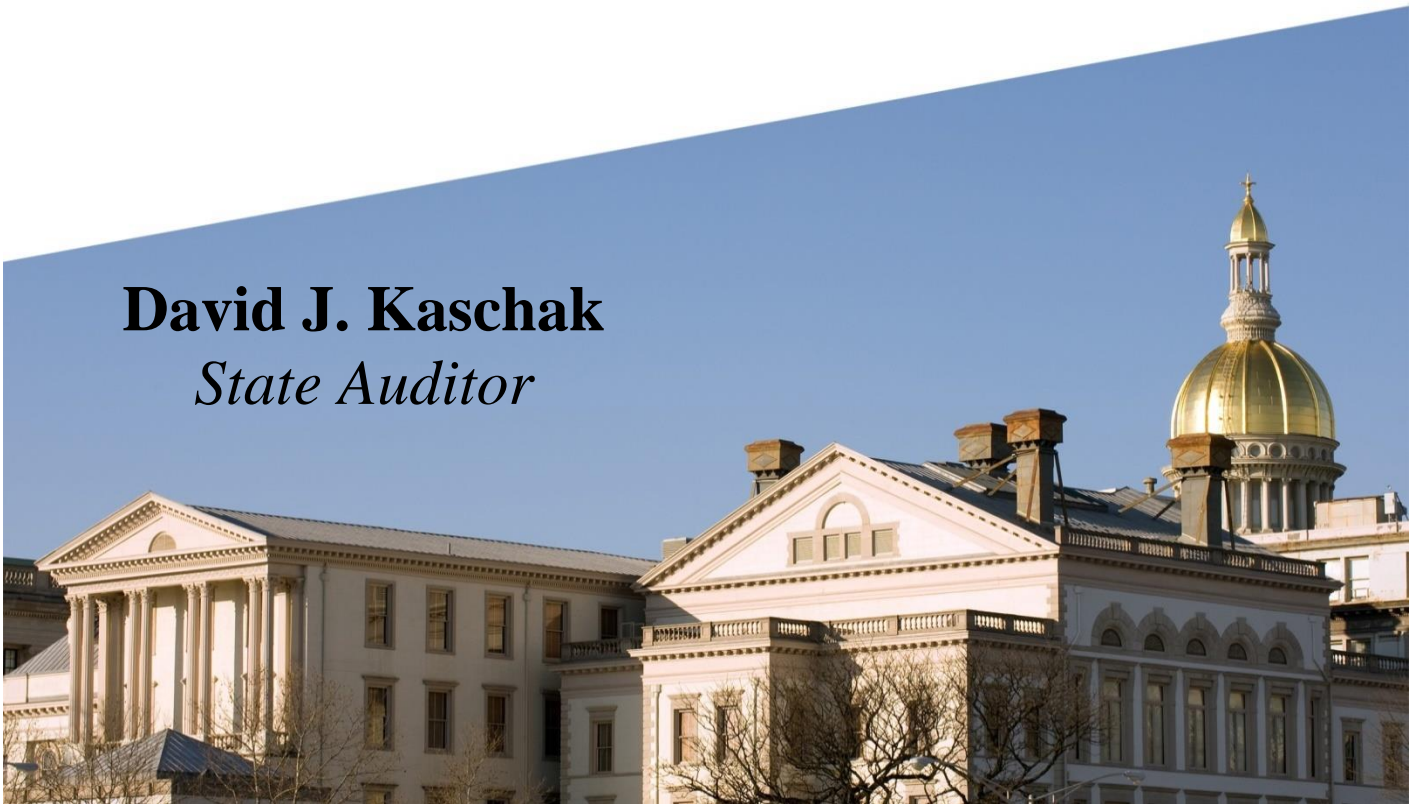


*New Jersey Legislature*  
★ *Office of* LEGISLATIVE SERVICES ★  
**OFFICE OF THE STATE AUDITOR**

Transportation Trust Fund Authority

July 1, 2018 to June 30, 2022

**David J. Kaschak**  
*State Auditor*



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State Auditor

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Thomas Troutman  
Assistant State Auditor

The Honorable Philip D. Murphy  
Governor of New Jersey

The Honorable Nicholas P. Scutari  
President of the Senate

The Honorable Craig J. Coughlin  
Speaker of the General Assembly

Ms. Maureen McMahon  
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, 2018 to June 30, 2022. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads "David J. Kaschak".

David J. Kaschak  
State Auditor  
April 26, 2023

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## *Scope*

We have completed an audit of expenditures made by the Department of Transportation for the period July 1, 2018 to June 30, 2022 for transportation projects funded through the New Jersey Transportation Trust Fund Authority (TTFA). Our scope did not include project expenditures of the New Jersey Transit Corporation because this 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 and the investment status of all unexpended bond proceeds, as well as 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 \$4.85 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 were expended for costs eligible for funding from the authority and in a manner consistent with appropriations made by the legislature. In addition, we are required by statute to report on the status of the bonds and projects financed by bond proceeds and the investment status of all unexpended bond proceeds, as well as 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 and Title 52 of the New Jersey Statutes as well as 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 the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, 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. Additional detail

regarding our methodology and work performed can be found in the Appendix.

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.

### ***Data Reliability***

We relied on data from the New Jersey Comprehensive Financial System. Our office assesses the reliability of the system's data annually, and we have determined it to be sufficiently reliable for the purposes of this report.

Certain other data in our report were used to provide background information. Data we used for this purpose were obtained from the best available sources. *Government Auditing Standards* do not require us to complete a data reliability assessment for data used for this purpose.

### ***Conclusions***

We found the funds included in our testing were expended for costs eligible for funding from the TTFA and in a manner consistent with appropriations made by the legislature. Information on the status of all bonds and projects financed by bond proceeds and the investment status of all unexpended bond proceeds, as well as a description of any anticipated bond issues, are included as supplementary data in this report.

## **SUPPLEMENTARY DATA**

**Bonds Issued and Status of Bonds**

On January 15, 1985, the 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 \$48,254,519,999 as of June 30, 2022. Total debt service on June 30, 2022 was \$28,945,768,217. See Schedule I and Schedule II for the status of bonds issued as of June 30, 2022 and for debt service payments in future fiscal years, respectively.

**Investment Status**

Cash and cash equivalents and investments consist primarily of State of New Jersey Cash Management Fund deposits. The investment value was zero, and the fair market value of cash and cash equivalents and investments on June 30, 2022 was \$1,265,942,444.

**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 2023, the TTFA issued \$750 million of 2022 Series CC new money bonds. In addition, the TTFA plans to issue up to \$1.65 billion of 2023 Series AA Program refunding bonds and 2023 Series A System refunding bonds in April 2023. Approximately \$1 billion in additional bonds are expected to be sold during fiscal year 2024.

SCHEDULE I  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS  
AS OF JUNE 30, 2022

Bond Series	Par Value Issued	Outstanding		
		Principal Balance	Interest	Total Debt Service *
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	-	-	-
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	-	-	-
2003 Series A (Refunding)	333,100,000	-	-	-
2003 Series B (Refunding)	345,000,000	-	-	-
2003 Series C	924,810,000	-	-	-
2004 Series A	471,655,000	107,495,000	12,591,925	120,086,925
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	156,710,000	7,958,213	164,668,213
2005 Series C	524,750,000	-	-	-
2005 Series D	953,020,000	-	-	-
2006 Series A (Refunding)	1,580,540,000	718,085,000	28,763,156	746,848,156
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	-	-	-
2008 Series A	1,122,744,638	249,999,638	-	249,999,638
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	-	-	-



SCHEDULE I  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY  
SCHEDULE OF BONDS ISSUED AND STATUS OF BONDS (continued)  
AS OF JUNE 30, 2022

Bond Series	Par Value Issued	Outstanding		
		Principal Balance	Interest	Total Debt Service *
2009 Series C	\$ 150,000,000	\$ 150,000,000	\$ 62,127,188	\$ 212,127,188
2009 Series D	147,500,000	147,500,000	56,751,750	204,251,750
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	606,892,500	1,106,892,500
2010 Series C	1,000,000,000	575,000,000	147,458,621	722,458,621
2010 Series D (Refunding)	485,875,000	380,835,000	33,745,763	414,580,763
2010 Series E (Refunding)	14,100,000	-	-	-
2011 Series A	600,000,000	-	-	-
2011 Series B	1,315,000,000	-	-	-
2012 Series A	326,255,000	-	-	-
2012 Series AA	920,745,000	-	-	-
2013 Series A (Refunding)	538,845,000	14,445,000	1,279,900	15,724,900
2013 Series B (Refunding)	338,220,000	-	-	-
2013 Series AA	849,200,000	727,075,000	502,140,612	1,229,215,612
2014 Series AA	764,055,000	630,620,000	447,174,387	1,077,794,387
2014 Series BB-1	150,000,000	150,000,000	72,316,000	222,316,000
2014 Series BB-2	114,195,000	114,195,000	57,654,250	171,849,250
2015 Series AA	626,800,000	561,980,000	418,082,213	980,062,213
2016 Series A	2,741,425,000	937,520,000	252,024,500	1,189,544,500
2016 Series B	500,000,000	500,000,000	55,157,997	555,157,997
2018 Series A Federal Hwy	1,195,730,000	957,385,000	292,137,387	1,249,522,387
2018 Series A System Refunding	1,567,435,000	1,531,595,000	779,695,550	2,311,290,550
2019 Series AA	750,000,000	750,000,000	722,485,169	1,472,485,169
2019 Series A	619,775,000	618,835,000	229,213,750	848,048,750
2019 Series B	946,335,000	900,975,000	576,322,784	1,477,297,784
2019 Series BB	1,000,000,000	1,000,000,000	860,012,412	1,860,012,412
2020 Series AA	1,500,000,000	1,500,000,000	1,344,247,850	2,844,247,850
2021 Series A	580,420,000	580,420,000	249,071,100	829,491,100
2022 Series A	304,500,000	304,500,000	222,163,200	526,663,200
2022 Series AA	589,250,000	589,250,000	298,122,750	887,372,750
2022 Series BB	750,000,000	750,000,000	600,484,100	1,350,484,100
Subtotal	\$ 48,254,519,999	\$ 23,128,215,000	\$ 8,936,075,027	\$ 32,064,290,027
Less Unamortized				
Interest on Capital				
Appreciation Bonds	-	(3,118,521,810)	-	(3,118,521,810)
Total	\$ 48,254,519,999	\$ 20,009,693,190	\$ 8,936,075,027	\$ 28,945,768,217

\*Total debt service does not include New Jersey Transit/Economic Development Authority debt service funded from the Transportation Trust Fund appropriation, which ranges from \$23.3 million to \$108.7 million through fiscal year 2045.

SCHEDULE II  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY  
SCHEDULE OF DEBT SERVICE PAYMENTS ON BONDS  
AS OF JUNE 30, 2022

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service *</b>
FY 2023	\$ 951,350,000	\$ 738,914,196	\$ 1,690,264,196
FY 2024	993,410,000	692,052,248	1,685,462,248
FY 2025	1,037,660,000	648,921,835	1,686,581,835
FY 2026	1,062,220,000	617,594,691	1,679,814,691
FY 2027	1,067,680,000	591,363,612	1,659,043,612
FY 2028	1,119,285,000	557,396,549	1,676,681,549
FY 2029	1,218,020,000	521,153,500	1,739,173,500
FY 2030	1,104,410,000	488,845,061	1,593,255,061
FY 2031	1,162,250,000	454,662,979	1,616,912,979
FY 2032	860,780,000	418,204,467	1,278,984,467
FY 2033	862,095,000	394,312,404	1,256,407,404
FY 2034	911,530,000	369,945,280	1,281,475,280
FY 2035	989,745,000	344,865,992	1,334,610,992
FY 2036	1,047,470,000	318,632,331	1,366,102,331
FY 2037	1,039,685,000	294,167,798	1,333,852,798
FY 2038	1,039,435,000	269,667,690	1,309,102,690
FY 2039	1,122,325,000	246,483,657	1,368,808,657
FY 2040	1,246,940,000	222,692,150	1,469,632,150
FY 2041	1,174,615,000	175,421,435	1,350,036,435
FY 2042	596,010,000	136,201,927	732,211,927
FY 2043	471,495,000	109,093,750	580,588,750
FY 2044	397,385,000	86,906,650	484,291,650
FY 2045	269,745,000	68,821,400	338,566,400
FY 2046	281,390,000	57,174,675	338,564,675
FY 2047	269,535,000	45,296,050	314,831,050
FY 2048	280,660,000	34,173,125	314,833,125
FY 2049	292,250,000	22,588,075	314,838,075
FY 2050	258,840,000	10,521,500	269,361,500
Total Minimum Payments	\$ 23,128,215,000	\$ 8,936,075,027	\$ 32,064,290,027
Less Unamortized			
Interest on Capital			
Appreciation Bonds	(3,118,521,810)	-	(3,118,521,810)
Total	<u>\$ 20,009,693,190</u>	<u>\$ 8,936,075,027</u>	<u>\$ 28,945,768,217</u>

\*Total debt service does not include New Jersey Transit/Economic Development Authority debt service funded from the Transportation Trust Fund appropriation, which ranges from \$23.3 million to \$108.7 million through fiscal year 2045.

SCHEDULE III  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS  
SUMMARY OF ENCUMBERED AND UNCOMMITTED BALANCES  
AS OF JUNE 30, 2022

<b>Budget Fiscal Year</b>	<b>Pre-Encumbered</b>	<b>Encumbered</b>	<b>Uncommitted</b>
1993	\$ -	\$ 380,034	\$ 925,516
1994	100,001	645,497	2,920,065
1995	23,004	213,619	34,027
1996	-	1,956	37,702
1997	-	189,375	3,640,894
1998	231,267	243,015	66,368
1999	123,956	1,516,516	527,861
2000	1,183,594	128,467	287,057
2001	871,583	1,778,486	40,405
2002	302,363	678,496	47,387
2003	118,292	1,200,843	452,878
2004	1,018,458	556,578	187,071
2005	128,327	425,486	12,990
2006	161,000	999,369	414,679
2007	3,801,561	1,383,953	242,472
2008	1,368,875	1,731,316	985,977
2009	2,447,302	6,434,287	499,783
2010	9,185,085	10,783,929	2,974,109
2011	1,683,653	7,755,543	1,916,840
2012	472,717	5,004,339	354,181
2013	4,324,666	6,214,277	2,278,612
2014	281,702	24,329,697	11,935,701
2015	2,704,329	38,558,332	10,504,906
2016	1,907,667	30,640,683	79,827,451
2017	11,115,058	105,363,338	106,150,951
2018	14,231,585	170,873,779	104,833,800
2019	24,067,158	251,858,843	82,455,512
2020	13,267,698	346,038,289	72,768,097
2021	124,979,128	1,228,713,629	180,639,238
2022	99,651,046	646,913,415	285,027,436
	<u>\$ 319,751,075</u>	<u>\$ 2,891,555,386</u>	<u>\$ 952,989,966</u>

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

## *Appendix*

### **Methodologies to Achieve Audit Objectives**

Analyses were performed to determine whether bond caps were exceeded and whether debt service exceeded the annual appropriations.

We judgmentally selected a combined sample of 100 expenditure transactions from fiscal years 2019 through 2022 totaling \$320.3 million. Transactions were tested to determine if they were authorized, allowable, and accurate.

We judgmentally selected and tested 28 GASB 34 miscellaneous direct expenditure transactions totaling \$208.3 million to determine if they were accurate and whether federal reimbursement was justified. In addition, we judgmentally selected and tested 85 GASB 34 maintenance expenditure transactions totaling \$170.2 million to determine whether they were accurately recorded.

To determine whether transfers were approved and properly supported, we judgmentally selected and tested a combined sample of 80 transfers from fiscal years 2019 through 2022 totaling \$902.0 million.

»»««



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

PHILIP D. MURPHY  
*Governor*

DIANE GUTIERREZ-SCACCETTI  
*Commissioner*

SHEILA Y. OLIVER  
*Lt. Governor*

April 24, 2023

David J. Kaschak, State Auditor  
Office of the State Auditor  
125 South Warren Street  
PO Box 067  
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 cursive script that reads "Charles Maciejunes".

Charles Maciejunes  
Acting Chief Financial Officer  
Finance & Administration  
NJ Department of Transportation