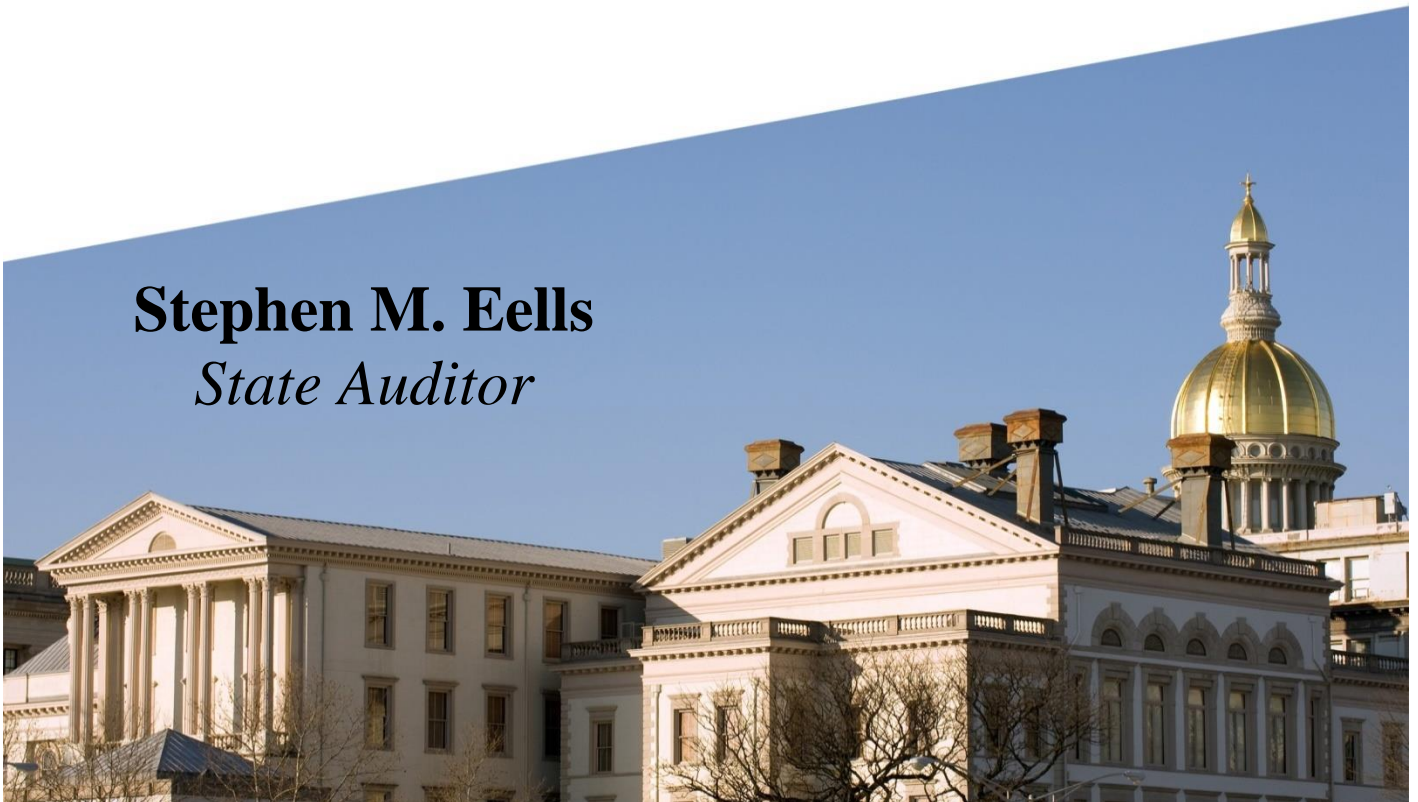


*New Jersey Legislature*  
★ *Office of* LEGISLATIVE SERVICES ★  
**OFFICE OF THE STATE AUDITOR**

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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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, reading "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

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	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

Bond Series	Par Value Issued	Outstanding		Total Debt Service*
		Principal Balance	Interest	
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 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
Total Minimum Payments	\$ 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	\$ 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 III  
DEPARTMENT OF TRANSPORTATION  
TRANSPORTATION TRUST FUND AUTHORITY APPROPRIATIONS  
SUMMARY OF ENCUMBERED AND UNCOMMITTED BALANCES  
AS OF JUNE 30, 2018

<b>Budget Fiscal Year</b>	<b>Pre-Encumbered</b>	<b>Encumbered</b>	<b>Uncommitted</b>
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
<b>Total</b>	<b>\$ 295,181,957</b>	<b>\$ 1,400,350,120</b>	<b>\$ 1,003,768,138</b>

**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.



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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