Department of Environmental Protection
Green Acres Funds

July 1, 2003 to November 30, 2005

Richard L. Fair
State Auditor
The Honorable Jon S. Corzine  
Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Joseph J. Roberts, Jr.  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Environmental Protection, Green Acres Funds for the period of July 1, 2003 to November 30, 2005. If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
April 17, 2006
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Department of Environmental Protection
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Scope


The prime objective of these nonmajor governmental funds within our scope is to achieve, in partnership with others, a system of interconnected open spaces, whose protection will preserve and enhance New Jersey’s natural environment and its historic, scenic, and recreational resources for public use and enjoyment. The program provides loans, grants, and administrative support to assist local governments and nonprofit organizations to acquire or develop land for recreation or conservation purposes. The state also acquires and develops land for the same purposes. Total expenditures for the green acres funds for the audit period were $327 million. In addition, loans which are not considered expenditures on the state’s financial statements totaled $28 million. The major components of expenditures were grant payments to local governments and nonprofit organizations, and state land acquisition and development costs. Revenues for the audit period
totaled $175 million and were primarily derived from annual statutory distributions from the Garden State Preservation Trust and bond proceeds.

**Objectives**

The objectives of our audit were to determine whether financial transactions and balances were related to the green acres funds, were appropriate per enabling legislation, were reasonable, and were recorded properly in the accounting systems. In addition, we tested compliance with the governing administrative codes applicable to the grant and loan application and approval process and the state land acquisition and development process for the green acres funds. We also tested for resolution of the significant condition noted in our prior report dated January 10, 1997.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

**Methodology**

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the department. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of financial transactions. We reviewed financial trends and interviewed department personnel to obtain an understanding of the programs and internal controls.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Transactions were judgmentally selected for testing.
To ascertain the status of the significant finding included in our prior report, we identified corrective action taken by the department and walked through the system to determine if the corrective action was effective.

**Conclusions**

We found that the financial transactions and balances included in our testing were related to the green acres funds, were appropriate per enabling legislation, were reasonable, and were recorded properly in the accounting systems. In addition, we found that the grant and loan application and approval process and the state land acquisition and development process were in compliance with the applicable governing administrative codes. We also found that the department has resolved the significant condition noted in our prior report.