Department of the Treasury
Division of Taxation
Rebate Programs

July 1, 2002 to May 13, 2003

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State Auditor
Enclosed is our report on the audit of the Department of the Treasury, Division of Taxation, Rebate Programs for the period July 1, 2002 to May 13, 2003. If you would like a personal briefing, please call me at (609) 292-3700.

June 26, 2003
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Department of the Treasury  
Division of Taxation  
Rebate Programs

**Scope**

We have completed an audit of the Department of the Treasury, Division of Taxation for the period July 1, 2002 through May 13, 2003. The scope of the audit was limited to the Homestead Rebate Program, the New Jersey School Assessment Valuation Exemption Relief (NJ SAVER) Rebate Program, and the Property Tax Reimbursement Program for tax year 2001. Our audit included expenditures accounted for in the Property Tax Relief Fund.

Expenditures of these rebate programs for tax year 2001 were made in fiscal year 2003 and were $1.1 billion as of May 2003. The primary purpose of these rebate programs is to provide property tax relief to taxpayers. The Homestead Rebate Program and the NJ SAVER Rebate Program are separate programs. However, eligible residents are entitled to either a Homestead Rebate or a NJ SAVER Rebate, whichever provides the higher benefit in their individual case. The Property Tax Reimbursement Program effectively freezes property taxes for eligible New Jersey senior citizens and disabled persons by reimbursing them for property tax increases.

**Objectives**

The objectives of our audit were to determine whether expenditure transactions were related to the rebate programs, were reasonable, and were recorded properly in the accounting systems.

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 agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of expenditure transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

A statistical 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.

**Conclusions**

We found that the expenditure transactions included in our testing were related to the rebate programs, were reasonable, and were recorded properly in the accounting systems.