New Jersey Economic Development Authority
Selected Programs

July 1, 2000 to August 10, 2001

Richard L. Fair
State Auditor
Enclosed is our report on the audit of the New Jersey Economic Development Authority, Selected Programs for the period July 1, 2000 to August 10, 2001.

If you would like a personal briefing, please call me at (609) 292-3700.

October 15, 2001
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Methodology</td>
<td>1</td>
</tr>
<tr>
<td>Conclusions</td>
<td>2</td>
</tr>
</tbody>
</table>
New Jersey Economic Development Authority
Selected Programs

Scope

We have completed an audit of the New Jersey Economic Development Authority, Selected Programs for the period January 1, 2000 to August 10, 2001. Our audit included the financial activity accounted for in the authority’s accounting system. Our report is exclusive of the newly enacted Educational Facilities Construction and Financing Program.

Total expenditures of the authority during the audit period were $184.7 million. The prime responsibility of the New Jersey Economic Development Authority relating to the selected programs is to provide financial assistance to companies for the purpose of maintaining and expanding employment opportunities, and enlarging the tax base of the state and local governments. Revenues of the authority totaled $214.8 million during our audit period and the major components of revenue were interest income, lease receipts, and amortization of bond discounts.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the authority’s programs, were reasonable, and were recorded properly in the accounting system. 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, and policies of the authority. 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 also reviewed financial trends and interviewed authority personnel to obtain an understanding of the authority and the internal control structure.

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. Sample transactions were judgmentally selected.

**Conclusions**

We found that the financial transactions included in our testing were related to the authority's programs, were reasonable, and were recorded properly in the accounting system.