New Jersey
Economic Development Authority

July 1, 2006 to March 20, 2008

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 New Jersey Economic Development Authority for the period of July 1, 2006 to March 20, 2008. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells  
Assistant State Auditor  
May 9, 2008
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New Jersey Economic Development Authority

Scope

We have completed an audit of selected programs at the New Jersey Economic Development Authority (EDA). Our audit included a review of loans, bond issuances, the real estate process, the Business Employment Incentive Program, Corporate Business Tax credit sales, the Petroleum Underground Storage Tank Fund grant, and the Hazardous Discharge Site Remediation Fund grant.

The EDA is a self-supporting state entity. Its prime responsibility is to broaden New Jersey’s economic base by creating and maintaining jobs, and by providing businesses and nonprofits with the financial and technical support to grow and succeed. Revenues and expenditures of the authority for calendar year 2006 were $69 million and $59.9 million respectively. The major components of revenue were interest income and lease receipts. In addition, grants funded by state appropriations and included in our audit scope amounted to $185.1 million during fiscal year 2007.

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. We also tested compliance to applicable laws, regulations, policies and procedures.

This audit was conducted pursuant to the State Auditors 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 we considered significant
were documented, and compliance with those requirements was verified by interview, observation, and through our samples of transactions. We also reviewed financial trends and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

A nonstatistical sampling approach was used. Our samples of 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 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. We also found that EDA is in compliance with applicable laws, regulations, policies, and procedures.