

## **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority (the "Authority") held at the Office of the Commissioner on the first floor of the Main Office Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on June 29, 2007 at 11:05 a.m. (E.D.T.)

The following Authority members were present:

Kris Kolluri, Esq., Chairman, Commissioner, Department of Transportation  
Robert L. Smartt, Deputy State Treasurer, Designee for The Honorable Bradley I. Abelow, via Telephone  
Robert A. Briant, Jr., Public Member, via Telephone  
Joseph Ripa, Public Member, via Telephone

Constituting a quorum of the Members of the Authority.

There were also present:

Steven Hanson, Executive Director  
Sandra S. Deon, Secretary of the Authority  
Mina Tsintzas, Assistant Secretary  
Aimee Manocchio Nason, Deputy Attorney General  
Sonia Frontera, Esq., Governor's Authorities Unit, via Telephone  
Mike MacFeeters, Office of the Executive Director  
Joe Licari, Director, Division of Accounting & Auditing, DOT  
Yvette Santiago-Green, Esq., Ethics Liaison Officer  
Nancy B. Feldman, Director, Office of Public Finance, via Telephone  
Brian Bauerle, Commissioner's Office

Commissioner Kris Kolluri presided at the meeting, and Sandra Deon, Secretary, kept the minutes.

Commissioner Kolluri convened the meeting at 11:05 a.m. and acknowledged that a quorum of the members were present and made the following statement:

I wish to announce that adequate notice of today's meeting of the New Jersey Transportation Trust Fund Authority has been provided in accordance with the Open Public Meetings Act. Notice

was filed with the Secretary of State. This notice was also mailed to five newspapers of general distribution (The Trentonian, Trenton Times, Camden Courier Post, Star Ledger, and Atlantic City Press), posted on the Authority's website, and in the main entrance of the New Jersey Department of Transportation headquarters.

Executive Director Hanson called the roll.

Mr. Ripa moved the following resolution approving the minutes of the Authority's March 22, 2007 meeting:

**WHEREAS**, Article II, Section 8 of the Bylaws of the New Jersey Transportation Trust Fund Authority provides that the minutes of actions taken at meetings of the Authority be approved by the Authority;

**NOW, THEREFORE, BE IT RESOLVED**, that minutes taken at the meeting on March 22, 2007 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The above resolution was seconded by Mr. Briant and adopted on a call of roll as follows:

Mr. Kolluri: Yea

Mr. Smartt: Yea

Mr. Briant: Yea

Mr. Ripa: Yea

Commissioner Kolluri then asked Mr. Hanson and Joseph Licari to advise the Board on the evaluation of the bid proposals received from firms desiring to be the Authority's auditor.

Executive Director Hanson stated that Executive Order No. 122 (McGreevey 2004) requires all Authorities to establish two committees, the RFP Evaluation Committee and an Audit Committee. The Transportation Trust Fund Authority's RFP Evaluation Committee is comprised of Public Member Joseph Ripa, Treasurer's designee Steve Petrecca, Office of Management and Budget, and Commissioner Kolluri's designee Alemnesh Tessema, Department of Transportation. The RFP Evaluation Committee mailed out a Request for Proposal (RFP) on

March 7, 2007 to eleven (11) auditing firms on file with the Department of Treasury with a deadline date of March 21, 2007 for submission of proposals. The RFP was also announced on the State's Business Opportunity website and the New Jersey Transportation Trust Fund Authority's website. Two firms responded, Mercadien, P.C. and Milligan & Company, LLC. The RFP Evaluation Committee met on April 2, 2007 to review and evaluate the proposals. All three members of the Committee scored Mercadien higher overall, particularly in the area of firm experience. Milligan also scored lower in quality of Past Performance-References. Milligan's references indicated timeliness had been an issue in past engagements. Both firms submitted similar cost proposals. Mercadien's proposed fees were \$18,500, \$19,000, and \$19,500, respectively. Milligan's proposed fees were \$18,150, \$18,150, and \$19,150, respectively. Milligan's proposed fees were a few hundred dollars lower than Mercadien's. Cost was weighted as twenty percent (20%) of the overall score. The RFP Evaluation Committee submitted a recommendation to the Audit Committee that Meriadien be selected.

The Audit Committee consisted of Public Member Robert A. Briant, Jr., Treasurer's designee Robert L. Smartt, and Commissioner Kolluri's designee Deputy Commissioner Steven Dilts, Department of Transportation. The Audit Committee met on May 30, 2007 and concurred with the RFP Evaluation Committee's assessment. They recommended to the Board that Mercadien be appointed as the Authority's auditor for Fiscal Year 2007, which engagement shall be renewable, at the option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2008 and Fiscal Year 2009.

Mr. Briant moved the following resolution authorizing the engagement of Mercadien, P.C. to perform auditing services for Fiscal Year 2007, which engagement shall be renewable, at the

option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2008 and Fiscal Year 2009.

**WHEREAS**, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended (the “Act”), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the “Authority”) is required to conduct an annual audit of its affairs and deliver a written report with respect to such audit to the Governor and the Legislature; and

**WHEREAS**, the Authority requires the services of a professional accounting firm with respect to the preparation of such audit; and

**WHEREAS**, in accordance with Executive Order No. 122 (McGreevey 2004) and the Bylaws of the Authority, the Audit Committee assists the Board in retaining an independent auditor to conduct the annual audit; and

**WHEREAS**, pursuant to the auditor selection process set forth in Executive Order No. 122 (McGreevey 2004) and the Bylaws, the Evaluation Committee conducts a solicitation and evaluation of eligible auditors and provides a written report to the Audit Committee, which then evaluates the report and makes a recommendation to the Board; and

**WHEREAS**, on March 7, 2007, the Evaluation Committee distributed the request for proposal for an auditor (“RFP”), a copy of which is attached hereto as Exhibit “A,” to various firms, which RFP provided for the selection of a firm to serve as auditor for the Authority for the one-year term of Fiscal Year 2007, and to perform the annual audit for the Authority for Fiscal Year 2007, which engagement shall be renewable, at the option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2008 and Fiscal Year 2009, including the performance of the annual audit for Fiscal Year 2008 and Fiscal Year 2009, respectively, at the rates set forth in the winning firm’s proposal; and

**WHEREAS**, the Evaluation Committee received two responses to the RFP from Mercadien, P.C. (“Mercadien”) and Milligan & Company, LLC (“Milligan”), reviewed and evaluated the responses from Mercadien and Milligan, and made a written recommendation to the Audit Committee to accept Mercadien’s proposal, a copy of which is attached hereto as Exhibit “B”; and

**WHEREAS**, the Audit Committee met on May 30, 2007, considered the Evaluation Committee’s report, a copy of which is attached hereto as Exhibit “C”, and determined to recommend to the Authority that it award the contract for auditor to Mercadien; a copy of the Audit Committee’s report is attached hereto as Exhibit “D”; and

**NOW THEREFORE, BE IT RESOLVED**, that

1. The Authority hereby acknowledges receipt of the recommendation of the Audit Committee, which recommends that the Authority award the contract for auditor to Mercadien.

2. The Authority hereby authorizes the engagement of the firm of Mercadien to serve as auditor for the Authority for the one-year term of Fiscal Year 2007, and to perform the annual audit for the Authority for Fiscal Year 2007, which engagement shall be renewable, at the option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2008 and Fiscal Year 2009, including the performance of the annual audit for Fiscal Year 2008 and Fiscal Year 2009, respectively, at the rates set forth in Mercadien's proposal.
3. The Authority hereby authorizes the Executive Director to take and do any and all acts and things as may be necessary or desirable in connection with such selection.
4. This Resolution shall take effect upon adoption in accordance with the Act.

The above resolution was seconded by Mr. Smartt and adopted on a call of roll as follows:

Mr. Kolluri: Yea

Mr. Smartt: Yea

Mr. Briant: Yea

Mr. Ripa: Yea

There being no further business coming before the Authority, Commissioner Kolluri requested a motion to adjourn the meeting. Mr. Smartt moved that the June 29, 2007 meeting of the Transportation Trust Fund Authority be adjourned, and Mr. Briant seconded the motion, which was unanimously adopted.

The New Jersey Transportation Trust Fund Authority Meeting ended at approximately  
11:12 a.m.

Respectfully submitted,

Sandra S. Deon,  
Secretary of the Authority

# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

## REQUEST FOR PROPOSAL FOR AUDITING SERVICES

February 2007

### I. PURPOSE

The New Jersey Transportation Trust Fund Authority (the "Authority") was created by the State of New Jersey (the "State") in 1984 to provide a stable, predictable funding mechanism for transportation projects undertaken by the New Jersey Department of Transportation (the "Department"). Transportation projects financed by the Authority include expenditures for the planning, acquisition, design, construction, repair, and rehabilitation of public facilities for ground, water or air transportation of people or goods. The Authority also finances State aid to counties and municipalities for transportation projects. The Authority is governed by seven members including the Commissioner of the New Jersey Department of Transportation (the "Commissioner") and the State Treasurer who serve as ex-officio members.

Through this Request for Proposal (the "RFP"), the Authority is soliciting responses from accounting firms interested in serving as Auditor for the Authority for *fiscal year 2007 (July 1, 2006 through June 30, 2007), renewable at the option of the Authority, for two consecutive one year periods for the fiscal year ending June 30, 2008 and the fiscal year ending June 30, 2009, respectively*. The primary purpose of this contract is to complete a full audit of the *Authority's FY 2007 financial transactions (ending June 30, 2007)*. Questions concerning this RFP may be directed to Michael MacFeeters, NJ Transportation Trust Fund Authority; PO Box 600; 1035 Parkway Avenue; Trenton, NJ 08625 at 609-530-6219.

### II. BACKGROUND

#### A. History

The Authority is a public body corporate and politic, with corporate succession, constituted as an instrumentality of the State organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act (the "Act"). For the purpose of complying with Article V, Section IV, Paragraph I of the State Constitution, the Authority is allocated within, but is independent of any supervision or control by, the Department. The purpose of the Authority is to provide the payment for and financing of all or a portion of the costs incurred by the Department for the State transportation system, including, without limitation, (i) the State's share (which may include State advances with respect to any Federal share) under Federal Aid Highway Laws of the costs of planning, acquisition, engineering, construction, reconstruction, repair resurfacing and rehabilitation of public highways, (ii) the State's share (which may include State advances with respect to any Federal share) of the

costs of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of public transportation projects and other transportation projects in the State, and (iii) State aid to counties and municipalities for public transportation projects.

The Authority must submit a financial plan to the State Legislature explaining the financing of the transportation system projects that the Department has proposed for the upcoming Fiscal Year. The financial plan must contain an enumeration of the Authority revenues, including (i) the proceeds of any anticipated bond issues, (ii) investment income, and (iii) State appropriations. Additionally, the financial plan must include an aggregation of project expenditures for the current Fiscal Year.

Pursuant to the Act, the Commissioner may from time-to-time (but not more frequently than monthly) certify to the Authority an amount necessary to fund payments, made, or anticipated to be made, by or on behalf of the Department. The Authority is obligated to provide such amount from its revenues or other funds, including proceeds from the sale of bonds. The Act directs the Authority, within fifteen (15) days of receipt of the Commissioner's certificate, to transfer funds to the State Treasurer for deposit in a special fund maintained by the State Treasurer (the "Special Transportation Fund") in an amount equal to the amount so certified by the Commissioner. Expenditures from the Special Transportation Fund may be made on behalf of the Department only pursuant to legislative appropriations or authorizations. The Department provides such certificates on a monthly basis, when cash is necessary for transportation system improvement disbursements to minimize the amounts maintained in the Special Transportation Fund.

*The Act was renewed during Fiscal Year 2006. The debt service is provided by constitutionally dedicated revenues comprised of Motor Fuels Taxes, but not less than \$483 million, an amount equivalent to the revenues derived from the tax imposed on the sale of petroleum products of not less than \$200 million in each applicable Fiscal Year, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act on the sale of new motor vehicles of not less than \$200 million for each applicable Fiscal Year, and statutorily dedicated revenues derived from the Toll Road Contributions, Heavy Truck Registration Fees, and Good Drivers Surcharges. Statutorily dedicated revenues are subject to annual appropriation by the Legislature.*

*FY 2006 ended with an outstanding bond balance of \$8,332,251,792. During FY 2006 the Authority issued the 2006 Series A and B Bonds to refund \$1,791,455,000 in outstanding bonds to take advantage of preferential interest rates. Also, during FY 2006 the Authority issued its Transportation System Bonds, 2005 Series D, and 2006 Series A, B & C pursuant to its 1995 Transportation System Bond Resolution, adopted on June 15, 1995, as amended and supplemented (the "Bond Resolution") for the purpose of paying State Transportation System Costs. It also issued its Grant Anticipation Bonds, 2006 Series A (commonly called direct GARVEE Bonds) in the amount of \$131,555,000 pursuant to its 2005 Grant Anticipation Bond Resolution, adopted on May 26, 2005, as amended and supplemented (the "Grant Anticipation Bond Resolution") for the purpose of financing the Route 52 Bridge Project. Bond proceeds are combined with the Authority's revenues to fund State transportation improvement projects and to defease or refund a portion of the Authority's outstanding bonds. "Revenues" under the Bond Resolution include (i) all amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer from the Transportation Trust Fund Account in the State General Fund, (ii) any other amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer, or received by the Authority from any other source and pledged by the Authority as security for the payment of bonds, and (iii) interest received on any moneys or securities held pursuant to the Bond Resolution.*

## **B. Flow of Funds**

Pursuant to the Bond Resolution, all revenues shall be promptly deposited by the Authority as received into the Transportation Improvement Fund. The Authority shall transfer or credit to the Trustee, for deposit in the following Funds and Accounts, on the following date and in the following order of priority the amounts set forth below, but only to the extent the amount in the Transportation Improvement Fund shall be sufficient therefore:

1. On or before each Payment Date with respect to each Series of Bonds
  - a) For deposit in the Debt Service Fund, the amount, if any, so that the balance in the Fund shall equal the amounts of Debt Service on all Series of Bonds coming due on such Payment Date; and
  - b) For deposit to the Debt Service Reserve Fund, the amount, if any, required so that the balance in said Fund shall equal the sum of the amounts of Debt Service Reserve Requirement on all Reserve Fund Bonds, if any, for such Payment Date.
2. On or before the due dates thereof, for deposit in the Debt Service Fund, the amount of any Financing Facility Payment Obligations.
3. On or before the due dates thereof, and subject and subordinate at all times to the payments, credits or transfers required pursuant to paragraphs 1 and 2 above, for deposit in the Subordinated Debt Fund, the amount of any principal, prepayment or redemption price, interest or other amounts payable in connection with any Subordinated Debt.

## **C. Systems, Records, and Procedure**

1. The Authority maintains its records for the governmental fund financial statements on a modified accrual basis. The State of New Jersey has implemented the changes defined in GASB 34 and any subsequent guidance.
2. All records pertaining to the Authority's Funds are available at the Office of the Director, Division of Accounting and Auditing, New Jersey Department of Transportation.
3. State appropriations are paid to the Authority monthly.
4. All Transportation Improvement Fund expenditures are disbursed by wire to the State's Special Transportation Fund. All disbursements to the Special Transportation Fund must be audited. Monies disbursed from the Special Transportation Fund are not included in this audit.
5. All Authority Operating and Cost of Issuance Expenses are disbursed by checks, authorized by two signatures. Approximately 100 disbursements were made during the Fiscal Year, which ended *June 30, 2006*.
6. All securities held by the Authority are purchased through the State's Division of Investments and held by the Trustee.

7. The Authority's short-term investments are held by the Trustee in the State of New Jersey's Cash Management Fund (Money Market).
8. The State staff that maintains the Authority's books and accounts will be available to assist the auditors.

### **III. Scope of Services**

The principal accounting and auditing activities required of the accounting firm will include:

#### **A. Annual Audit**

An annual audit of all the Authority's books, records *and annual financial statements* prepared in accordance with Generally Accepted Accounting Principals *and perform an audit in accordance with Generally Accepted Audit Standards*, within sixty (60) days of the end of the State Fiscal Year including:

1. Examining deposits, vendors' vouchers, receipted bills, statements and any other supporting documentation.
2. Examining all of the Authority's accounts, obtaining evidence as to the existence of the funds in each account, and determining that fund balances have been classified properly.
3. Verification of monies transferred between different Authority funds and accounts.

#### **B. Signed Reports**

The issuance of a signed report(s) of audit to the Authority and Trustee that includes at least (i) a statement of assets and liabilities of all funds (including operational and investments) held by the Authority and the Trustee as of the end of such Fiscal Year, (ii) a statement of revenues, expenses and changes in fund balance of the Authority for such Fiscal Year, (iii) a statement of cash receipts and disbursements of the Authority for such Fiscal Year, (iv) a statement whether the balance in the Debt Service Reserve Account satisfies the requirements of the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and (v) an opinion that the statements fairly present the financial position of the Authority;

#### **C. Accountants Certificate**

The issuance of an accountant's certificate which shall state whether or not, to the knowledge of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and if so, the nature of such default.

#### **D. Internal Control Reports**

The issuance of separate reports to the Authority assessing the effectiveness of the Authority's internal control procedures, and recommending any changes to those procedures. Internal control assessments should be prepared annually and findings must be discussed in detail with the Authority.

#### **E. Bond Document Review**

The review of the Authority's bond documents for the issuance, when appropriate, of comfort and/or consent letters to facilitate subsequent bond issues of the Authority.

#### **F. Financing Analysis/Review**

The review and analysis of traditional fixed rate and synthetic fixed rate bonds (auction rate bonds swapped to a fixed interest rate).

### **IV. Information to be Provided In Your Proposal**

#### **A. Firm Description**

Provide a brief description of your firm. Also, include the most recent annual report and Peer Review opinion of your firm with the proposal.

#### **B. Audit Engagement Manager**

List the education and experience of the project/engagement manager that will be responsible for managing the on-site staff and ensuring quality and schedule goals are met. Provide at least three references including contact numbers.

#### **C. Key Staff**

List the on-site auditors that will be assigned to this audit and include their education and experience. Provide at least three references including contact numbers.

#### **D. Firm Experience**

1. Provide a detailed summary of the firm's recent experience *during the prior three calendar years ending December 31, 2006*, as an Auditor to large non-profit public agencies that issue bonds. Include the following information:
  - a. Name *a minimum of three clients* for references with telephone numbers and contact person
  - b. Dates of engagements
  - c. Personnel assigned
2. Describe the firm's experience in developing and reviewing accounting systems for high levels of internal control.
3. Provide a description of any experience with the analysis of synthetic fixed rate bonds and capital appreciation bonds in the prior two calendar years.
4. Detail the number of *government-wide annual audits* performed in the last three calendar years *in accordance with Governmental Auditing Standards*.

#### **E. Disclosure Forms**

1. Complete the attached New Jersey Treasury Disclosure Documents.

2. Bidders are required to comply with the requirements of P.L. 1975, c.127 and N.J.S.A. 10:2-1 through 2-4, relating to discrimination and affirmative action in employment with respect to public contracts.
3. The submission of a bid shall be deemed a representation by the bidder that it has supplied all information, certifications and disclosure statements required in connection with P.L. 2005, c.51 which codified Executive Order No. 134 (McGreevey 2004) ("EO 134") and that all such information, certifications and disclosure statements previously provided in connection with EO 134 are true and correct as of the date of such submission and that all such statements have been made with full knowledge that the Authority shall rely upon the truth of the statements contained therein in making the award to the bidder. If any bidders have not submitted the certifications and disclosure statements required pursuant to EO 134, please contact Michael MacFeeters at the Authority, 609-530-6219. Bidders should note that failure to comply with EO 134 will be grounds for rejection of a bid. The winning bidder will be deemed to have agreed to maintain compliance with P.L. 2005, c. 51 during the term of the contract.
4. The winning bidder will be required to file a disclosure statement on political contributions with the Authority at least ten days prior to contracting with the Authority, in accordance with P.L. 2005, c. 271, section 2(a). The winning bidder will be responsible for filing an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC"), pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c. 271, section 3) if the winning bidder receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the winning bidder's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at [www.elec.state.nj.us](http://www.elec.state.nj.us).
5. The winning bidder will be deemed to agree In that all services performed under the contract shall be performed within the United States accordance with P.L. 2005, c. 92.

#### **F. Cost Proposal**

1. Please provide your Cost Proposal as follows:
  - a. Hourly rates for different categories of professionals.
  - b. List the employees to be assigned to this project by name and category.
  - c. Provide an estimate of non-labor disbursements if included as an additional cost.
  - d. Maximum compensation for auditing Fiscal Year 2007, ending June 30, 2007.
  - e. Maximum compensation for auditing Fiscal Year 2008, ending June 30, 2008.
  - f. Maximum compensation for auditing Fiscal Year 2009, ending June 30, 2009.
2. The Authority will require the invoices for each service to include a breakdown of billed hours by date, task description, and personnel assigned.

#### **V. Proposed Evaluation Criteria**

The Authority has appointed a committee to review the proposals submitted in response to this request and to make recommendations to the Authority's Board. The committee will review all proposals in light of the major evaluation criteria generally set forth below, which are not in order of importance.

- Education and experience of Engagement Manager.
- Education and experience of Key Staff
- Firm Experience including quality and type of audits performed
- Quality of Performance on Prior Audits (including reference interviews and Peer Review).
- Cost

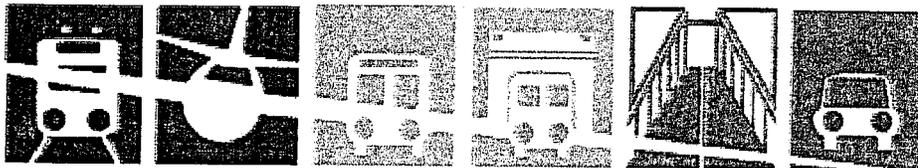
## **VI. Submission of Proposal**

Seven copies of your proposal should be sent to Steve Hanson, Executive Director, New Jersey Transportation Trust Fund Authority, 1035 Parkway Avenue, PO Box 600, Trenton, NJ 08625. All proposals will be expected by 12:00 p.m. on March 21, 2007. Any proposals received after this date and time will not be given any consideration.

The Authority reserves the right to accept a bid for the first year audit only, to reject any and all proposals and to waive any minor irregularities in a bid. Should the Authority accept a multi-year contract, which is subject to annual appropriation, it reserves the right to terminate the contract after the completion of each annual audit.

**Proposal for Auditing Services for  
NEW JERSEY TRANSPORTATION TRUST  
FUND AUTHORITY**

**For the Years Ending June 30, 2007, June 30, 2008, and  
June 30, 2009**



**Prepared by:**

 **MERCADIEN, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
*A Mercadien Group Company*

New Jersey Transportation Trust Fund Authority

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    AFFIRMATIVE ACTION SUPPLEMENT

    CERTIFICATE OF EMPLOYEE INFORMATION REPORT

    BUSINESS REGISTRATION CERTIFICATE

March 14, 2007

To the Honorable Chairperson and Members of  
New Jersey Transportation Trust Fund Authority  
1035 Parkway Avenue, P.O. Box 600  
Trenton, NJ 08625

**LETTER OF TRANSMITTAL**

Dear Honorable Chairperson and Members:

We are pleased to present our proposal to perform an audit of the financial statements of New Jersey Transportation Trust Fund Authority (the "Authority") for the years ending June 30, 2007, June 30, 2008, and June 30, 2009. We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

To meet its goals and objectives, the Authority requires a firm that has the following attributes to enable compliance with the scope of services, as listed in RFP section III:

1. The necessary state government practice niche commitment;
2. The necessary Governmental Accounting Standards Board ("GASB") technical proficiency;
3. Qualified personnel with the proper GASB training;
4. The willingness to work with management efficiently and responsively to enable it to meet its financial and other regulatory requirements and assist it in maximizing its efficiencies;
5. The ability to provide the proposed services in a timely manner (meeting all deadlines) and at a cost that the Authority can manage.

Included as attachments to this proposal are an Affirmative Action Supplement and an Employee Information Report that outline the firm's compliance with applicable affirmative action regulations and the required public law 2005, Chapter 51 certification and disclosure. Assuming reappointment, we would submit the disclosure statement on political contributions with the Authority in accordance with P.L. 2005, c. 271, section 2(a) at least ten days prior to contracting with the Authority.

WARREN A. BROUDY, CPA\*, CGFM  
DONALD F. CONWAY, CPA\*  
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CERTIFIED PUBLIC ACCOUNTANTS  
• PRIVATE COMPANIES PRACTICE SECTION  
• CENTER FOR PUBLIC COMPANY AUDIT FIRMS  
• REGISTERED WITH THE PCAOB  
AN INDEPENDENTLY OWNED MEMBER OF THE  
RSM MCGGLADREY NETWORK

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OVER 40 YEARS OF SERVICE TO THE COMMUNITY

New Jersey Transportation Trust Fund Authority

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As will be evident from the detailed proposal attached, we at Mercadien, P.C., Certified Public Accountants believe that, with many years of successful experience in serving the needs of government organizations such as the Authority, we are eminently qualified and ideally suited to provide the services you require. In addition to our auditing and accounting skills, we have a strong overall understanding of the environment affecting the public authority community and of its relationship to state government.

We welcome the opportunity to provide the proposed professional services at a manageable cost.

We look forward to your response and are open to a discussion of any aspect of this proposal.

Sincerely yours,

**MERCADIEN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**



Warren A. Broudy, CPA, CGFM  
Managing Director/Principal

**Contact**

Mr. Warren A. Broudy  
Managing Director/Principal  
Mercadien, P.C.  
3625 Quakerbridge Road  
Hamilton, NJ 08619  
[wbroudy@mercadien.com](mailto:wbroudy@mercadien.com)  
(609) 689-2326

## FIRM DESCRIPTION

Mercadien, P.C., Certified Public Accountants ("Mercadien, P.C.") is a professional association of certified public accountants and management consultants and is a Mercadien Group company.

The Mercadien Group is a family of distinct companies created to serve the diverse and sophisticated needs of our clients in a capacity far greater than any single organization can offer. The group is comprised of seven individual companies situated in one location. We are a powerful brain trust for your organization made up of trusted advisors working in one place, sharing a broad knowledge base and creating seamless solutions to meet your personal and business objectives.

### **Mercadien, P.C., Certified Public Accountants**

At the center of The Mercadien Group is Mercadien, P.C. It is the partners of Mercadien, P.C. who have worked to conceive this new entity and create the infrastructure to support it.

Mercadien, P.C. distinguishes itself by providing a level of highly personalized client services normally associated only with smaller CPA firms, combined with the range of technical abilities and professional expertise generally available only from national CPA firms.

Founded more than four decades ago, Mercadien, P.C. is located in Hamilton and has a staff of 75 professionals, including eleven partners.

In addition to accounting services, Mercadien, P.C. furnishes taxation advisory and tax return preparation services, as well as various management advisory services.

In particular, we at Mercadien, P.C. have developed a specialization in servicing the governmental entities. We have the governmental sector experts, the staffing, the levels of experience, and the special interest to provide excellence in the services which governments require.

Integral to our audit philosophy is the belief that a Mercadien, P.C. audit should be performed only by qualified, experienced staff. All of our accountants are graduates of major universities with degrees in accounting, and most are certified public accountants. It is our standard practice that a senior CPA assigned to a governmental audit will have at least three years of such experience. As the principal ultimately responsible for your services from Mercadien, P.C, I will be personally involved in your audit and will ensure that it goes smoothly. We take pride in the excellent service we provide our clients, and we pledge that the same superior quality of services will be extended to the Authority.

In providing these services, we use a very specific methodology that has been time-tested to provide assurance that the mission, objectives, and goals of an organization are being carried out effectively.

We understand that the objective of this audit is to express an opinion as to the fair presentation of Authority's financial statements. As part of each audit, we will comment on compliance with Authority policies, procedures, and guidelines.

Finally, in keeping with the accounting standards guidelines, we affirm that we are independent from our clients and, therefore, qualified to perform audit services for them.

We uphold the very highest standards of accounting and auditing services, and since we are a member of the American Institute of Certified Public Accountants (the "AICPA"), our operations are reviewed annually for performance to such standards. As required by the AICPA, we undergo a peer review every three years.

Our partners' professional involvement includes membership in the American, Pennsylvania, New York, and New Jersey Institutes of Certified Public Accountants.

For more than four decades, Mercadien, P.C. has provided professional services to all types of organizations and entrepreneurial entities and currently provides audit services to approximately 150 clients. We advise them on internal control procedures, accounting systems (both manual and computerized), cash flow management and budgeting, as well as more routine financial operations and more sophisticated management consulting and advisory services.

Mercadien, P.C. is an integral part of the RSM McGladrey Network, the national accounting firm association of RSM McGladrey, Inc. This affiliation gives us access to a full range of national and international capabilities, including the resources of almost 300 locations through the United States. Internationally, our affiliation includes over 600 offices in over 70 countries worldwide. In most cases, our RSM McGladrey Network affiliation allows us to meet demands that financial services be performed by a "nationally recognized accounting firm." We accepted an invitation to become affiliated with this network because it is a natural outgrowth of our commitment to clients and our determination to stay on the cutting edge of developments affecting accounting and consulting firms.

### **Our Industry Knowledge and Qualifications to Conduct Governmental Audits**

Our firm has a long history of servicing the governmental and nonprofit industry. Currently, our Nonprofit & Governmental Services group ranks as one of the largest CPA practices in the Delaware Valley dedicated exclusively to researching and serving the needs of governments and nonprofits.

We provide audit, agreed-upon procedures, and consulting services to many state authorities and agencies, local authorities, and municipality; some of which are included in the Firm Experience section of this proposal. Indeed, our expertise in this area is such that several of our partners and

managers are recognized leaders in the area of compliance with government audit regulations. Frequently, they are called upon to lecture inside and outside the firm on the fundamentals of compliance issues such as various GASB pronouncements and implementation matters and related issues affecting governmental and nonprofit organizations. Eugene J. Elias and I just recently presented a seminar on GASB Statement Number 45, which is a future accounting pronouncement relating to the reporting of postemployment benefits other than pensions.

In recent years, we have assisted many governmental agencies in implementing the following Governmental Accounting Standards Board Statements:

- GASB 34 - Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments;
- GASB 40 - Deposits and Investment Risk Disclosures;
- GASB 42 - Accounting and Financial Reporting for Impairment of Capital Assets.

We perform audits for many state and local authorities, several of which are outlined in the reference portion of the proposal.

Our commitment to the governmental sector is demonstrated by our membership in the AICPA's Government Audit Quality Center, the Government Finance Officers Association, and the Association of Government Accountants. Our government audit staff also receives the required and necessary annual continuing professional education to enable them to improve their governmental audit knowledge and skills.

As the current auditor of the Authority, New Jersey Building Authority, and Tobacco Settlement Financing Corporation, we have an understanding of the unique requirements of government-wide and governmental fund financial statement audits, including the following:

The basic financial statements consist of government-wide and governmental fund financial statements.

The Authority, as a single program government, combines government-wide and governmental fund financial statements, which are linked together by the reconciliation.

The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred.

The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

We are familiar with all the adjustments needed to convert the Authority's governmental fund financial statements to the government-wide financial statements as required under GASB Statement Number 34.

In short, we at Mercadien, P.C. have the government sector experts, the staffing, the levels of experience, and the special interest to provide excellence in the services that governments require, and we are uniquely aware of the applicable reporting deadlines, rules and regulations promulgated by state authorities.

A copy of the most recent peer review report of Mercadien P.C. is included in the attachment section of this proposal.

#### **AUDIT ENGAGEMENT PRINCIPALS/MANAGER**

Due to the complexity of this engagement, I will serve as both the audit engagement manager and principal. Eugene J. Elias, CPA, will be the concurring audit principal on this engagement. References for both of us are included in the firm experience section of this proposal. Our bios are as follows:

#### **WARREN A. BROUDY, CPA, CGFM**

Warren A. Broudy, CPA, is a managing director and principal with Mercadien, P.C. In this capacity, Warren oversees various governmental and nonprofit audit and agreed-upon procedure engagements, including many conducted for state authorities and agencies, municipalities, trade associations, and voluntary health and welfare organizations. This responsibility involves training staff, discussing audit issues with top members of client management and performing financial reporting. Additionally, Warren is the team mentor of the Nonprofit and Governmental Services Group, which specializes in performing the above types of engagements. Warren has performed audits of New Jersey state and local authorities for the past ten years.

Warren is a member of both the Nonprofit & Governmental Services and Audit Groups. A prolific writer, Warren is a contributing author for the firm's quarterly electronic newsletter, *The Nonprofit Examiner*. Furthermore, Mr. Broudy assists executive directors of nonprofit organizations with his expertise in the nonprofit sector so that they may improve their own skills and operate their organizations more efficiently.

As a lead member of Mercadien, P.C.'s GASB (Governmental Accounting Standards Board) Task Force, Warren is responsible for interpreting and analyzing the impact of these accounting policies on governmental entities. His experience and insight have helped numerous organizations through the complicated financial transition process. He also lectures on new GASB pronouncements.

He has been instrumental in designing and implementing the automated financial reporting practices at the firm and is a recognized expert in this area. Warren is also responsible for continuing professional education programming and has successfully introduced seminars that address audit efficiency and streamlining procedures.

Warren is a graduate of Temple University with a BBA in accounting. He is licensed to practice in New Jersey and Pennsylvania, and he is a member of both the American and New Jersey Societies of Certified Public Accountants. Warren resides in Mount Laurel with his wife, Debbie, and their two children.

### **EUGENE J. ELIAS, CPA, RMA, CGFM, PSA**

A principal in Mercadien, P.C., Mr. Elias serves as co-chairman of its Nonprofit and Governmental Services Group. In addition, he leads the firm's Governmental Auditing and Consulting Unit, which works with local, state, and federal agencies, municipalities, authorities and boards in financial compliance, administrative and bond issuance areas. He has performed audits on state and local authorities for fifteen years.

A frequent lecturer and author, Gene has been instrumental in assisting membership organizations in maximizing their potential through automating their administrative and financial support areas. His works have appeared in the *Nonprofit Examiner*, a Mercadien, P.C. electronic newsletter.

A graduate of Rider University, Mr. Elias has directed the audits of many of New Jersey's municipalities, housing agencies, colleges and universities, authorities and nonprofit organizations.

Mr. Elias is licensed in New Jersey and is a member of the American Institute and the New Jersey Society of Certified Public Accountants. He is a Registered Municipal Accountant, a Certified Government Financial Manager and a Public School Accountant. He is also a past president of the Trenton Chapter of the Institute of Management Accountants and the Hamilton Township Rotary Club.

Gene serves on the advisory board of Rutgers MACCY Program in Governmental Accounting and the Mercer County Community College Business Advisory Council and is a member of the board of trustees and treasurer of Parents Anonymous. He is a member of the advisory board of the American Boychoir School, has served on numerous other boards and is active in both civic and social welfare organizations.

### KEY STAFF

Sharon Ralph is a senior accountant who has audited the New Jersey Transportation Trust Fund Authority for the past two years. Thus, she is familiar with preparing government-wide financial statements and has a good understanding of all relevant audit areas. Sharon would be scheduled to work on this engagement again for the June 30, 2007 audit. A staff person will be assigned to this engagement at a later date to assist Sharon. References for Sharon will be included in the firm experience section of this proposal. Her bio is as follows:

#### SHARON RALPH

A senior accountant at Mercadien, P.C., Sharon is responsible for planning and performing various governmental and nonprofit audit engagements. Over the past five years, Sharon has gained significant experience in auditing state and local authorities, including consulting and resolving Authority audit issues with OMB personnel. Formerly with a large retail food conglomerate, Sharon supervised accounts receivable and depository transactions.

Sharon is also a member of the firm's Nonprofit and Government Services Group. In this capacity, she works with the staffs of nonprofit and governmental agencies in making recommendations to improve their internal processes.

Sharon is a graduate of Rider University with a Bachelor of Science in Accounting, is a recipient of Rider's prestigious Dean's Scholarship, and was a member of the International Fraternity of Delta Sigma Pi. Additionally, Sharon recently received a Masters of Accountancy from Rider University. She resides in Toms River, New Jersey

#### FIRM EXPERIENCE

1. We have provided audits in accordance with *Government Auditing Standards* and Auditing Standards Generally Accepted in the United States of America and related services to the following state and local authorities that issue bonds:

References/Name and Contact Information

Entity	Address	Contact	Phone #	Years Audited/ Engagement Dates	Type of Engagement	Staff
Ewing-Lawrence Sewerage Authority	600 Whitehead Road, Lawrenceville, NJ 08648	Rober Tiller, Executive Director	(609) 587-4061	1996-Present	Annual Financial Statement Audit; Review of User fee; Connection Fee Calculations	Warren Broudy, Eugene Elias, Sharon Ralph
Tobacco Settlement Financing Corp.	Office of Management and Budget - P.O.Box 221, Trenton, NJ 08625-0221	Kathy Steepy, Assistant Director, Financial Management, NJ Dept. of Treasury	(609) 292-5358	June 30, 2005-Present	Annual Financial Statement Audit	Eugene J. Elias, Herb McMullen, Ann Zawarkay
New Jersey Water Supply Authority	1851 Highway 31, P.O. Box 5196, Clinton, NJ 08809	Michael R. Citarelli, Chief Financial Officer	(908) 638-6121	July 1, 2005-Present	Annual Financial Statements; Agreed-upon Procedures; Arbitrate Rebate Calculations	Warren Broudy, JillAnn Murphy, Elizabeth Watson
New Jersey Building Authority	50 West State Street, 8th Floor, P.O. Box 219, Trenton, NJ 08625	Michael Jonas, Manager	(609) 633-9082	December 31, 2003-Present	Annual Financial Statement Audit	Warren Broudy, Susan West
Delaware River Joint Toll Bridge Commission	100 Wood Street, Morrisville, PA	Frank McCartney, Executive Director, and Steve Cathcart, Comptroller	(215) 295-5061 (267) 790-1040	1999-Present	Annual Financial Statement Audit	Warren Broudy, Eugene Elias, Elizabeth Watson
New Jersey Environmental Infrastructure Trust	P.O. Box 440, Trenton, NJ 08625	Dennis Hart, Exec. Director, Maryclaire D'Andrea, CFO	(609) 219-8600	July 1, 2003-Present	Annual Financial Statement Audit	Warren Broudy, Herb McMullen, Sharon Ralph
New Jersey Higher Education Student Assistance Authority	P.O. Box 547, Trenton, NJ 08625-0547	Eugene Hutchins, Chief Financial Officer	(609) 588-4695	July 1, 2001-June 30, 2008	Annual Financial Statement Audit	Warren Broudy, JillAnn Murphy
Mercer County Improvement Authority	McDade Admin. Building - 640 S. Broad Street, Trenton, NJ 08650	Philip Miller, Executive Director, Margarita	(609) 278-8100	1990-Present	Annual Financial Statement Audit	Warren Broudy, JillAnn Murphy, Sharon Ralph

2. As part of our audit procedures, we document, evaluate, and test internal controls of an authority client's accounting system as follows:
  - a. We would inquire of client personnel as to authority procedures in major audit areas (e.g., the State Transportation cost payment cycle) and would document these procedures in our audit files.
  - b. We would perform walkthroughs of each major transaction cycle to determine if accounting internal controls are operating in accordance with procedures, e.g., we would perform a walkthrough of a sample of state transportation cost expenditures to determine that procedures are being followed by accounting personnel.
  - c. We would audit all major transactions or all amounts over materiality, e.g., we would audit all bond and state transportation cost transactions for supporting documentation and correct recording to accounting records. We would also audit transactions under materiality as considered necessary.

- d. We would determine whether the authority is recording transactions in a timely manner and on a monthly basis and whether those reconciliations and supporting schedules for significant account balances are being reconciled to the general ledger trial balance.
  - e. We would also evaluate proper segregation of duties and management oversight within the accounting department.
  - f. As required under Statements on Auditing Standards ("SAS") 99, we perform fraud inquiry procedures through interviews with client accounting, non-accounting, management and staff personnel on a surprise and subjective basis to determine if there was any fraud or internal control concerns that could cause fraud.
  - g. Any recommendations to improve accounting procedures would be documented in a management letter.
3. Over the prior two calendar years, Mercadien P.C. has had 3 clients, New Jersey Transportation Trust Fund Authority, New Jersey Building Authority, and New Jersey Higher Education Student Assistance Authority, who have entered into financial instrument agreements, such as interest rate swap agreements, in relation to variable rate bonds to achieve a synthetic fixed interest rate. Thus, each entity pays a fixed rate of interest, based on each agreement, on a notional amount equal to the bond principal amount being hedged pursuant to such swap. The fair market value of the swaps is disclosed in each entity's notes to financial statements. Over the past two years, we have audited capital appreciation bonds on the Authority audits, as well as the Mercer County Improvement Authority audits. Thus, we are familiar with all related financial reporting and disclosure requirements.
  4. Over the past three calendar years, we have performed government-wide audits in accordance with *Government Auditing Standards* for the Authority, New Jersey Building Authority, and Tobacco Settlement Financing Corporation.

#### OTHER AUDIT REQUIREMENTS

1. The audited financial statements and related disclosures will be prepared in accordance with accounting principles generally accepted in the United States of America. The audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Our audit procedures will include procedures noted in section IIIA, "Scope of Services Annual Audit," of the request for proposal ("RFP"). Assuming records are ready for audit, we will perform the audit in accordance with the sixty-day timeline noted in this same section of the RFP. The issuance of our auditor reports along with the financial statements will be coordinated with the New Jersey Office of Management and Budget requirement and will also meet your statutory state reporting deadline.

2. We will issue the appropriate signed audit opinion as to the fairness of the financial statements and the respective financial position of the Authority's governmental activities and changes in its financial position.
3. We will also issue a signed report on the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. Any findings would be disclosed in this report. Any management comments regarding efficiency recommendations would be issued in a separate letter.
4. We will issue the accountants certificate as noted in the scope of services in section III of the RFP.
5. Bond document review procedures would be performed as discussed in the scope of services in section III of the RFP.
6. Our audit procedures would be as follows on any traditional fixed rate or synthetic fixed rate bonds to determine correct account balances and financial statement disclosure:
  - a. Analysis of bond official statements to agree bond and bond issuance cost balances to Authority accounting records.
  - b. Analysis of interest rate swaps agreements to determine proper financial statement disclosure.
  - c. Analysis of amortization of bond issuance costs.
  - d. Confirmations of end-of-year interest rate swap fair values for financial statement disclosure purposes.
  - e. Audit of supporting documentation of bond principal and interest expense payments.
7. We are in agreement that all services performed under the contract shall be performed within the United States to be in accordance with P.L. 2005, c. 92.

#### **DISCLOSURE FORMS**

All required disclosure forms are included in the attachment section of this proposal.

**COST PROPOSAL**

The cost proposal for the years ending June 30, 2007, 2008, and 2009, is as follows:

**New Jersey Transportation Trust Fund Authority  
June 30, 2007-2009  
Cost Proposal**

**Year Ending June 30, 2007**

	<u>Principal/ Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
Hours	25	64	24	113
Hourly Rate	<u>\$ 260</u>	<u>\$ 155</u>	<u>\$ 85</u>	<u>\$ 163</u>
Audit Cost	<u>\$ 6,500</u>	<u>\$ 9,920</u>	<u>\$ 2,080</u>	<u>\$ 18,500</u>

**Year Ending June 30, 2008**

	<u>Principal/ Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
Hours	25	64	24	113
Hourly Rate	<u>\$ 267</u>	<u>\$ 159</u>	<u>\$ 87</u>	<u>\$ 167</u>
Audit Cost	<u>\$ 6,675</u>	<u>\$ 10,188</u>	<u>\$ 2,137</u>	<u>\$ 19,000</u>

**Year Ending June 30, 2009**

	<u>Principal/ Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
Hours	25	64	24	113
Hourly Rate	<u>\$ 274</u>	<u>\$ 163</u>	<u>\$ 89</u>	<u>\$ 172</u>
Audit Cost	<u>\$ 6,856</u>	<u>\$ 10,456</u>	<u>\$ 2,188</u>	<u>\$ 19,500</u>

All rates are fully loaded, there are no additional out-of-pocket expenses to be billed.  
The above budget hours are rounded.

**CONCLUSION**

With many years of successful experience in serving the needs of state and local authorities, we at Mercadien, P.C. are eminently qualified and ideally suited to provide the services you require. Confident that our firm can assist New Jersey Transportation Trust Fund Authority at a cost you can manage, we welcome the opportunity to provide the proposed professional services. **We are open to a discussion of any aspect of this proposal.**

We look forward to your response and to the prospect of continuing our excellent working relationship with the fine people at New Jersey Transportation Trust Fund Authority. If you are in agreement with this proposal and its terms and you wish to engage us to perform these outlined services, please sign and return to me the enclosed copy of this proposal. The fees quoted are valid if this proposal is signed within 90 days from the date of the proposal. Upon receipt of your signed proposal, we will forward an engagement letter to you.

Sincerely yours,

Accepted by:

**MERCADIEN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**NEW JERSEY TRANSPORTATION  
TRUST FUND AUTHORITY**

  
\_\_\_\_\_  
Warren A. Broudy, CPA, CGFM  
Principal

\_\_\_\_\_

**SUPPORTING DOCUMENTS**

## **OTHER MERCADIEN GROUP COMPANIES**

Mercadien Consulting is a direct outgrowth of Mercadien, P.C. Mercadien Consulting's uniquely designed problem prevention and solving methodologies assist entrepreneurs in increasing their profitability. Through well-articulated, deliberate planning, staff members provide goal attainment strategies that enhance the entire breadth of an organization's business operations. Mercadien Consulting provides consulting services through specialized groups to help organizations in various areas.

Mercadien Technologies specializes in helping clients leverage technology in order to create new channels of revenue, lower cost structures, increase efficiencies and provide increased value to customers and shareholders. For this reason, Mercadien Technologies is positioned as a resource that enables an organization's staff to concentrate on achieving its strategic initiatives.

Mercadien Asset Management provides personal and business financial planning to assist our clients in reaching their financial goals. Clients seek this expert counsel to achieve their wealth creation objectives through customized services tailored to meet their individual needs. Mercadien Asset Management's strategic asset management offerings span the entire financial services spectrum. In addition, Mercadien Asset Management works in tandem with a CPA from Mercadien, P.C. to integrate all of one's business and personal goals.

Mercadien Securities helps entrepreneurs reach the next growth level for their enterprises by strategically investing the financial and human capital to create a sustainable competitive advantage. Our nationwide network provides the financial resources for lifecycle funding for small and mid-sized companies in a multitude of industries.

Mercadien Outsourcing delivers expert "back office" support to organizations so they can focus on their core competencies. It provides the personnel that allow an organization to leverage our expertise to shed non-core, under-resourced or inefficient activities, processes or departments.

Mercadien Foundation is a community foundation focused on creating philanthropic synergies to serve The Mercadien Group's market area. It provides clients, friends and associates of The Mercadien Group with an outlet for giving back to the community in which we live and work.

## **ADDITIONAL SERVICES OFFERED**

Recently issued and currently pending legislation may preclude your auditing firm from providing ancillary services. In these situations, your nonprofit may be required to engage more than one organization to meet all of your financial advisory needs. Below we list additional services that are among the most typically required.

### **Tax Consulting**

Our tax department professionals are available to consult on any tax related issues.

### **Rebate Calculation Services**

Mercadien, P.C. has the necessary expertise in the preparation of arbitrage rebate calculations. In connection with such services, we will perform certain agreed-upon procedures, and we will issue a report with respect to work performed containing supporting schedules for the computations of any rebate.

### **Technology Consulting and Network Services**

In order to assist our clients in more fully utilizing technology to create efficiencies in their organizations, we are partnered with Mercadien Technologies, a total solutions provider of professional network services and technology consulting. Mercadien Technologies' staff provides a full range of services, including:

- LAN/WAN/VPN design and implementation deployment
- Network support services
- Technology consulting
- Security/HIPAA compliance assessments
- Software consulting
- Website/web-interface design, analysis and development
- Custom database solutions
- Software design and development

Recent technology advancements have enabled the Mercadien team to deliver service in a proactive manner, rather than waiting for issues to develop. Using a secure, web-based connection, we are able to monitor every aspect of a business's technology. When a problem occurs, an engineer is notified, remotely enabling immediate resolution. Mercadien Technologies is able to detect problems before they happen, saving businesses the aggravation and costs associated with downtime. With MCare, corrective action can be taken before the problem occurs or before a business even notices it.

Mercadien Technologies specializes in helping clients leverage technology in order to create efficiencies and to lower overall technology costs. In addition, Mercadien Technologies is an authorized reseller of the Best Software Nonprofit and Governmental accounting software package (formerly MIP).

Mercadien Technologies also presents seminars on relevant technology issues.

### **Operational and Management Reviews**

Members of our staff are experienced in performing operational and internal control reviews for a variety of organizations and businesses. These reviews include documentation of operations and development of suggestions that can be used to improve management and operational functioning within the organization. Additionally, staff members are involved in the development of long-range plans through the planning process, working with key individuals to examine current strengths and to develop long-term plans. Our staff also works with the development of projections and long-range forecasts. In addition to the information system and management consulting listed above, Mercadien, P.C., Certified Public Accountants has expertise in human resources consulting to assist with personnel issues and marketing and management consultation services relating to fundraising, publicity, volunteer and public relations issues.

When and as needed, we will make available to you our experts in various management consulting areas, who will respond to your financial and management needs.

### **Continuing Professional Education**

Each year, we develop and present our Revenue Enhancement Seminars for nonprofit and governmental organizations and in-house continuing professional education classes. Our clients are always welcome, at no charge, to attend our Revenue Enhancement Seminars and many of our in-house seminars. These seminars qualify for continuing professional education credits.

In conjunction with The College of New Jersey, Mercadien, P.C. has established the first-of-its-kind educational programming for executive directors of nonprofit organizations in the area. Working closely with Dean David Prenskey, members of Mercadien, P.C.'s organization created the Nonprofit Management Program. Together with professors from the college, we created a ten-week program that provides executive directors with an extensive curriculum of core competencies to manage their organizations more effectively.

Mercadien, P.C. worked to bring various members of the professional community together with professors to create this exciting and dynamic programming. Furthermore, we successfully financed this programming through scholarships.

**ATTACHMENTS**

Public Law 2005, Chapter 51

Formerly:

Executive Order  
**134**

Bidder: Mercadien, P.C., Certified Public Accountants

**Part II: Disclosure**

Following is the required disclosure of all Contributions made from October 15, 2004, through the date of signing of this Certification and Disclosure to: (i) any entity designated and organized as a "political organization" under 26 U.S.C.A. § 527 that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1 or (ii) any candidate committee and/or election fund of any candidate for or current holder of the public office of Governor; and any State or county political party committee. Such an entity is identified in the following chart as a "Committee."

#1

Name and Address of Committee	Date of Contribution	Amount of Contribution	Type of Contribution i.e., Currency, Check, Loan, In Kind	Donor
Indicate "none" if no Contributions were made. Attach additional pages if necessary.				
NONE				

**Certification on behalf of a COMPANY or organization:**

I certify as an officer or authorized representative of the Company or Organization identified below that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#2

Name of Company or Organization: Mercadien, P.C., Certified Public Accountants

Signed: Warren A. Broudy Title: Principal

Print Name: Warren A. Broudy Date: March 14, 2007

(check one) (A)  The Company or Organization is the Bidder, or (B)  The Company or Organization is a Principal (more than 10% ownership or control) of the Bidder, a Subsidiary controlled by the Bidder, or a Political Organization (eg, PAC) controlled by the Bidder.

**Certification by an individual – for use by the individual Bidder, or as a Principal (more than 10% ownership or control) of the Bidder, or as the spouse or child of the Bidder:**

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#3

Signed: Conrad L. Druker

Print Name: Conrad L. Druker

Date: March 14, 2007

**Note: A person may certify BOTH as an officer or authorized representative of the Bidder, AND in his or her individual capacity, as a Principal of the Bidder.**

Public Law 2005, Chapter 51

Formerly:

Executive Order  
**134**

Bidder: Mercadien, P.C., Certified Public Accountants

**Part II: Disclosure**

Following is the required disclosure of all Contributions made from October 15, 2004, through the date of signing of this Certification and Disclosure to: (i) any entity designated and organized as a "political organization" under 26 U.S.C.A. § 527 that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1 or (ii) any candidate committee and/or election fund of any candidate for or current holder of the public office of Governor; and any State or county political party committee. Such an entity is identified in the following chart as a "Committee."

Name and Address of Committee	Date of Contribution	Amount of Contribution	Type of Contribution i.e., Currency, Check, Loan, In Kind	Donor
Indicate "none" if no Contributions were made. Attach additional pages if necessary.				
NONE				

#1

**Certification on behalf of a COMPANY or organization:**

I certify as an officer or authorized representative of the Company or Organization identified below that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Mercadien, P.C., Certified Public Accountants

#2

Name of Company or Organization:

Signed: Warren A. Broudy

Title: Principal

Print Name: Warren A. Broudy

Date: March 14, 2007

(check one) (A)  The Company or Organization is the Bidder, or (B)  The Company or Organization is a Principal (more than 10% ownership or control) of the Bidder, a Subsidiary controlled by the Bidder, or a Political Organization (eg, PAC) controlled by the Bidder.

**Certification by an individual – for use by the individual Bidder, or as a Principal (more than 10% ownership or control) of the Bidder, or as the spouse or child of the Bidder:**

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#3

Signed: Richard Willinger

Print Name: Richard Willinger

Date: March 14, 2007

**Note: A person may certify BOTH as an officer or authorized representative of the Bidder, AND in his or her individual capacity, as a Principal of the Bidder.**

Public Law 2005, Chapter 51

Formerly:

Executive Order  
**134**

Bidder: Mercadien, P.C., Certified Public Accountants

**Part II: Disclosure**

Following is the required disclosure of all Contributions made from October 15, 2004, through the date of signing of this Certification and Disclosure to: (i) any entity designated and organized as a "political organization" under 26 U.S.C.A. § 527 that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1 or (ii) any candidate committee and/or election fund of any candidate for or current holder of the public office of Governor; and any State or county political party committee. Such an entity is identified in the following chart as a "Committee."

Name and Address of Committee	Date of Contribution	Amount of Contribution	Type of Contribution i.e., Currency, Check, Loan, In Kind	Donor
Indicate "none" if no Contributions were made. Attach additional pages if necessary.				
NONE				

#1

**Certification on behalf of a COMPANY or organization:**

I certify as an officer or authorized representative of the Company or Organization identified below that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Mercadien, P.C., Certified Public Accountants

Name of Company or Organization: \_\_\_\_\_

Signed: Warren A. Broudy

Title: Principal

Print Name: Warren A. Broudy

Date: March 14, 2007

(check one) (A)  The Company or Organization is the Bidder, or (B)  The Company or Organization is a Principal (more than 10% ownership or control) of the Bidder, a Subsidiary controlled by the Bidder, or a Political Organization (eg, PAC) controlled by the Bidder.

#2

**Certification by an individual** – for use by the individual Bidder, or as a Principal (more than 10% ownership or control) of the Bidder, or as the spouse or child of the Bidder:

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Signed: Donald Conway

Print Name: Donald Conway

Date: March 14, 2007

#3

**Note: A person may certify BOTH as an officer or authorized representative of the Bidder, AND in his or her individual capacity, as a Principal of the Bidder.**

Public Law 2005, Chapter 51

Formerly:

Executive Order  
**134**

Bidder: Mercadien, P.C., Certified Public Accountants

**Part II: Disclosure**

Following is the required disclosure of all Contributions made from October 15, 2004, through the date of signing of this Certification and Disclosure to: (i) any entity designated and organized as a "political organization" under 26 U.S.C.A. § 527 that is also defined as "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1 or (ii) any candidate committee and/or election fund of any candidate for or current holder of the public office of Governor; and any State or county political party committee. Such an entity is identified in the following chart as a "Committee."

Name and Address of Committee	Date of Contribution	Amount of Contribution	Type of Contribution i.e., Currency, Check, Loan, In Kind	Donor
Indicate " <u>none</u> " if no Contributions were made. Attach additional pages if necessary.				
NONE				

#1

**Certification on behalf of a COMPANY or organization:**

I certify as an officer or authorized representative of the Company or Organization identified below that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Name of Company or Organization: Mercadien, P.C., Certified Public Accountants

Signed: Warren A. Broudy Title: Principal

Print Name: Warren A. Broudy Date: March 14, 2007

(check one) (A)  The **Company** or Organization is the Bidder, or (B)  The **Company** or Organization is a Principal (more than 10% ownership or control) of the Bidder, a Subsidiary controlled by the Bidder, or a Political Organization (eg, PAC) controlled by the Bidder.

**Certification by an individual – for use by the individual Bidder, or as a Principal (more than 10% ownership or control) of the Bidder, or as the spouse or child of the Bidder:**

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Signed: David Stafford

Print Name: David Stafford Date: March 14, 2007

**Note: A person may certify BOTH as an officer or authorized representative of the Bidder, AND in his or her individual capacity, as a Principal of the Bidder.**

#3

# MARGOLIS & COMPANY P.C.

*Certified Public Accountants and Business Consultants*

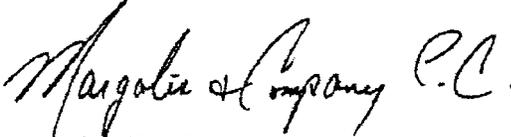
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To the Principals of  
Mercadien, P.C.  
and the Center for Public Company  
Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mercadien, P.C. (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2004. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system and compliance with it are the responsibility of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Mercadien, P.C. in effect for the year ended May 31, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with applicable professional standards.

  
Certified Public Accountants

Bala Cynwyd, PA  
October 21, 2004

## AFFIRMATIVE ACTION SUPPLEMENT

<b>AFFIRMATIVE ACTION</b> DEPT OF THE TREASURY DIVISION OF PURCHASE & PROPERTY STATE OF NEW JERSEY 33 WEST STATE STREET, 9TH FLOOR PO BOX 230 TRENTON, NEW JERSEY 08625-0230	<b>TERM CONTRACT - ADVERTISED BID PROPOSAL</b> BID NUMBER:  NAME OF BIDDER: Mercadien, P.C., Certified Public Accountants
--	---

SUPPLEMENT TO BID SPECIFICATIONS

DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:

1. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. THE CONTRACTOR WILL TAKE AFFIRMATIVE ACTION TO ENSURE THAT SUCH APPLICANTS ARE RECRUITED AND EMPLOYED, AND THAT EMPLOYEES ARE TREATED DURING EMPLOYMENT, WITHOUT REGARD TO THEIR AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. SUCH ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING: EMPLOYMENT, UPGRADING, DEMOTION, OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES TO BE PROVIDED BY THE PUBLIC AGENCY COMPLIANCE OFFICER SETTING FORTH PROVISIONS OF THIS NONDISCRIMINATION CLAUSE.
  2. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE WILL, IN ALL SOLICITATIONS OR ADVERTISEMENTS, FOR EMPLOYERS PLACED BY OR ON BEHALF OF THE CONTRACTOR, STATE THAT ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION.
  3. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL SEND TO EACH LABOR UNION OR REPRESENTATIVE OF WORKERS WITH WHICH IT HAS A COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT OR UNDERSTANDING, A NOTICE, TO BE PROVIDED BY THE AGENCY CONTRACTING OFFICER ADVISING THE LABOR UNION OR WORKERS' REPRESENTATIVE OF THE CONTRACTOR'S COMMITMENTS UNDER THIS ACT AND SHALL POST COPIES OF THE NOTICE IN CONSPICUOUS PLACES AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT.
  4. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, AGREES TO COMPLY WITH THE REGULATIONS PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME AND THE AMERICANS WITH DISABILITIES ACT.
  5. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO ATTEMPT IN GOOD FAITH TO EMPLOY MINORITY AND FEMALE WORKERS CONSISTENT WITH THE APPLICABLE COUNTY EMPLOYMENT GOALS PRESCRIBED BY N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME OR IN ACCORDANCE WITH A BINDING DETERMINATION OF THE APPLICABLE COUNTY EMPLOYMENT GOALS DETERMINED BY THE AFFIRMATIVE ACTION OFFICE PURSUANT TO N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME.
  6. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO INFORM IN WRITING APPROPRIATE RECRUITMENT AGENCIES IN THE AREA, INCLUDING EMPLOYMENT AGENCIES, PLACEMENT BUREAUS, COLLEGES, UNIVERSITIES, LABOR UNIONS, THAT IT DOES NOT DISCRIMINATE ON THE BASIS OF AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND THAT IT WILL DISCONTINUE THE USE OF ANY RECRUITMENT AGENCY WHICH ENGAGES IN DIRECT OR INDIRECT DISCRIMINATORY PRACTICES.
  7. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVISE ANY OF ITS TESTING PROCEDURES, IF NECESSARY, TO ASSURE THAT ALL PERSONNEL TESTING CONFORMS WITH THE PRINCIPLES OF JOB-RELATED TESTING, AS ESTABLISHED BY THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY AND AS ESTABLISHED BY APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.
  8. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVIEW ALL PROCEDURES RELATING TO TRANSFER, UPGRADING, DOWNGRADING AND LAYOFF TO ENSURE THAT ALL SUCH ACTIONS ARE TAKEN WITHOUT REGARD TO AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND CONFORM WITH THE APPLICABLE EMPLOYMENT GOALS, CONSISTENT WITH THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY, AND APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.
- THE CONTRACTOR AND ITS SUBCONTRACTORS SHALL FURNISH SUCH REPORTS OR OTHER DOCUMENTS TO THE AFFIRMATIVE ACTION OFFICE AS MAY BE REQUESTED BY THE OFFICE FROM TIME TO TIME IN ORDER TO CARRY OUT THE PURPOSES OF THESE REGULATIONS, AND PUBLIC AGENCIES SHALL FURNISH SUCH INFORMATION AS MAY BE REQUESTED BY THE AFFIRMATIVE ACTION OFFICE FOR CONDUCTING A COMPLIANCE INVESTIGATION PURSUANT TO SUBCHAPTER 10 OF THE ADMINISTRATIVE CODE (N.J.A.C. 17-27).

\* NO FIRM MAY BE ISSUED A PURCHASE ORDER OR CONTRACT WITH THE STATE UNLESS THEY COMPLY WITH THE AFFIRMATIVE ACTION REGULATIONS

PLEASE CHECK APPROPRIATE BOX (ONE ONLY)

- I HAVE A CURRENT NEW JERSEY AFFIRMATIVE ACTION CERTIFICATE, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE A VALID FEDERAL AFFIRMATIVE ACTION PLAN APPROVAL LETTER, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE COMPLETED THE ENCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

Certification 18798

## CERTIFICATE OF EMPLOYEE INFORMATION REPORT

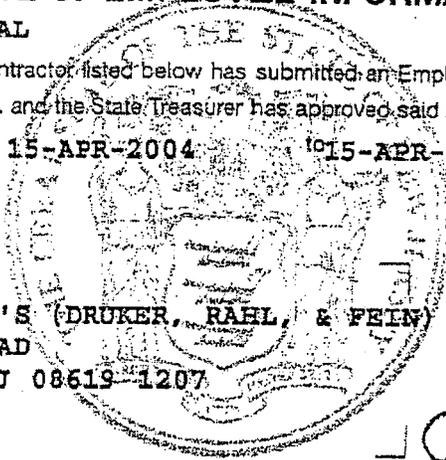
### RENEWAL

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of

15-APR-2004

to 15-APR-2007

MERCADIEN, P.C., CPA'S (DRUKER, RAHL, & FEIN)  
3625 QUAKERBRIDGE ROAD  
HAMILTON NJ 08619-1207



A handwritten signature in cursive script, appearing to read "John Drucker", written over the seal area.

State Treasurer

STATE OF NEW JERSEY  
BUSINESS REGISTRATION CERTIFICATE  
FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS

DEPARTMENT OF TREASURY/  
DIVISION OF REVENUE  
PO BOX 282  
TRENTON, NJ 08646-0282

TAXPAYER NAME:  
MERCADEN, P.C. CERTIFIED PUBLIC ACCOUNT

TRADE NAME:

TAXPAYER IDENTIFICATION#:  
223-271-712/000

SEQUENCE NUMBER:  
0619635

ADDRESS:  
3625 QUAKER BRIDGE RD  
HAMILTON NJ 08520

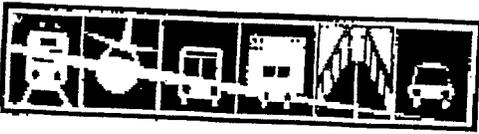
ISSUANCE DATE:  
06/24/03

EFFECTIVE DATE:  
01/03/94

*John S. Tully*  
Acting Director

FORM-BRC(08-01)

This Certificate is NOT assignable or transferrable. It must be conspicuously displayed at above address.



## NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Jon S. Corzine, Governor

TFTA Audit Committee Members

Stephen Dilts  
Robert L. Smartt  
Robert A. Briant, Jr.

April 2, 2007

**Report of the Evaluation Committee Meeting  
Review of the Responses to the Auditor Request for Proposal**

In Attendance:

Joseph Ripa, Member  
Alemnesh Tessema, Member  
Steven Petrecca, Member  
Joseph Licari, NJTTFA  
Michael MacFeeters, NJTTFA

The Evaluation Committee (the Committee) solicited responses from qualified audit firms in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (NJTTFA) for the fiscal years 2007, 2008 and 2009.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property.

The Committee disbursed eleven requests for proposal (RFP) and received only two responses. The responding firms were Mercadien, P.C. of Mercerville, NJ and Milligan and Company, LLC of Philadelphia, PA.

The Committee members reviewed the responses of the firms and determined them to be qualified responses. The responses addressed all requirements of the RFP as established by the Committee and management of the NJTTFA.

The firm, Mercadien, P.C., has submitted fees for the annual financial audit for fiscal years 2007, 2008 and 2009 of \$18,500, \$19,000 and \$19,500, respectively. The firm, Milligan and Company, LLC has submitted fees for the annual financial audit for fiscal years 2007, 2008 and 2009 of \$18,150, \$18,150 and \$19,150, respectively. There are established fees for management advisory and consulting services in the responses for future agreed upon procedures, if deemed necessary.

The Committee contacted a sample of references of governmental and public agencies given in the response.

The Committee hereby recommends Mercadien, P.C. to the Audit Committee as a qualified candidate to be the NJTTFA auditor for fiscal years 2007, 2008 and 2009 for review and potential recommendation to the Board of Directors of the NJTTFA. The Committee met on Monday, April 2, 2007.

Respectfully submitted on behalf of the Evaluation Committee,

*Alemnesh Tessema*

Alemnesh Tessema, Member

**TECHNICAL POINT SCORE EVALUATION SHEET  
FOR  
NJ Transportation Trust Fund Authority  
Evaluation Form  
Annual Financial Audit RFP Responses**

**FIRM:** \_\_\_\_\_

**EVALUATOR (PLEASE PRINT):** \_\_\_\_\_

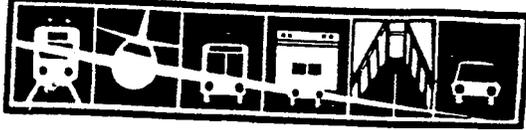
<b>SCORING LEGEND:</b>			
9-10	EXCELLENT	3-4	FAIR
7-8	VERY GOOD	1-2	POOR
5-6	GOOD	0	NO MENTION
<b><i>WEIGHT X SCORE = SUB TOTAL</i></b>		<b>WEIGHT X</b>	<b>SCORE =</b>
Qualifications of Engagement Manager and Key Staff		25	<i>u</i>
Firm Experience- Auditing Large Non-Profits that Issue Bonds		10	
Firm Experience- Performing annual Government-wide audits in accordance with GAO "Government Auditing Standards"		10	
Firm Experience-Developing and reviewing accounting systems for high levels of internal control.		5	
Firm Experience- Analysis of synthetic fixed rate bonds and capital appreciation bonds.		5	
Quality of Past Performance-3 Audit References and Peer Review		25	
Cost of Audit		20	
		<b><u>GRAND TOTAL SCORE</u></b>	

**Cost Proposal**

Description	FY 07	FY 08	FY 09
Maximum Compensation			

\_\_\_\_\_  
SIGNATURE OF EVALUATOR

\_\_\_\_\_  
EVALUATION DATE

**NJ TRANSPORTATION TRUST FUND AUTHORITY**Jon S. Corzine, *Governor*

Members  
Kris Kolluri, Chairman  
Joseph Ripa, Vice Chairman  
The Honorable Bradley I. Abelow  
Robert A. Briant, Jr.

May 31, 2007

**Report of the Audit Committee Meeting**  
**Review of the Evaluation Committee Recommendation For Auditor**

In Attendance:

Robert A. Briant, Jr., Member

Steven Dilts, Member

Robert L. Smartt, Member

Alemnesh Tessema, NJDOT

The Audit Committee (the Committee) reviewed the recommendation for a qualified audit firm in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (NJTTFA) for Fiscal Years 2007, 2008, and 2009, as submitted by the Evaluation Committee on April 2, 2007.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property.

The Evaluation Committee disbursed eleven requests for proposal (RFP) and received only two responses. The responding firms were Mercadien, P.C. of Mercerville, NJ and Milligan and Company, LLC of Philadelphia, PA.

The Evaluation Committee members reviewed the responses of the firms and determined them to be qualified responses. The responses addressed all requirements of the RFP as established by the Committee and management of the NJTTFA.

The firm, Mercadien, P.C., has submitted fees for the annual financial audit for Fiscal Years 2007, 2008 and 2009 of \$18,500, \$19,000 and \$19,500, respectively. The firm, Milligan and Company, LLC has submitted fees for the annual financial audit for Fiscal Years 2007, 2008 and 2009 of \$18,150, \$18,150 and \$19,150, respectively. There are established fees for management advisory and consulting services in the responses for future agreed upon procedures, if deemed necessary by the NJTTFA Board.

The Evaluation Committee contacted a sample of references of governmental and public agencies given in the response.

May 31, 2007

The RFP Evaluation committee used the attached "Technical Point Score Evaluation Sheet" and independently scored the two RFPs. As can be seen, cost was only one factor (20 percent) of the overall evaluation. The cost difference between the two firms was not significant. Mercadien scored higher in the "Firm Experience" area. One specific area where Milligan scored lower was in "Quality of Past Performance - references." Milligan's references indicated that timeliness had been an issue with them. All three committee members ranked Mercadien slightly higher than Milligan.

The Audit Committee after reviewing the RFP Evaluation Committee's scoring sheets and review process, recommends Mercadien, P.C. to the Board as a qualified candidate to be the NJTTFA auditor for Fiscal Years 2007, 2008 and 2009 for approval by the Board of Directors of the NJTTFA. The Committee met on Wednesday 30, 2007.

Respectfully submitted on behalf of the Audit Committee,



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Stephen Dilts, Member