

**WOODBIDGE REDEVELOPMENT AGENCY**  
**(A component unit of the Township of Woodbridge)**  
**REPORT OF AUDIT**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

# WOODBRIIDGE REDEVELOPMENT AGENCY

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Woodbridge Redevelopment Agency  
Woodbridge, New Jersey

We have audited the accompanying basic financial statements of the Woodbridge Redevelopment Agency ("the Agency"), a component unit of the Township of Woodbridge, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Redevelopment Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodbridge Redevelopment Agency as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 7, 2011 on our consideration of the Agency's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Woodbridge Redevelopment Agency taken as a whole. The accompanying supplementary schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Woodbridge Redevelopment Agency. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
September 7, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**WOODBIDGE REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011**

This section of the Woodbridge Redevelopment Agency's ("Agency") annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year ended on June 30, 2011. Please read it in conjunction with the Agency's basic financial statements and accompanying notes.

The purpose of the Agency is to carryout the redevelopment plans of the Township of Woodbridge.

**FINANCIAL HIGHLIGHTS**

- The Agency's assets exceeded its liabilities at June 30, 2011 by \$254,758.
- The Agency's total assets increased by \$160,040 (38.4%).
- Operating revenues increased by \$87,766 (41.0%).
- Operating expenses increased by \$32,799 (11.5%).
- Operating income increased by \$54,967 (76.3%).

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Agency is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise fund financial statements offer short- and long-term financial information about the activities and operations of the Agency. These statements are presented in the Government Accounting Standards Board ("GASB") prescribed manner.

**FINANCIAL ANALYSIS OF THE AGENCY**

*Net Assets* – The following is a summary of the Agency's financial position as of June 30, 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current Assets	\$ 576,555	\$ 416,515	\$ 504,946
Total Assets	<u>576,555</u>	<u>416,515</u>	<u>504,946</u>
Current Liabilities	<u>321,797</u>	<u>144,746</u>	<u>161,217</u>
Total Liabilities	<u>321,797</u>	<u>144,746</u>	<u>161,217</u>
Net Assets:			
Unrestricted	<u>254,758</u>	<u>271,769</u>	<u>343,729</u>
Total Net Assets	<u>\$ 254,758</u>	<u>\$ 271,769</u>	<u>\$ 343,729</u>

**WOODBRIIDGE REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011  
(Continued)**

**FINANCIAL ANALYSIS OF THE AGENCY (Continued)**

*Operating Activities* – The following table summarizes the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>			
Redevelopers' Fees	\$ 70,410	\$ 107,387	\$ 233,586
Municipal Contribution	50,000	50,000	100,000
Intergovernmental Grants	83,333		
Miscellaneous Fees	<u>98,050</u>	<u>56,640</u>	<u>87,886</u>
 Total Operating Revenues	 <u>301,793</u>	 <u>214,027</u>	 <u>421,472</u>
 <b>OPERATING EXPENSES</b>			
Salaries and Wages	99,816	100,660	82,680
Fringe Benefits			6,323
Other Expenses	<u>219,070</u>	<u>185,427</u>	<u>420,760</u>
 Total Operating Expenses	 <u>318,886</u>	 <u>286,087</u>	 <u>509,763</u>
 OPERATING LOSS	 <u>(17,093)</u>	 <u>(72,060)</u>	 <u>(88,291)</u>
 <b>NON-OPERATING REVENUES</b>			
Interest Income	<u>82</u>	<u>100</u>	<u>6,772</u>
 CHANGE IN NET ASSETS	 (17,011)	 (71,960)	 (81,519)
 NET ASSETS, BEGINNING OF YEAR	 <u>271,769</u>	 <u>343,729</u>	 <u>425,248</u>
 NET ASSETS, END OF YEAR	 <u>\$ 254,758</u>	 <u>\$ 271,769</u>	 <u>\$ 343,729</u>

**WOODBIDGE REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011  
(Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The Agency had no capital assets at June 30, 2011, 2010 and 2009.

*Capital Debt*

The Agency had no capital debt at June 30, 2011, 2010 and 2009.

**OTHER FINANCIAL INFORMATION**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Agency has committed itself to financial excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

The budget for the fiscal year ended June 30, 2012 was approved by the Division of Local Government Services and adopted by the Agency.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Township of Woodbridge, New Jersey citizens and redevelopers with a general overview of the Agency's finances to demonstrate the Woodbridge Redevelopment Agency's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the office of the Executive Director at One Main Street, Woodbridge, New Jersey 07095.

**BASIC FINANCIAL STATEMENTS**

**WOODBIDGE REDEVELOPMENT AGENCY  
COMPARATIVE STATEMENTS OF NET ASSETS  
AS OF JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 447,798	\$ 293,316
Total Unrestricted Current Assets	<u>447,798</u>	<u>293,316</u>
Restricted Current Assets		
Cash and Cash Equivalents	123,719	111,564
Escrow Deposits Receivable	<u>5,038</u>	<u>11,635</u>
Total Restricted Current Assets	<u>128,757</u>	<u>123,199</u>
Total Current Assets	<u>576,555</u>	<u>416,515</u>
<b>LIABILITIES</b>		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	27,156	22,309
Unearned Revenue	<u>166,667</u>	<u>-</u>
Total Current Liabilities (Payable from Unrestricted Assets)	<u>193,823</u>	<u>22,309</u>
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable	11,849	14,264
Escrow Deposits Payable	<u>116,125</u>	<u>108,173</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>127,974</u>	<u>122,437</u>
Total Current Liabilities	<u>321,797</u>	<u>144,746</u>
<b>NET ASSETS</b>		
Unrestricted	<u>254,758</u>	<u>271,769</u>
Total Net Assets	<u>\$ 254,758</u>	<u>\$ 271,769</u>

The Notes to the Basic Financial Statements are an integral part of this statement

**WOODBIDGE REDEVELOPMENT AGENCY  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Redeveloper Reimbursements	\$ 70,410	\$ 107,387
Municipal Contribution	50,000	50,000
Intergovernmental Grants:		
U.S. Small Business Administration	83,333	
Miscellaneous Fees	<u>98,050</u>	<u>56,640</u>
Total Operating Revenues	<u>301,793</u>	<u>214,027</u>
OPERATING EXPENSES		
Salaries and Wages	99,816	100,660
Other Expenses	<u>219,070</u>	<u>185,427</u>
Total Operating Expenses	<u>318,886</u>	<u>286,087</u>
OPERATING LOSS	<u>(17,093)</u>	<u>(72,060)</u>
NON-OPERATING REVENUES		
Interest Income	<u>82</u>	<u>100</u>
Total Non-Operating Revenues	<u>82</u>	<u>100</u>
CHANGE IN NET ASSETS	(17,011)	(71,960)
Total Net Assets, Beginning of Year	<u>271,769</u>	<u>343,729</u>
Total Net Assets, End of Year	<u>\$ 254,758</u>	<u>\$ 271,769</u>

The Notes to the Basic Financial Statements are an integral part of this statement

**WOODBRIIDGE REDEVELOPMENT AGENCY  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Redevelopers Reimbursements	\$ 84,916	\$ 116,058
Cash Received from Municipal Contribution	50,000	50,000
Cash Received from Intergovernmental Grants	250,000	-
Cash Received from Miscellaneous Fees	98,050	56,640
Cash Paid for Providing Services	(216,638)	(206,461)
Cash Paid for Employees	<u>(99,816)</u>	<u>(97,010)</u>
Net Cash Provided by (Used for) Operating Activities	<u>166,512</u>	<u>(80,773)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest Received from Escrow Deposits	<u>43</u>	<u>42</u>
Net Cash Provided by NonCapital Financing Activities	<u>43</u>	<u>42</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	<u>82</u>	<u>100</u>
Net Cash Provided by Investing Activities	<u>82</u>	<u>100</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	166,637	(80,631)
Cash and Cash Equivalents, Beginning of Year	<u>404,880</u>	<u>485,511</u>
Cash and Cash Equivalents, End of Year	<u>\$ 571,517</u>	<u>\$ 404,880</u>
Analysis of Balance at June 30,		
Unrestricted	\$ 447,798	\$ 293,316
Restricted	<u>123,719</u>	<u>111,564</u>
	<u>\$ 571,517</u>	<u>\$ 404,880</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) by Operating Activities</b>		
Operating Loss	\$ (17,093)	\$ (72,060)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Decrease in Escrow Deposits Receivable	6,597	4,150
Decrease in Prepaid Items	-	3,650
Increase/(Decrease) in Accounts Payable	2,432	(21,034)
Increase in Unearned Revenue	166,667	-
Increase in Escrow Deposits Payable	<u>7,909</u>	<u>4,521</u>
Total Adjustments	<u>183,605</u>	<u>(8,713)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 166,512</u>	<u>\$ (80,773)</u>

The Notes to the Basic Financial Statements are an integral part of this statement

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**WOODBIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity and Activities**

The Woodbridge Redevelopment Agency (the "Agency") is a public body corporate and politic of the State of New Jersey. The Agency was created by Township ordinance pursuant to the provisions of N.J.S.A. 40A:12A-1, et seq., for the purpose of carrying out the redevelopment plans for the Township of Woodbridge. The Agency is empowered to exercise public and essential government functions, including acquisition, condemnation, clearance, renovation and redevelopment of property in designated blighted areas and to carry out redevelopment plans for the Township of Woodbridge.

The Agency is governed by a Board of Commissioners (the "Board") consisting of seven members, who are appointed by the Mayor with the advice and consent of the Township Council. The Board of Commissioners determines policy actions, approves resolutions and selects an executive director to be responsible for the overall operation of the Agency.

On August 5, 1992, the Legislature of the State of New Jersey adopted the Local Redevelopment and Housing Law (NJSA 40A:12A-1 et. seq.) which became effective on a retroactive basis to January 1, 1992. This law requires all redevelopment agencies to be subject to the provisions of the "Local Authorities Fiscal Control Law". As a result of this legislation, the Woodbridge Redevelopment Agency is subject to the laws, rules and regulations promulgated for Authorities in the State of New Jersey and must report to the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Woodbridge Redevelopment Agency includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Component units are legally separate organizations for which the Agency is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Agency is financially accountable for an organization if the Agency appoints a voting majority of the organization's board, and (1) the Agency is able to significantly influence the programs or services performed or provided by the organization; or (2) the Agency is legally entitled to or can otherwise access the organization's resources; the Agency is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Agency is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Agency in that the Agency approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Agency has no component units. The Agency would be includable as a component unit of the Township of Woodbridge on the basis of such criteria.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Agency are organized and operated on the basis of funds. The agency maintains an Enterprise Fund to account for its operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal and contractual provisions. A description of the Agency's fund type it maintains to account for its financial transactions is as follows:

*Proprietary Fund Types* – This fund type accounts for operations that are organized to be self-supporting and includes Enterprise Funds. An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the entity has decided that the periodic determination of revenues earned, costs incurred and/or net income is appropriate for management accountability purposes.

**WOODBRIIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Agency has elected not to follow FASB guidance issued subsequent to December 1, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of operations and services, administrative expenses and depreciation on capital assets. The Agency considers transactions pertaining to property held for redevelopment to be operating revenues and expenses since these transactions are connected with its principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Assets, Liabilities and Net Assets**

**Cash and Investments** - The Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1.

**Restricted Assets** - Certain assets are classified restricted because they are maintained in separate bank accounts and their use is limited as the result of certain agreements entered into between the Agency and third parties.

**Net Assets** - Restricted net assets are limited to outside third-party restrictions either by law or by other organizations or persons external to the Agency. Unrestricted net assets represent the net assets neither restricted nor invested in capital assets.

**Use of Estimates** - The preparation of financial statements requires management of the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**D. Budgetary Information**

An annual operating budget is prepared and adopted each fiscal year by the Agency. The budget is prepared in accordance with the Budget Manual for Local Authorities as promulgated by the Division of Local Government Services which differs in certain respects from accounting principles generally accepted in the United States of America. The Board may at their discretion modify the budget subsequent to adoption. The legal level of budget control is defined in the Agency as the current budget plus other available funds. Unencumbered appropriations lapse at year-end.

**WOODBIDGE REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Revenue Recognition** - Township budget appropriations are recognized as operating revenue when they become available as appropriations in the Township's budget. Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and the related program income not yet expended are reported as deferred revenue.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

The Agency's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Agency is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protect Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SPIC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011 and 2010, the book value of the Agency's deposits were \$571,517 and \$404,880, respectively, and the bank balance of the Agency's cash and deposits amounted to \$573,856 and \$408,459, respectively.

The Agency's deposits which are displayed on the balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>2011</u>	<u>Bank Balance</u>	<u>2010</u>
Insured			
Restricted	\$126,008		\$111,564
Unrestricted	<u>447,848</u>		<u>296,895</u>
	<u>\$573,856</u>		<u>\$408,459</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk.

**Investments**

The Agency is permitted to invest unrestricted operating funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Agency or bonds or other obligations of the school districts which are part of the Agency or school districts located within the Agency, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e). As of June 30, 2011 and 2010 the Agency has no outstanding investments.

**WOODBRIIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 3 CAPITAL ASSETS**

The Agency had no capital assets as of June 30, 2011 and 2010.

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the cost-sharing contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees. Employees of the Woodbridge Redevelopment Agency who are eligible for pension coverage are enrolled in the Public Employees Retirement System (PERS).

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement system (retirement system) covering certain state and local government employees which include those employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the system and is considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of the retirement system will be assumed by the State of New Jersey should the retirement system be terminated

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of above system. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the various pension Funds administered by the State of New Jersey are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the Funds. Benefits or refunds are recognized when due and payable in accordance with the applicable eligibility terms of the funds.

**WOODBRIIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management fund, Common Pension Fund A, Common Pension Fund B, and Common Pension Fund D. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local systems including PERS is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**WOODBIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funding Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for PERS; and (2) 5.45 percent for projected salary increases in PERS.

**Employer and Employee Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.5% for PERS, and 5.5% for DCRP of employees' annual compensation.

For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals the annual required contribution in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011 and 2010, the Agency employees were enrolled in the Township's PERS pension plan. Therefore, the Agency was not required to directly contribute for normal cost pension contributions or post-retirement medical benefits.

**Post-Retirement Medical Benefits**

The Agency currently does not provide employer paid post-retirement medical benefits to its active or retired employees.

**NOTE 5 RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is included in the Township of Woodbridge's insurance policy to guard against these events which are intended to provide minimum exposure to the Agency should they occur.

**WOODBIDGE REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 6 INTERLOCAL AGREEMENT**

The Township of Woodbridge and the Agency have entered into an Interlocal Agreement during 2007 for the purpose of the Township supporting the Agency in various ways to facilitate the Agency's redevelopment efforts until the Agency can become self sustaining. The term of this Interlocal Agreement shall commence retroactively to January 1, 2007 and shall conclude upon the earlier of (i) termination by the Township in writing to the Agency, or (ii) the Agency determining that it is able to fund its operation and terminating the Agreement.

**NOTE 7 CONTINGENCIES**

Litigation: The Agency is a defendant in several lawsuits which arose out of the normal course of business and which the Agency's management believes will not have a material impact on the financial statements. These liabilities, if any, not covered by insurance, should not be material in amount.

**SUPPLEMENTARY SCHEDULE**

**WOODBIDGE REDEVELOPMENT AGENCY**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**BUDGETARY BASIS**  
**(With Comparative Actual Amounts for the Period Ended June 30, 2010)**

	2011 Adopted <u>Budget</u>	2011 <u>Actual</u>	Variance Excess (Deficit)	2010 <u>Actual</u>
<b>OPERATING REVENUES</b>				
Administrative Fees	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Application Fees	62,000	70,000	8,000	28,500
Miscellaneous Revenues	<u>10,000</u>	<u>3,050</u>	<u>(6,950)</u>	<u>3,140</u>
Total Operating Revenues	<u>97,000</u>	<u>98,050</u>	<u>1,050</u>	<u>56,640</u>
<b>NON-OPERATING REVENUES</b>				
Local Subsidies & Donations (A)	50,000	50,000		50,000
Interest	<u>200</u>	<u>82</u>	<u>(118)</u>	<u>100</u>
Total Non-Operating Revenues	<u>50,200</u>	<u>50,082</u>	<u>(118)</u>	<u>50,100</u>
Total Revenues	<u>\$ 147,200</u>	<u>\$ 148,132</u>	<u>\$ 932</u>	<u>\$ 106,740</u>
<b>OPERATING APPROPRIATIONS</b>				
<b>ADMINISTRATION</b>				
Salaries and Wages	\$ 139,200	\$ 99,816	\$ 39,384	\$ 100,660
Other Expenses	<u>5,000</u>	<u>1,408</u>	<u>3,592</u>	<u>2,312</u>
Total Administration	<u>144,200</u>	<u>101,224</u>	<u>42,976</u>	<u>102,972</u>
<b>COST OF PROVIDING SERVICES</b>				
Other Expenses	<u>75,000</u>	<u>63,919</u>	<u>11,081</u>	<u>75,728</u>
Total Cost of Providing Services	<u>75,000</u>	<u>63,919</u>	<u>11,081</u>	<u>75,728</u>
Total Operating Appropriations	<u>219,200</u>	<u>165,143</u>	<u>54,057</u>	<u>178,700</u>
Budgetary Income	<u>\$ (72,000)</u>	<u>\$ (17,011)</u>	<u>\$ 54,989</u>	<u>\$ (71,960)</u>

(A) The Agency considers this revenue to be an operating revenue for financial reporting purposes.

**GOVERNMENT AUDITING STANDARDS REPORT**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCFA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Chairman and Members of the Board  
Woodbridge Redevelopment Agency  
Woodbridge, New Jersey

We have audited the financial statements of the Woodbridge Redevelopment Agency ("the Agency") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Woodbridge Redevelopment Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

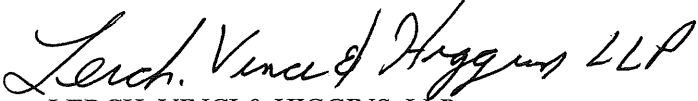
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Woodbridge Redevelopment Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the Board of Commissioners, management, and the New Jersey State Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
September 7, 2011

**ROSTER OF OFFICIALS**  
**AND**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

## ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Name</u>	<u>Title</u>
Henry Haidacher	Chairperson
Robert Gillespie	Vice-Chairperson
John Ur	Commissioner
Richard Dalina	Commissioner
Hope Ann Kondrk	Commissioner
Laura Kohut	Commissioner
James Major	Commissioner
John E. McCormac	Mayor
Caroline Ehrlich	Executive Director
Rose Ruvolo	Chief Financial Officer
Joanne Gagnon	Secretary

**COMMENTS/RECOMMENDATIONS**

There are none.

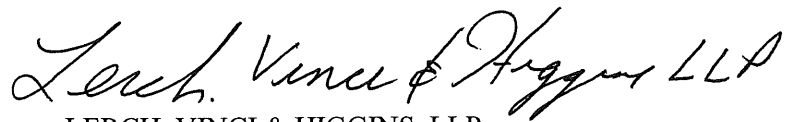
**Status of Prior Year's Audit Comments and Recommendations**

There were none.

**Appreciation**

We desire to express our appreciation of the assistance of the Executive Director and Agency staff during the course of our audit.

Respectfully submitted,



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants