

WOODBIDGE REDEVELOPMENT AGENCY
(A component unit of the Township of Woodbridge)
REPORT OF AUDIT
FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013

WOODBIDGE REDEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
<u>Exhibit</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis (MD&A)	3-5
<u>Basic Financial Statements</u>	
A Comparative Statements of Net Position as of June 30, 2014 and 2013	6-7
B Comparative Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2014 and 2013	8
C Comparative Statements of Cash Flows for the Years Ended June 30, 2014 and 2013	9-10
Notes to the Financial Statements	11-17
<u>Supplementary Schedule</u>	
1 Schedule of Revenues and Expenses Compared to Budget for the Year Ended June 30, 2014 – Budgetary Basis	18-19
<u>Government Auditing Standards</u>	
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	20-21
<u>Roster of Officials as of June 30, 2014</u>	22
<u>Comments/Recommendations</u>	23
<u>Appreciation</u>	23



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Woodbridge Redevelopment Agency
Woodbridge, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Woodbridge Redevelopment Agency, a component unit of the Township of Woodbridge, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Woodbridge Redevelopment Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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, 2014 and 2013, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodbridge Redevelopment Agency's basic financial statements as a whole. The supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2014 on our consideration of the Woodbridge Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Redevelopment Agency's internal control over financial reporting and compliance.


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

Fair Lawn, New Jersey
October 8, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

**WOODBRIIDGE REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014 by \$2,757,559.
- The Agency's total assets increased by \$34,329 (1%).
- Operating revenues decreased by \$9,618 (1%).
- Operating expenses decreased by \$784,487 (43%).
- Operating income increased by \$774,869 (86%).

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, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 3,432,728	\$ 3,398,399	\$ 2,183,941
Noncurrent Assets	-	-	2,600,000
Total Assets	<u>3,432,728</u>	<u>3,398,399</u>	<u>4,783,941</u>
Current Liabilities	<u>675,169</u>	<u>513,969</u>	<u>999,283</u>
Total Liabilities	<u>675,169</u>	<u>513,969</u>	<u>999,283</u>
Net Position:			
Net Investment in Capital Assets			2,600,000
Restricted for Affordable Housing	2,642,716	2,685,153	944,914
Unrestricted	114,843	199,277	239,744
Total Net Position	<u>\$ 2,757,559</u>	<u>\$ 2,884,430</u>	<u>\$ 3,784,658</u>

**WOODBRIIDGE REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)**

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

The Agency's Net Position decreased \$126,871, or 4% in 2014. The majority of this decrease is due to anticipated utilization of unrestricted net position in 2014 to balance the budget.

Operating Activities – The following table summarizes the revenues, expenses and changes in net position for the fiscal years ended June 30, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES			
Redevelopers' Reimbursements	\$ 128,508	\$ 124,839	\$ 93,400
Municipal Contribution	50,000	50,000	50,000
Township Affordable Housing Contribution		499,624	1,750,376
Township General Capital Fund Contribution	643,480		
Contribution of Property Held for Redevelopment			2,550,000
Intergovernmental Grants		34,672	131,995
Miscellaneous Fees	83,392	205,863	173,438
	<u>905,380</u>	<u>914,998</u>	<u>4,749,209</u>
OPERATING EXPENSES			
Salaries and Wages	122,551	154,789	136,825
Other Expenses	910,211	1,662,460	1,083,473
	<u>1,032,762</u>	<u>1,817,249</u>	<u>1,220,298</u>
OPERATING INCOME (LOSS)	<u>(127,382)</u>	<u>(902,251)</u>	<u>3,528,911</u>
NON-OPERATING REVENUES			
Interest Income	511	2,023	989
CHANGE IN NET POSITION	(126,871)	(900,228)	3,529,900
NET POSITION, BEGINNING OF YEAR	<u>2,884,430</u>	<u>3,784,658</u>	<u>254,758</u>
NET POSITION, END OF YEAR	<u>\$ 2,757,559</u>	<u>\$ 2,884,430</u>	<u>\$ 3,784,658</u>

**WOODBIDGE REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014
(Continued)**

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

Operating Expenses decreased \$784,487 or 43% in 2014 mainly as a result of: i) a decrease in affordable housing expenses of \$1,318,217, ii) a decrease in expenses of \$80,005 related to redevelopment activities and iii) an increase in expenses related to the Woodbridge High School field house in the amount of \$643,480.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table summarizes the Agency's capital assets as of June 30, 2014, 2013 and 2012.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Property Held for Redevelopment	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,600,000</u>

Capital Debt

The Agency had no capital debt at June 30, 2014, 2013 and 2012.

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, 2015 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.

FINANCIAL STATEMENTS

**WOODBIDGE REDEVELOPMENT AGENCY
COMPARATIVE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 209,642	\$ 304,717
Due from Redeveloper	20,000	58,293
Due from Township General Capital Fund	<u>238,938</u>	<u>-</u>
Total Unrestricted Current Assets	<u>468,580</u>	<u>363,010</u>
Restricted Current Assets		
Escrow Account		
Cash and Cash Equivalents	165,385	145,350
Affordable Housing Account		
Cash and Cash Equivalents	2,779,819	2,877,544
Escrow Deposits Receivable	<u>18,944</u>	<u>12,495</u>
Total Restricted Current Assets	<u>2,964,148</u>	<u>3,035,389</u>
Total Current Assets	<u>3,432,728</u>	<u>3,398,399</u>
Total Assets	<u>3,432,728</u>	<u>3,398,399</u>

**WOODBIDGE REDEVELOPMENT AGENCY
COMPARATIVE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	230,978	26,718
Unearned Revenue	<u>147,437</u>	<u>161,723</u>
Total Current Liabilities (Payable from Unrestricted Assets)	<u>378,415</u>	<u>188,441</u>
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable	44,335	22,710
Escrow Deposits Payable	140,075	134,302
Due to Township Affordable Housing Trust	<u>112,344</u>	<u>168,516</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>296,754</u>	<u>325,528</u>
Total Current Liabilities	<u>675,169</u>	<u>513,969</u>
NET POSITION		
Restricted For:		
Affordable Housing	2,642,716	2,685,153
Unrestricted	<u>114,843</u>	<u>199,277</u>
Total Net Position	<u>\$ 2,757,559</u>	<u>\$ 2,884,430</u>

**WOODBRIIDGE REDEVELOPMENT AGENCY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Redeveloper Reimbursements	\$ 128,508	\$ 124,839
Municipal Contribution	50,000	50,000
Township Affordable Housing Contribution	-	499,624
Township General Capital Fund Contribution	643,480	-
Intergovernmental Grants:		
U.S. Small Business Administration	-	34,672
Miscellaneous Fees	<u>83,392</u>	<u>205,863</u>
Total Operating Revenues	<u>905,380</u>	<u>914,998</u>
OPERATING EXPENSES		
Salaries and Wages	122,551	154,789
Other Expenses	<u>910,211</u>	<u>1,662,460</u>
Total Operating Expenses	<u>1,032,762</u>	<u>1,817,249</u>
OPERATING LOSS	<u>(127,382)</u>	<u>(902,251)</u>
NON-OPERATING REVENUES		
Interest Income	<u>511</u>	<u>2,023</u>
Total Non-Operating Revenues	<u>511</u>	<u>2,023</u>
CHANGE IN NET POSITION	(126,871)	(900,228)
Total Net Position, Beginning of Year	<u>2,884,430</u>	<u>3,784,658</u>
Total Net Position, End of Year	<u>\$ 2,757,559</u>	<u>\$ 2,884,430</u>

The Notes to the Financial Statements are an Integral Part of this Statement

**WOODBIDGE REDEVELOPMENT AGENCY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Redevelopers Reimbursements	\$ 113,497	\$ 310,698
Cash Received from Sale of Property Held for Redevelopment	-	2,600,000
Cash Received from Municipal Contribution	50,000	50,000
Cash Received from Township Affordable Housing	-	499,624
Cash Received from Township General Capital Fund	404,542	-
Cash Received from Miscellaneous Fees	121,685	243,371
Cash Paid to Township of Woodbridge	(56,172)	(806,364)
Cash Paid for Providing Services	(684,326)	(1,499,672)
Cash Paid for Employees	<u>(122,551)</u>	<u>(154,789)</u>
Net Cash Provided (Used) by Operating Activities	<u>(173,325)</u>	<u>1,242,868</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest Received from Escrow Deposits	<u>49</u>	<u>48</u>
Net Cash Provided by NonCapital Financing Activities	<u>49</u>	<u>48</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>511</u>	<u>2,023</u>
Net Cash Provided by Investing Activities	<u>511</u>	<u>2,023</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(172,765)	1,244,939
Cash and Cash Equivalents, Beginning of Year	<u>3,327,611</u>	<u>2,082,672</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,154,846</u>	<u>\$ 3,327,611</u>
ANALYSIS OF BALANCE AT JUNE 30, 2014		
Unrestricted - Cash and Cash Equivalents	\$ 209,642	\$ 304,717
Restricted - Cash and Cash Equivalents	<u>2,945,204</u>	<u>3,022,894</u>
	<u>\$ 3,154,846</u>	<u>\$ 3,327,611</u>

**WOODBIDGE REDEVELOPMENT AGENCY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (127,382)	\$ (902,251)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities		
(Increase) in Escrow Deposits Receivable	(6,449)	(7,027)
(Increase)/Decrease in Due from Redeveloper	38,293	(12,492)
Decrease in Due from Township Affordable Housing Trust	-	50,000
(Increase) in Due from Township General Capital Fund	(238,938)	-
Decrease in Property Held for Redevelopment	-	2,600,000
Increase/(Decrease) in Accounts Payable	225,885	(5,728)
(Decrease) in Due to Township Affordable Housing Trust	(56,172)	(637,848)
Increase/(Decrease) in Unearned Revenue	(14,286)	127,051
Increase in Escrow Deposits Payable	<u>5,724</u>	<u>31,163</u>
Total Adjustments	<u>(45,943)</u>	<u>2,145,119</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (173,325)</u>	<u>\$ 1,242,868</u>

NOTES TO THE FINANCIAL STATEMENTS

**WOODBRIIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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 Position. 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 and administrative expenses. 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 Position

1. **Cash, Cash Equivalents 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.
2. **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.
3. **Capital Assets** – Property held for redevelopment is recorded at cost or, if donated or contributed, is stated at the estimated fair market value on the date of receipt by the Agency. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are expensed.
4. **Net Position** – In the statement of net position, there are two classes of net position:
 - **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
 - **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.
5. **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.

**WOODBRIIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Agency 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.

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 unearned 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 for interest bearing accounts 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, 2014 and 2013, the book value of the Agency's deposits were \$3,154,846 and \$3,327,611, respectively, and the bank balance of the Agency's cash and deposits amounted to \$3,181,983 and \$3,336,325, 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>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured		
Restricted	\$2,950,744	\$3,023,986
Unrestricted	<u>231,239</u>	<u>312,339</u>
	<u>\$3,181,983</u>	<u>\$3,336,325</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.

**WOODBIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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, 2014 and 2013 the Agency has no outstanding investments.

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance July 1, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2013</u>
<u>2013</u>				
Capital assets, not being depreciated:				
Property Held for Redevelopment	\$ 2,600,000	\$ -	\$ 2,600,000	\$ -
Total capital assets, not being depreciated	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>	<u>-</u>
 Total capital assets, net	 <u>\$ 2,600,000</u>	 <u>\$ -</u>	 <u>\$ 2,600,000</u>	 <u>\$ -</u>

There was no capital asset activity for the year ended June 30, 2014.

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 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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, certain appointed officials and certain Board employees not eligible to be enrolled in the PERS. Effective July 1, 2007, membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**WOODBRIIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, but is currently suspended as a result of reform legislation.

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.

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.

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. 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. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of the system.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.

**WOODBRIIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- It increased the PERS active member contribution rates 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local systems including PERS is 76.1 percent and \$12.8 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.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 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: (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent; and (b) projected salary increases of 4.22% for the 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 6.6% for PERS, and 5.5% for DCRP of employees' annual compensation.

**WOODBRIIDGE REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Contributions (Continued)

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, 2014 and 2013, 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.

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.

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.

NOTE 8 OTHER MATTERS

On July 26, 2011, the Township of Woodbridge adopted the Cooper Towers Rehabilitation Plan for the rehabilitation of certain properties in the Township and appointed the Agency to act as the Redevelopment Entity for the Cooper Towers Rehabilitation Area. The Township transferred \$2,250,000 from the Affordable Housing Trust Fund to pay for the costs associated with this project.

SUPPLEMENTARY SCHEDULE

WOODBRIIDGE REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2014

BUDGETARY BASIS

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Adopted Budget	2014 Actual	Variance Excess (Deficit)	2013 Actual
OPERATING REVENUES				
Administrative Fees	\$ 75,000	\$ 22,217	\$ (52,783)	\$ 115,793
Application Fees	53,000	60,000	7,000	90,000
Miscellaneous Revenues	<u>-</u>	<u>1,175</u>	<u>1,175</u>	<u>70</u>
 Total Operating Revenues	 <u>128,000</u>	 <u>83,392</u>	 <u>(44,608)</u>	 <u>205,863</u>
 NON-OPERATING REVENUES				
Local Subsidies & Donations (A)	50,000	50,000		50,000
Interest	<u>200</u>	<u>61</u>	<u>(139)</u>	<u>34</u>
 Total Non-Operating Revenues	 <u>50,200</u>	 <u>50,061</u>	 <u>(139)</u>	 <u>50,034</u>
 Total Revenues	 <u>\$ 178,200</u>	 <u>\$ 133,453</u>	 <u>\$ (44,747)</u>	 <u>\$ 255,897</u>
 OPERATING APPROPRIATIONS				
ADMINISTRATION				
Salaries and Wages	\$ 148,000	\$ 122,551	\$ 25,449	\$ 154,789
Other Expenses	<u>5,200</u>	<u>1,507</u>	<u>3,693</u>	<u>2,683</u>
 Total Administration	 <u>153,200</u>	 <u>124,058</u>	 <u>29,142</u>	 <u>157,472</u>
 COST OF PROVIDING SERVICES				
Other Expenses	<u>160,000</u>	<u>93,829</u>	<u>66,171</u>	<u>173,834</u>
 Total Cost of Providing Services	 <u>160,000</u>	 <u>93,829</u>	 <u>66,171</u>	 <u>173,834</u>
 Total Operating Appropriations	 <u>313,200</u>	 <u>217,887</u>	 <u>95,313</u>	 <u>331,306</u>
 Budgetary Income/(Loss) (Balance Forward)	 <u>\$ (135,000)</u>	 <u>\$ (84,434)</u>	 <u>\$ 50,566</u>	 <u>\$ (75,409)</u>

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

WOODBRIIDGE REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2014
BUDGETARY BASIS
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Adopted <u>Budget</u>	2014 <u>Actual</u>	Variance Excess <u>(Deficit)</u>	2013 <u>Actual</u>
Budgetary Income/(Loss) (Brought Forward)	\$ (135,000)	\$ (84,434)	\$ 50,566	\$ (75,409)
Reconciliation of Budgetary Income to Change in Net Position - GAAP				
Increases to Budget Income/(Loss):				
Township Affordable Housing Contribution		-		499,624
Township General Capital Fund Contribution		643,480		
Intergovernmental Grants		-		34,672
Redeveloper Reimbursements		128,508		124,839
Interest Earned - Affordable Housing Account		450		1,989
Decreases to Budget Income/(Loss):				
Affordable Housing Expenses		(42,887)		(1,361,104)
Woodbridge High School Field House Expenses		(643,480)		
Redeveloper Expenses		<u>(128,508)</u>		<u>(124,839)</u>
Change in Net Position		<u>\$ (126,871)</u>		<u>\$ (900,228)</u>

GOVERNMENT AUDITING STANDARDS REPORT



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

REPORT ON INTERNAL CONTROL 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, in accordance with the 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, the financial statements of the Woodbridge Redevelopment Agency, as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Woodbridge Redevelopment Agency's basic financial statements, and have issued our report thereon dated October 8, 2014.

Internal Control over Financial Reporting

Management of the Woodbridge Redevelopment Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Woodbridge Redevelopment Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 Woodbridge Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbridge Redevelopment Agency's internal control.

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 and correct, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

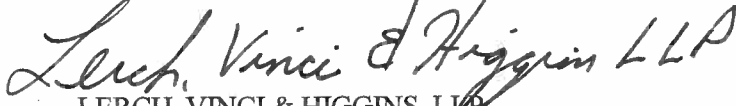
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbridge Redevelopment Agency's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Woodbridge Redevelopment Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Redevelopment Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

Fair Lawn, New Jersey
October 8, 2014

ROSTER OF OFFICIALS
AND
GENERAL COMMENTS AND RECOMMENDATIONS

ROSTER OF OFFICIALS

JUNE 30, 2014

<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
Michelle Charmello	Commissioner
John E. McCormac	Mayor
Caroline Ehrlich	Executive Director
Marta Lefsky	Director of Planning
Rose Ruvolo	Chief Accountant
Joanne Gagnon	Secretary

COMMENTS/RECOMMENDATIONS

The audit of the Agency's financial records indicated that the financial transactions relating to redeveloper escrow deposits were not reflected in the Agency's general ledger. The Agency did however maintain sufficient detailed subsidiary records to record redeveloper escrow deposit financial transactions. It is recommended that the Agency reflect all redevelopers' escrow deposit financial transactions in the Agency's general ledger.

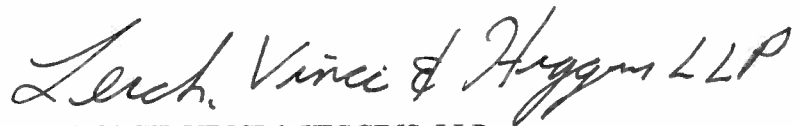
Status of Prior Year's Audit Comments and Recommendations

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