

Annual
Financial Report

of the

**East Brunswick Redevelopment
Agency**

For the Years Ended December 31, 2021 and 2020

Prepared By

East Brunswick Redevelopment Agency

Finance Department

EAST BRUNSWICK REDEVELOPMENT AGENCY

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
East Brunswick Redevelopment Agency
East Brunswick, New Jersey 08816

Report on the Financial Statements

We have audited the accompanying financial statements of the East Brunswick Redevelopment Agency, which comprises the statements of net position as of December 31, 2021 and 2020 and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the East Brunswick Redevelopment Agency, for the years ended December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of the East Brunswick Redevelopment Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SUPLEE, CLOONEY & COMPANY

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Brunswick Redevelopment Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East Brunswick Redevelopment Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Brunswick Redevelopment Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

SUPLEE, CLOONEY & COMPANY

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the East Brunswick 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 East Brunswick Redevelopment Agency's internal control over financial reporting and compliance.

May 25, 2022

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in dark ink and is positioned to the right of the date.



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Telephone 908-789-9300

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
East Brunswick Redevelopment Agency
East Brunswick, New Jersey 08816

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 East Brunswick Redevelopment Agency as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise East Brunswick Redevelopment Agency's financial statements, and have issued our report thereon dated May 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Brunswick Redevelopment Agency's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the East Brunswick Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Brunswick 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.

SUPLEE, CLOONEY & COMPANY

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 East Brunswick 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 25, 2022

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in black ink and is positioned to the right of the date.

MANAGEMENT DISCUSSION AND ANALYSIS

EAST BRUNSWICK REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021 UNAUDITED

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) represents the Agency's financial performance during the year ended December 31, 2021. The Agency's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee Clooney & Company is included in this report.

This section presents management's analysis of the Agency's financial condition and activities for the year. This information should be read in conjunction with the attached financial statements.

Financial Highlights

Total assets at year-end totaled \$838 thousand and exceeded liabilities of \$64 thousand. Total assets is comprised of cash and cash equivalents. Net position totaled \$775 thousand at December 31, 2021. Working capital balances are adequate to meet the operational needs of the Agency.

Operating revenues totaled \$125 thousand in the current year. Operating expenditures totaled \$86 thousand.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Agency's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Agency's budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Agency using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Agency on a full accrual historical cost basis. This statement presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The East Brunswick Redevelopment Agency (the "Agency") is a public body corporate and politic. The Redevelopment Agency is an agency or instrumentality of the Township of East Brunswick established under the provisions of the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 et seq.). The Redevelopment Agency was established November 1, 2017 by resolution of the Township Council of the Township of East Brunswick.

The Agency was created by the Township Council and charged with developing and managing the essential elements to foster successful redevelopment within the Township. The Agency's goal of generating an influx of new enterprises and the revitalization of existing resources seeks to improve East Brunswick's image and stature, increase tax revenues, facilitate new residential and commercial construction, generate employment opportunities for the local work force and draw consumers and tourists to the Township.

Financial Analysis

The attached condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

Contacting the Agency's Management

Any questions about the Agency's report or if additional information is needed, please contact the Executive Director of the East Brunswick Redevelopment Agency, 1 Jean Walling Civic Center Drive, East Brunswick, New Jersey 08816.

Condensed Financial Statements

Condensed Statements of Net Position

	December 31,	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ <u>838,597</u>	\$ <u>816,074</u>
Total Assets	\$ <u><u>838,597</u></u>	\$ <u><u>816,074</u></u>
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 15,081	\$ 71,456
Developer Deposits Payable	<u>48,864</u>	<u>9,717</u>
Total Liabilities	\$ <u>63,945</u>	\$ <u>81,173</u>
<u>Net Position</u>		
Unrestricted	\$ <u>774,652</u>	\$ <u>734,901</u>
Total Net Position	\$ <u>774,652</u>	\$ <u>734,901</u>
Total Liabilities and Net Position	\$ <u><u>838,597</u></u>	\$ <u><u>816,074</u></u>

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	December 31,	
	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 124,800	\$ -
Operating Expenses	<u>85,709</u>	<u>92,209</u>
Operating Income (Loss)	\$ 39,091	\$ (92,209)
Non-Operating Revenues (Expenses)	<u>660</u>	<u>415</u>
Net Income (Loss)	\$ 39,751	\$ (91,794)
Net Position, Beginning of Year	<u>734,901</u>	<u>826,695</u>
Net Position, End of Year	\$ <u><u>774,652</u></u>	\$ <u><u>734,901</u></u>

BASIC FINANCIAL STATEMENTS

THE EAST BRUNSWICK REDEVELOPMENT AGENCYSTATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Unrestricted Current Assets:		
Cash - Operating	\$ <u>789,701</u>	\$ <u>806,357</u>
<u>Total Unrestricted Current Assets</u>	\$ <u>789,701</u>	\$ <u>806,357</u>
Restricted Current Assets:		
Cash - Developers Deposits	<u>48,896</u>	<u>9,717</u>
<u>Total Restricted Current Assets</u>	<u>48,896</u>	<u>9,717</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 838,597</u>	 <u>\$ 816,074</u>
 <u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ <u>15,081</u>	\$ <u>71,456</u>
<u>Total Current Liabilities Payable from Unrestricted Assets</u>	\$ <u>15,081</u>	\$ <u>71,456</u>
Current Liabilities Payable From Restricted Assets:		
Current Liabilities Payable From Restricted Assets:		
Developer Deposits Payable	\$ <u>48,864</u>	\$ <u>9,717</u>
<u>Total Current Liabilities Payable from Restricted Assets</u>	\$ <u>48,864</u>	\$ <u>9,717</u>
 <u>TOTAL LIABILITIES</u>	 <u>\$ 63,945</u>	 <u>\$ 81,173</u>
Net Position:		
Unrestricted	\$ <u>774,652</u>	\$ <u>734,901</u>
<u>TOTAL NET POSITION</u>	\$ <u>774,652</u>	\$ <u>734,901</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 838,597</u>	 <u>\$ 816,074</u>

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

THE EAST BRUNSWICK REDEVELOPMENT AGENCY

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Redeveloper Fees and Contributions	\$ <u>124,800</u>	\$ <u>-</u>
<u>Total Operating Revenues</u>	\$ <u>124,800</u>	\$ <u>-</u>
Operating Expenses:		
Appraisal Fees	\$	\$ 4,960
Architectural Fees	26	2,229
Education Expense Commissioner	-	410
Consulting Planner	1,980	5,265
Auditing Services	10,000	10,000
Legal Services	16,706	15,174
Office Supplies	-	592
Payroll	56,897	53,483
Advertising	<u>100</u>	<u>96</u>
<u>Total Operating Expenses</u>	\$ <u>85,709</u>	\$ <u>92,209</u>
<u>Operating Income (Loss)</u>	\$ <u>39,091</u>	\$ <u>(92,209)</u>
Non-Operating Revenues (Expenses):		
Interest Income - Unrestricted	\$ <u>660</u>	\$ <u>415</u>
<u>Total Non-Operating Revenues (Expenses)</u>	\$ <u>660</u>	\$ <u>415</u>
<u>Net Income (Loss)</u>	\$ 39,751	\$ (91,794)
Net Position, Beginning of Year	<u>734,901</u>	<u>826,695</u>
Net Position, End of Year	<u>\$ 774,652</u>	<u>\$ 734,901</u>

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

THE EAST BRUNSWICK REDEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities:</u>		
Developer Fees	\$ 124,800	\$ -
Developer Escrow Deposits	95,941	42,000
Received from the Township of East Brunswick	-	736,407
Payments to Suppliers for Escrow Projects	(56,795)	(78,644)
Payments to Vendors	(142,083)	(30,835)
	<u>21,863</u>	<u>668,928</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 21,863</u>	<u>\$ 668,928</u>
 <u>Cash Flows from Investing Activities:</u>		
Operating Interest Received	\$ 660	\$ 415
Escrow Interest Received	-	529
	<u>660</u>	<u>944</u>
<u>Net Cash Provided by Investing Activities</u>	<u>\$ 660</u>	<u>\$ 944</u>
 Net Increase in Cash and Cash Equivalents	 <u>\$ 22,523</u>	 <u>\$ 669,872</u>
Cash and Cash Equivalents, Beginning of Year	 <u>816,074</u>	 <u>146,202</u>
Cash and Cash Equivalents, End of Year	 <u><u>\$ 838,597</u></u>	 <u><u>\$ 816,074</u></u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss)	\$ 39,091	\$ (92,209)
<u>Changes in Operating Assets and Liabilities:</u>		
Due From the Township of East Brunswick	-	736,407
Accounts Payable	(56,375)	61,374
Redevelopers Deposits Payable	39,147	(36,644)
	<u>39,147</u>	<u>(36,644)</u>
Net Cash Provided by Operating Activities	 <u>\$ 21,863</u>	 <u>\$ 668,928</u>

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

EAST BRUNSWICK REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(1) GENERAL

The East Brunswick Redevelopment Agency (the "Agency") is a public body corporate and politic. The Redevelopment Agency is an agency or instrumentality of the Township of East Brunswick established under the provisions of the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 et seq.). The Redevelopment Agency was established by resolution enacted by the governing body of the Township of East Brunswick to improve and redevelop areas in the Township of East Brunswick, Middlesex County, New Jersey.

The Agency has been vested with all powers and privileges conferred upon Redevelopment Agencies by the Laws of the State of New Jersey and by the United States of America, including the power and authority to participate in any state or federal program for the clearance, replanning, development and redevelopment of a blighted area after same has been determined as such and a redevelopment plan is approved by ordinances of the Township of East Brunswick. Such powers shall include the ability to enter into all rights and duties necessary or appropriate to accomplish its established objectives and to participate in any relevant program available to it under applicable laws.

The agency is governed by a Board of Commissioners consisting of seven members, who are appointed by the Governing Body of the Township of East Brunswick. The Board of Commissioners determines policy actions, approves resolutions and is responsible for the overall operation of the Agency.

The East Brunswick Redevelopment Agency includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit or to impose a financial burden on the primary government. There were no component units with a positive response to any of these reporting criteria. Furthermore, the Agency would be includable as a component unit of the Township of East Brunswick on the basis of such criteria.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Agency have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described as follows.

EAST BRUNSWICK REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The Agency's financial statements include the activities relating to the redevelopment of the Township of East Brunswick for which the Board of Commissioners of the Agency exercises financial accountability. The Agency is not a component unit of any entity. There are no additional entities required to be included in the reporting entity and the Agency is not included in any other reporting entity.

Basis of Accounting

The financial statements of the Agency have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

Operating revenue is derived from developer fees and Township contribution.

Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business redevelopment. Non-operating revenues mainly consist of investment income and miscellaneous income. Non-operating expenses mainly consist of infrastructure improvements and debt service interest and debt-related fees.

Revenue

Revenue is derived from developer fees and Township contributions to provide sufficient funds to cover operating expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers investments with maturities of three months or less to be cash equivalents.

Accounts Receivable

The Agency considers all accounts receivable to be fully collectible. If amounts become uncollectible, they will be charged to operations when that determination is made.

EAST BRUNSWICK REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and liabilities and is classified into three categories:

Invested in Capital Assets, Net of Related Debt – This reflects the net assets of the Agency that are invested in capital assets, net of related debt. This indicates that these net assets are not accessible for other purposes.

Restricted Net Position – This represents the net assets that are not accessible for general use because their use is subject to restrictions enforceable by third parties.

Unrestricted Net Position – This represents those net assets that are available for general use.

Restricted Assets

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

Budgetary Procedures

The Agency follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Agency is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services prior to the beginning of the Agency's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No Agency budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

EAST BRUNSWICK REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision for income taxes has been made as the Agency is exempt from Federal and State income taxes.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at December 31 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Cash – Checking Accounts	<u>\$838,597</u>	<u>\$816,074</u>

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes permit the deposit of public funds only in banks which meet the requirements of the Governmental Unit Deposit Protection Act or the State of New Jersey Cash Management Fund. This Act, commonly referred to as "GUDPA", requires that banks which accept public funds to be a public depository. The statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Agency does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2021, based upon the coverage provided by FDIC and NJGUDPA, none of the Agency's bank balance was exposed to custodial credit risk.

EAST BRUNSWICK REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(4) ACCOUNTS PAYABLE

Accounts payable as of December 31 is as follows

	<u>2021</u>	<u>2020</u>
Professional Services	\$10,330	\$11,875
Consulting Planner	--	4,290
Payroll Expenses	4,751	55,196
Advertising	<u>--</u>	<u>95</u>
	<u>\$15,081</u>	<u>\$71,456</u>

(5) DEPOSITS PAYABLE

The Agency, as part of its operations, collects from its Developers deposits and advances, which are held for future expenses of development projects. At December 31, 2021 and 2020 these deposits totaled \$48,864 and \$9,717, respectively.

(6) RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Agency maintains commercial insurance coverage through the Township covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Agency.

(7) LITIGATION AND CLAIMS

In the ordinary conduct of its business, the Agency may be a party to litigation. At December 31, 2021, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which could have a material adverse effect on the financial position of the Agency.

(8) SUBSEQUENT EVENTS

The Agency has evaluated subsequent events occurring after the financial statement date through May 25, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Agency has determined that no subsequent events have occurred which require disclosure in the financial statements.

EAST BRUNSWICK REDEVELOPMENT AGENCY

FOR THE YEAR ENDED DECEMBER 31, 2021

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

