

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)

REPORT OF AUDIT

**FOR THE PERIOD FROM INCEPTION
THROUGH DECEMBER 31, 2019**



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
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DONOHUE, GIRONDA, DORIA & TOMKINS LLC

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Red Bank Redevelopment Agency
Red Bank, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Red Bank Redevelopment Agency (the "Agency"), a component unit of the Borough of Red Bank, New Jersey as of December 31, 2019, and for the period from inception through December 31, 2019 and the related notes to the financial statements, which collectively comprise the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 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 Agency'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 purposes of expressing an opinion on the effectiveness of the Agency'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2019, and the respective changes in financial position and cash flows for the period from inception through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Economic Dependence

As described in Note 2, the Agency is the recipient of funding from the Borough of Red Bank (the "Borough"), the amount of which is material to funding the operations of the Agency. This funding is dependent on the Borough's ability to appropriate such funds. This funding is anticipated in the Agency's 2020 budget. Our opinion on the basic financial statements is not affected by the receipt of this funding from the Borough.

Other Matters

Required Supplementary Information

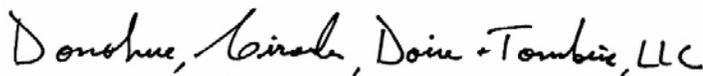
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 - 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 Agency's basic financial statements. The supplementary schedule listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the 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 August 6, 2020 on our consideration of the 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 the 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 Agency's internal control over financial reporting and compliance.


DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
August 6, 2020

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners
Red Bank Redevelopment Agency
Red Bank, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Red Bank Redevelopment Agency (the "Agency"), a component unit of the Borough of Red Bank, New Jersey, as of and for the period from inception through December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Agency'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 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 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 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*.

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



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
August 6, 2020

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

This section of the Red Bank Redevelopment Agency’s (the “Agency”) annual financial report presents our discussion and analysis of the Agency’s financial performance from its inception date of February 27, 2019 through December 31, 2019. Please read it in conjunction with the Agency’s financial statements and accompanying notes which follow this section.

The Agency was created by municipal ordinance 2019-05 adopted on February 27, 2019 by the Borough of Red Bank, New Jersey (the “Borough”). Under criteria established by the Governmental Accounting Standards Board (“GASB”), the Agency is considered a component unit of the Borough.

The Agency’s mission is to bring to fruition the goals and objectives of the community as established through its elected officials for responsible and sustainable development and redevelopment that elevates the quality of life in and for all neighborhoods of the Borough and serves to preserve the heritage and culture of the community. The Agency is dedicated to providing the organization and attention necessary for the community to develop and stay focused on said goals and objectives.

2019 FINANCIAL HIGHLIGHTS

- Operating revenues amounted to \$120,851, which was comprised of a \$120,851 subsidy from the Borough.
- Operating expenses amounted to \$120,851, which was comprised of \$19,606 of administrative and executive expenses and \$101,245 for Agency costs related to oversight and collaboration with the Borough Municipal Operations Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency is a body corporate and politic organized under the laws of the State of New Jersey. The Agency follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Agency. These financial statements are presented in the manner prescribed by the GASB.

This annual report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and the Notes to the Financial Statements.

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The *Statement of Net Position* provides information about the nature and amounts of investments in resources (assets) and the obligations to Agency creditors (liabilities).

The *Statement of Revenues, Expenses and Changes in Net Position*, which accounts for all of the current year's revenue and expenses, measures the success of the Agency's operations over the past year and can be used to determine how the Agency has funded its costs.

The *Statement of Cash Flows* provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities.

The *Notes to the Financial Statements* provide information that is essential to understanding the basic financial statements, such as the Agency's accounting methods and policies, and other information that could materially affect the Agency's financial position.

In addition to the basic financial statements and accompanying notes, this report presents supplementary information as required by the State of New Jersey, Division of Local Government Services, including the *Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget*. This supplementary information follows the Notes to the Financial Statements.

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE AGENCY

The following table summarizes the Agency's assets, liabilities and net position at December 31, 2019:

Current Assets:	
Accounts Receivable	\$ 116,195
Total Assets	116,195
Current Liabilities:	
Accounts Payable	116,195
Total Liabilities	116,195
Net Position:	
Unrestricted	-
Total Net Position	\$ -

The following table summarizes the Agency's revenues, expenses, and changes in net position for the period February 27, 2019 through December 31, 2019:

Operating Revenues:	
Subsidy	\$ 120,851
Total Operating Revenues	120,851
Operating Expenses:	
Administrative and Executive	19,606
Municipal Operations Project	101,245
Total Operating Expenses	120,851
Operating Income	-
Change in Net Position	-
Total Net Position, Beginning of Year	-
Total Net Position, End of Year	\$ -

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

Operating revenues consisted of a subsidy from the Borough in the amount needed to pay for administrative and executive expenses and expenses related to the Agency's participation in the Borough Municipal Operations Project for the period from inception through December 31, 2019. It is expected that the Borough will continue to provide a subsidy to the Agency in 2020.

ECONOMIC FACTORS AND FUTURE INITIATIVES

The Agency services the Borough of Red Bank, New Jersey, which is located in northern Monmouth County. This area is experiencing a period of economic stability. Its accessibility to employment centers in New York City and northern New Jersey contribute towards maintaining a stable outlook.

Due to the global COVID-19 coronavirus pandemic, the adverse impact on the economy affected the Borough of Red Bank as well. Uncertainty about the resumption of normal business operations, along with new mitigation efforts and orders, resulted in significant revenue losses and lowered projections. However, this will not have a negative effect on the Agency's operations. As the pandemic continues, our understanding of the regional impact shows that redevelopment in New Jersey, including Red Bank, may reap from unintended and unexpected advantages. There will be a greater demand on local suburban downtowns for services, commercial space, and housing.

The Agency is exploring a "Broad to the River" development along the Navesink River, located at Front Street & Broad Street and mixed-use projects in the Train Station District for Transit Oriented Development, which also lies in the "Opportunity Zone" tract. The Agency is also actively involved in a review of municipally-owned properties (90 Monmouth Street, 75 Chestnut Street, and 80 Shrewsbury Avenue) for redevelopment opportunities that would create mixed-use projects in the downtown, along the river, and in the transit area while relocating/enhancing municipal facilities into more suitable spaces to serve the public.

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Borough of Red Bank, New Jersey citizens and taxpayers, and our customers, investors and creditors, with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the revenues it receives. If you have questions about this report or need additional financial information, you may contact the Agency's Executive Director or Chief Financial Officer at 90 Monmouth Street, Red Bank, New Jersey 07701 or at 732-530-2777.

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
STATEMENT OF NET POSITION

DECEMBER 31, 2019

ASSETS

Current Assets:

Accounts Receivable	\$ 116,195
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Total Assets	<u>116,195</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	<u>116,195</u>
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Total Current Liabilities	<u>116,195</u>
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NET POSITION

Unrestricted	<u>-</u>
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Total Net Position	<u><u>\$ -</u></u>
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See Accompanying Notes to Financial Statements

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

Operating Revenue:	
Subsidy	<u>\$ 120,851</u>
Total Operating Revenue	<u>120,851</u>
Operating Expenses:	
Administrative, Executive and Professional	19,606
Municipal Operations Project	<u>101,245</u>
Total Operating Expenses	<u>120,851</u>
Operating Income	<u>-</u>
Change in Net Position	<u>-</u>
Net Position, December 31, 2019	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

Cash Flows from Operating Activities:

Receipts from Subsidy	\$ 5,156
Administrative, Executive and Professional Expenses Paid	<u>(5,156)</u>
Net Cash Provided by Operating Activities	<u>-</u>
Increase Cash and Cash Equivalents	-
Cash and Cash Equivalents, December 31	<u><u>\$ -</u></u>

**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities**

Operating Income	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	116,195
Decrease in Accounts Payable	<u>(116,195)</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Red Bank Redevelopment Agency (the “Agency”) is a body, corporate and politic, created by an ordinance of the Borough of Red Bank (the “Borough”) adopted on February 27, 2019. The Agency is governed by a Board of Commissioners consisting of seven members, each of whom is appointed by the Mayor of the Borough with the advice and consent of the Borough Council. Not more than two of the seven commissioners shall be members of the Borough Council or employees of the Borough. Any member of the Borough Council so appointed serves for a term of one year.

The Agency’s mission is to bring to fruition the goals and objectives of the community as established through its elected officials for responsible and sustainable development and redevelopment that elevates the quality of life in and for all neighborhoods of the Borough and serves to preserve the heritage and culture of the community. The Agency is dedicated to providing the organization and attention necessary for the community to develop and stay focused on said goals and objectives.

As a public body under existing statute the Agency is exempt from both federal and state taxes.

Reporting Entity

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 14, *The Financial Reporting Entity*, requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Under these criteria, the Agency is considered a component unit of the Borough.

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

In accordance with GASB standards, the activities of the Agency are grouped into one generic fund type (Proprietary Fund Type), and one broad fund category (Enterprise Fund). The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to enterprise funds of state and local governmental units.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting

The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operations of the Agency 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 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 *non-operating* 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. The principal operating revenue of the Agency is a subsidy from the Borough. Operating expenses include administrative expenses and the cost of operations and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Accounts receivable at December 31, 2019 consisted of a receivable from the Borough for a portion of the Agency's 2019 subsidy, which was subsequently collected in full. Also see Note 2 to the financial statements.

Net Position

Net position consists of three components: net investment in capital assets; restricted net position; and unrestricted net position. The net investment in capital assets component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings. Deferred outflows of resources and deferred inflows of resources that are attributable to the capital assets or related debt are also included in this component. The restricted net position component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted net position component is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the Agency may fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Budgetary Accounting

The Agency annually prepares an operating budget. The budget is prepared in accordance with regulations promulgated by the State of New Jersey, Division of Local Government Services (the "Division"), which differ in certain respects from GAAP. The annual budget is generally approved at least sixty days prior to the beginning of the fiscal year. The budget must be approved by the Agency's Board of Commissioners and submitted to the Division for approval prior to adoption. Budget adoptions and amendments are recorded in the Agency's minutes.

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Accounting (Continued)

The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end. The encumbrance method of accounting is utilized by the Agency for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation. In accordance with GAAP, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as re-appropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and re-appropriations.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. FINANCIAL SUPPORT FROM BOROUGH

For the period from inception through December 31, 2019 the Borough contributed \$19,606 to support the operations of the Agency. The Agency is anticipating \$60,000 in its December 31, 2020 budget as a subsidy from the Borough to support 2020 operations.

In 2019 the Borough adopted capital ordinance 2019-21 which provided \$300,000 to fund the Agency's costs related to oversight and participation with the Borough Municipal Operations Project. Agency costs related to the project for 2019 were \$101,245.

NOTE 3. FINANCIAL OPERATIONS

For the period from inception through December 31, 2019 the Agency did not have a bank account. All Agency expenses were paid on behalf of the Agency directly by the Borough.

The Agency is managed by an Executive Director, Chief Financial Officer and Secretary. For the period from inception through December 31, 2019 these individuals were not enrolled in the State Public Employees Retirement System as an employee of the Agency as the enrollment criteria were not met.

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

NOTE 4. DATE OF MANAGEMENT'S REVIEW

The Agency has evaluated subsequent events through August 6, 2020 the date which the financial statements were available to be issued and no items other than the following were noted for disclosure.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 21, 2020 the Governor of the State of New Jersey declared a health emergency. Management does not expect there to be a negative effect on the Agency's operations as a result of the pandemic.

SUPPLEMENTARY
INFORMATION

RED BANK REDEVELOPMENT AGENCY
(A component unit of the Borough of Red Bank, New Jersey)
SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED
BY OPERATING REVENUES COMPARED TO BUDGET

FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 2019

	2019 Budget	2019 Actual	Variance
OPERATING REVENUES			
Subsidy	\$ 25,000	\$ 120,851	\$ 95,851
 OPERATING EXPENSES			
Administrative, executive and professional	25,000	19,606	5,394
Municipal Operations Project	-	101,245	(101,245)
	25,000	120,851	(95,851)
 Budgetary Income (Loss)	\$ -	\$ -	\$ -

RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
ROSTER OF OFFICIALS

DECEMBER 31, 2019

<u>Agency Members</u>	<u>Position</u>	<u>Term Expires</u>
David Huber	Chairman	12/31/2023
Wilson Beebe	Commissioner	12/31/2020
Megan Massey	Commissioner	12/31/2022
Alpha Reynolds-Lewis	Commissioner	12/31/2021
Kate L. Triggiano	Commissioner	12/31/2019
Jan Wouters	Commissioner	12/31/2023
Hazim Yassin	Commissioner	12/31/2019
<u>Other Officials</u>		
Ziad Shehady	Executive Director	
Pamela Borghi	Secretary	
Peter O'Reilly	Chief Financial Officer	
Rainone Coughlin Minchello	General Counsel	
McManimon Scotland Baumann	Redevelopment Counsel	

**RED BANK REDEVELOPMENT AGENCY
(A Component Unit of the Borough of Red Bank, New Jersey)
COMMENTS AND RECOMMENDATIONS**

DECEMBER 31, 2019

Comment

The 2019 annual budget was not submitted to the State for approval on a timely basis.

Recommendation

The Agency should put procedures in place to ensure the annual budget is submitted to the State for approval no less than 60 days prior to the start of the fiscal year.