

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the
City of Camden, State of New Jersey)
Financial Statements

December 31, 2015

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

TABLE OF CONTENTS

December 31, 2015

	<u>Page Number</u>
Independent Auditors' Report	1
Management's Discussion and Analysis - Unaudited	4
Basic Financial Statements	
Statement of Net Position.....	13
Statement of Revenues, Expenses and Changes in Net Position.....	14
Statement of Cash Flows.....	15
Notes to Financial Statements	16
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	30
Schedule of Expenditures of State Financial Assistance.....	31
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	32
Schedule of Findings and Questioned Costs	33
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35
Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal Awards Required by Uniform Guidance	37

INDEPENDENT AUDITORS' REPORT

To the Commissioners of
City of Camden Redevelopment Agency
(A Component Unit of the City of Camden, State of New Jersey)

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Camden Redevelopment Agency (the "Agency") (a Component Unit of the City of Camden, State of New Jersey) as of and for the years ended December 31, 2015 and 2014, and the related notes to 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 misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

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, 2015 and 2014 and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note K to the financial statements, during the year ended December 31, 2015, the Agency adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 71-Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

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 four through twelve 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 Agency's basic financial statements. The accompanying supplementary information which consists of the schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements ("Uniform Guidance"), and State of New Jersey, Policy Circular 15-08-OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 3, 2016, and April 23, 2015, for the years ended December 31, 2015 and 2014, respectively, 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, grant agreements and other matters. The purpose of those reports 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. Those reports are 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.

Mercadieu, P.C.

Certified Public Accountants

June 3, 2016

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The City of Camden Redevelopment Agency (the "Agency") presents the accompanying annual financial report in accordance with Governmental Accounting Standards Board No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, hereinafter referred to as GASB 34, and related standards.

Responsibility and Control

The Agency retained Mercadien, P.C., Certified Public Accountants, to prepare an independent audit of the financial statements for the years ended December 31, 2015 and 2014.

The Agency is responsible for furnishing financial statements and pertinent data for the auditors' review and analysis.

In management's opinion, the financial statements represent, in all material respects, the financial position, and results of operations and cash flows of the Agency as of and for the years ended December 31, 2015 and 2014, in conformity with generally accepted accounting principles.

Mission

The Agency seizes the opportunity to move Camden Forward with land use development and investments that generate social and economic benefits for Camden's residential, institutional and commercial communities.

Summary of Agency and Business

The Agency, established by ordinance of the Council of the City on August 27, 1987, is the redevelopment entity for the City of Camden. It is charged with the redevelopment of blighted areas and areas in danger of becoming blighted.

Examples of the types of projects undertaken by the Agency include: rehabilitation of historic buildings, renovation of public facilities, developing for sale and rental housing (new construction and rehabilitation), school construction projects, park and recreation facilities, commercial and institutional facilities and brownfield remediation.

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Accomplishments

American Recovery and Reinvestment Act of 2009 ("ARRA") Grants

U.S. Department of Housing and Urban Development - \$11.9 million for the Neighborhood Stabilization Program II ("NSP2") in seven census tracts: North Camden, Lanning Square, Cooper Plaza, Gateway, Marlton, Stockton and Rosedale, with the following eligible activities: acquisition, new construction, rehabilitation, demolition, land banking of properties for future redevelopment, and vacant lot stabilization. . The Agency met the congressional mandate for the spend down of 100% of the NSP2 award by February of 2013. Beyond the aforementioned activities, job creation and the creation of a Real Estate Asset Management Program ("RAMP") has been the result. A loan program was created with approximately one-third of the \$11.9 award, thus creating funding in the out years for further redevelopment work following NSP2 guidelines. Also, a Mentoring Program was created that gave a paid work experience in the construction trades for City residents who had completed a certification course in the City of Camden Housing Authority YouthBuild Training Program, funded by the ARRAS grant. The Agency uses program income from ARRA to further its housing development and community development.

Management of Brownfield Program (City-wide)

The Agency continued to manage the City's Brownfield Program under a shared services agreement with the City. Among the terms are: supervising professional services contracting for environmental investigation and remediation, and applying for and administering federal and state grants.

With a U.S. Environmental Protection Agency ("EPA") Technical Assistance grant (through the New Jersey Institute of Technology), the Agency aligns its Brownfield Coordination Strategy with the New Jersey Energy Strategy, and the City's Comprehensive Economic Development Strategy. The Agency coordinated the Brownfield Development Areas, certified by the New Jersey Department of Environmental Protection, for addressing environmental investigation and remediation for two neighborhoods: North Camden and Cramer Hill. The Agency has two EPA grants totaling \$400,000, which assisted in the implementation of the Brownfield Coordination Strategy. With these funds, the Agency is undertaking environmental investigations in targeted redevelopment areas. In particular, EPA funded environmental investigations have complimented and informed the planning efforts underway in the Mt. Ephraim Transformation Plan area. The Agency has also received a grant of \$1,000,000 from EPA to capitalize a Brownfields Revolving Loan Fund. The Agency is currently marketing this innovative approach to providing affordable financing to businesses and non-profits to conduct environmental cleanup activities in connection with redevelopment.

Specific Site Redevelopment Activities

- **Neighborhood Stabilization Program II ("NSP2") Phase II** - As mentioned above, seven neighborhoods received the redevelopment benefit resulting from activities: acquisition, new construction, rehabilitation, demolition, landbanking properties for future redevelopment, and greening of vacant lots. Phase II focuses on the Cooper/Lanning redevelopment area, supporting the development initiatives of the Education and Medical institutions ("EDs and MEDs"), and the Gateway and North Camden redevelopment areas.

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- **Cooper/Lanning Redevelopment** – The Agency in coordination with the City of Camden’s anchor EDs and MEDs, community residents and consultants for the issuance of a Request for Proposal for the redevelopment of approximately 400 parcels of land into housing, businesses and open space that was advertised in 2014. In 2015, due to the lack of developer responses, the Agency has shifted its approach to one that is more project-based. The Agency issued Requests for Proposals for multifamily and single family residential developments for the Cooper/Lanning and Downtown redevelopment areas. As the Agency continues to assemble land for redevelopment by the “EDs and MEDs”, it is working with the City to prepare a comprehensive and integrated housing policy that will respond to current issues of housing supply and demand for the City.
- **CHOICE Grant Opportunity** – (Centerville, Liberty Park, and Whitman Park neighborhoods) Mt. Ephraim Transformation Plan: The Housing Authority of the City of Camden ("HACC") was awarded a U.S. HUD CHOICE Planning Grant in the amount of \$300,000 to assist in drafting a plan for a \$30 million HUD Implementation Grant, which was issued by HUD in December of 2014. The Agency is a member of the CHOICE Leadership Team that developed the plan, which includes development components for 3 neighborhoods: Centerville, Liberty Park and Whitman Park. The City and HACC, as co-applicants, submitted a highly competitive application for funding in the 2015 CHOICE Implementation Grant round, and HUD selected this application as one of nine national finalists. Even though the application was not awarded funding in 2015, the City/HACC will re-apply in 2016. In the 2015 Choice Implementation Grant application, the Agency was designated as the Housing Implementation Entity charged with site acquisition, building and marketing of rental and ownership housing, businesses and environmental work in the targeted neighborhoods. The Agency acquired sixty-five (65) parcels for \$250,000 in Whitman Park from the City for these purposes.
- **Radio Lofts (Downtown District)** – This former RCA Victor plant building is currently scaled for a 100-unit fair market residential condo development. In 2012, the Agency learned that an additional \$2.5 million for environmental remediation is required prior to any construction. With benefit of a U.S. EPA grant and addition NJ HDSRF grants, the Agency is moving the work forward in closing the funding gap needed to complete the remediation required in the Redevelopment Agreement.
- **Campbell Soup Redevelopment of International Headquarters and Office Park (Gateway Neighborhood)** – Having completed its \$100 million plus World Headquarters expansion for which the Agency assembled land and managed the Brownfield coordination, the Agency continues in its monitoring of the Master Redevelopment Agreement and the coordination of Brownfield work. The Campbell’s Gateway Office Park entered a new and exciting phase in 2014 with the designation by the Agency of Brandywine Realty Trust as a Sub-Redeveloper. Brandywine proposes to a build an office building for Subaru on the site of the former Sears Building. The project will relocate jobs to Camden. Sale of the properties to Brandywine was completed in 2015 with construction commencing immediately thereafter.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- **Catto School Demonstration with Stockton Park (Dudley Neighborhood)** – Both the school and park are open. The construction work for the \$70 million grant from the New Jersey School Development Authority has been completed, with oversight of the park turned over to the City's management. The Agency continued its work with the New Jersey School Development Authority to close out the grant.
- **Redevelopment Study and Plans** – The Agency assists the City Department of Planning and Development in its planning priorities by acting as a pass-through for funding from the Economic Recovery Board for planning consultant services. Several significant redevelopment studies and plans are underway and are central to critical redevelopment activities. Namely, in 2015, redevelopment study and plan was completed for Whitman Park, and will be submitted to Planning Board and the City for adoption in 2016.
- **Central Waterfront Parking** – The Agency acted as the City's agent for the acquisition and land assemblage of properties through eminent domain, providing more than 1,200 temporary overflow parking spaces utilized by the Susquehanna Center for its concert series. The City of Camden Parking Authority maintains and enforces the parking in that area. As a settlement was reached in the condemnation action with the prior property owners, the City realized more than \$400,000 in back taxes. This also gave the City the ability to negotiate for additional funds for the additional parking spaces. The Agency is acquiring the final five properties to complete the required temporary overflow parking space requirement set by the Susquehanna Center (now known as the BB&T Pavilion).
- **Real Estate Asset Management Program ("RAMP")** – RAMP is a web-based customer service driven system for the redevelopment of Agency owned property that results in an improved quality of life for residents and businesses, and sustainable revenues for the City. One of the great achievements funded by the NSP2 grant is the development of RAMP. The disposition of properties in the RAMP inventory will also stimulate operating revenue. The program allows the Agency to make huge strides in targeting and planning for specific development, particularly in the NSP2 areas.
- **Family Dollar-7th & Linden Streets** – During 2015, the Agency completed the sale of the 7th & Linden Streets site to Boos States Development, LLC for the development of a 10,000 square-foot Family Dollar Store. With all approvals in place construction began immediately. The opening of the store will culminate a nearly 25 year effort to bring retail services to North Camden.
- **KIPP Cooper Norcross Academy at Lanning Square** – The development of a state-of-the art, \$41 million dollar, 110,000 square foot elementary school was completed and opened in Fall 2015. KIPP will educate 1,100 students from Pre-K through 8th grade in this facility, which has such amenities as science labs, computer rooms, arts and music rooms. The KIPP School is part of the city's school district, but as a renaissance school, unlike charter schools, it will provide guaranteed enrollment to children living in the Cooper/Lanning neighborhoods. In 2014, the Agency conveyed eleven (11) parcels of land to Cooper Lanning Square Renaissance School Facilities, Inc. (KIPP) for a temporary facility to house the first class of 100 kindergarten students, while the new facility was being completed. Thirteen (13) additional properties will be conveyed to KIPP by the Agency for future open space or recreation uses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- **Mastery Cramer Hill Renaissance School** – the Agency completed the sale of an approximately 4 acre former industrial site located at the corner of River and State Streets to an affiliate of the highly respected Mastery Charter Foundation for the development of an 85,000 square foot renaissance school. The site has been vacant for several decades and in addition to bringing quality educational opportunities and positive community activity to the Cramer Hill Neighborhood, the project will address the long standing environmental contamination of the site.
- **ResinTech, Inc.** – Working with the City, the Agency issued a Request for Proposals for the sale and development of 3 City-owned parcels in the 1600 Block of Federal Street. The successful proposal was submitted by ResinTech, Inc., a manufacturer of high-tech water purification systems. ResinTech is committed to bringing 75 jobs to Camden and investing \$25.0 million in site improvements, new plant and equipment.

Financial Analysis

	2015	2014	2013	2014 to 2015	
				\$ Change	% Change
Total Assets	\$ 20,703,713	\$ 19,736,983	\$ 16,692,533	\$ 966,730	4.90 %
Total Deferred Outflows of Resources	647,056	165,526	-	481,530	290.91 %
Total Liabilities	6,267,251	5,566,629	3,482,534	700,622	12.59 %
Total Deferred Inflows of Resources	162,653	273,665	-	(111,012)	(40.56)%
Net Position	14,920,865	14,062,215	16,209,999	858,650	6.11 %
Total Operating Revenues	1,731,257	3,917,344	5,533,362	(2,186,087)	(55.81)%
Total Operating Expenses	2,183,774	4,110,936	4,919,089	(1,927,162)	(46.88)%

Total Assets

- Total assets increased by \$966,730 or 4.9% compared to 2014.

Total Liabilities

- Total liabilities increased by \$700,622 or 12.59% compared to 2014. This change was primarily due to the increase in net pension liability. In 2015, the Agency also implemented GASB Statement No. 71-Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This resulted in net pension liability of \$2,858,861 and \$2,193,078 as of December 31, 2015 and 2014, respectively.

Total Net Position

- Total net position increased by \$858,650.00 or 6.11%, primarily due to capital contributions.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Total Operating Revenue

- The Following two major categories affected total operating revenue:
 - Grant Revenue decreased by \$2,118,128, or 59.8%, due to a decrease in activities of the NSP2 grant managed by the Agency.
 - Project Management Fees decreased by \$38,695, or 13.0%, due to a decrease in the NSP2 project managed by the Agency.

Total Operating Expense

- Total operating expense decreased by \$1,927,162, or 46.88%, compared to 2014. This change was primarily due to a decrease of \$1,588,135 or 62% in relocation and acquisition expenses for grant funded projects since the cost of acquiring land is capitalized upon purchase of the property.

Capital Assets

The Agency's capital assets primarily consist of land inventory contributed to the Agency by the City or acquired by the Agency.

Debt

Intergovernmental loans payable in the amount of \$114,260 and \$210,398, for the years ended December 31, 2015 and 2014, respectively, is the result of two separate outstanding debts due to the County and New Jersey Redevelopment Authority ("NJRA").

- Debt to the County in the amount of \$114,260; the County administrator's office has provided proof of the debt and the terms of repayment have been agreed to. The Agency intends to renegotiate the debt in the 2016 fiscal year.
- Debt to the NJRA in the amount of \$96,138 was repaid during 2015 from acquisition of the subject property by the designated redeveloper. The land use that is a subject of this loan is slated to be developed into retail space.

New Business and Goals

Comprehensive Economic Development Strategy ("CEDS") implementation continues with a new full-service, major chain grocery store and regional shopping plaza on Admiral Wilson Blvd, one Family Dollar Store and associated retail at 7th & Linden Streets, new mixed use apartment building for medical students and two renaissance school facilities. Namely, the KIPP Norcross Academy at Lanning Square and Mastery Cramer Hill Elementary Renaissance School.

CHOICE Grant Opportunity – In 2016, the City and Housing Authority of the City of Camden and HACC will re-apply for a \$30 million dollar HUD CHOICE Implementation Grant for a portion of the Mt. Ephraim Transformation Plan area. The Agency, a partner and designated as the partner Housing Implementation Entity, will be charged with site acquisition, building and marketing of rental and ownership housing, businesses and environmental work in the targeted neighborhoods.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Admiral Wilson Regional Retail Development – The Agency is working with Camden Renaissance Associates LLC, the City and the Delaware River Port Authority to assemble a site large enough to develop a 150,000 square-foot grocery anchored regional shopping center.

Cooper/Lanning – Requests for Proposals were issued in 2015 and the Agency, City and Community leaders will continue this process in the selection of redeveloper(s) for discrete infill and new construction redevelopment projects for housing (rental/homeownership) and commercial ventures.

Cooper Grant Phase II – The Agency will be involved in the remediation of the ABC Barrel site, and after the remediation is completed, the Agency will issue a Request for Proposals for market for-sale homes on Agency owned properties.

Pierre Building – The Agency issued a Request for Proposals, and a redeveloper has been designated. This long term vacant building, financed under the Employment Opportunities Act of 2013 ("EOA") by the NJ Economic Development Authority and by the NJ Housing & Mortgage Finance Agency will undergo major rehabilitation in 2016. The rehabilitation of the Pierre, a circa 1919 National-Register listed building, will transform this vacant structure into 29 high quality mixed income rental apartments.

Cooper Village Apartments – The Agency designated Broadway Housing Partners, LLC as redeveloper of 59 high quality apartments for the Cooper Rowan Medical School students, fellows and other professionals. This 62,500 square foot project involves both the new construction and rehabilitation of residential and commercial/retail (on the ground floors) spaces. The project is located along the Broadway commercial corridor directly across the street from the medical school. It is a long awaited development that is financed using EOA tax credits, will be completed and ready for lease up in July of 2016.

312 Cooper Street (the former "Red Cross Building") – In 2013, The Rutgers University Board of Governors approved the redevelopment of the Red Cross building located at 312 Cooper Street into space that would accommodate programs and offices for the first Rutgers University Office of Alumni Relations and Development. This 3-story building, dating around 1810, is a noted example of American Federalist architecture and is one of the oldest structures in the City of Camden's Cooper Street Historic District. The building is listed on both the State and National Registers of Historic Places. Other than the addition for an elevator and stair tower, there were no alterations to the exterior of the building. The Rutgers Alumni Building is to be completed in April 2016 for a development cost of more than \$2.5 million and will serve as a gathering place for Rutgers graduates in southern New Jersey and throughout the region.

Rowan University/Rutgers University-Camden Joint Health Sciences Complex – In 2015, the Rowan/Rutgers Joint Board continued to assemble properties in the Lanning Square neighborhood for construction of a new \$76 million health sciences complex, covering a city block. The process to acquire land within Block 181 for the project site was initiated by the Agency. The Agency, having acquired almost 60% of the site, conveyed the properties that had been assembled to the Joint Board. When complete, this health sciences complex will complete the Eds and Meds connection to the Downtown District and house an array of collaborative programs in the health sciences for students from both Rowan and Rutgers universities.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Harrison Avenue Landfill Redevelopment – With the opening of the Kroc Center on a 25 acre portion of the Harrison Avenue Landfill, the Agency has turned its attention to the remediation and redevelopment of the remaining 50 acres - "Balance of the Harrison Avenue Landfill." The initial phase of the redevelopment will create a solar power generating field intended to reduce the Kroc Center's energy cost. Subsequent phases include wetlands and natural habitat restoration and park development. In 2013 the Agency received 3 EPA Cleanup Grants for Harrison Avenue Landfill and in 2014 the Agency was awarded 3 more grants and in 2015 an additional grant bringing the EPA commitment to \$1.4 million. With this commitment on the Federal level, the Agency was able to leverage an additional \$6.7 million from the New Jersey Hazardous Discharge Site Remediation Fund ("HDSRF").

Holtec – During 2014 the Agency and City entered into negotiations with South Jersey Port Corporation ("SJPC") for the purchase by the SJPC of lots from the City and Agency in the long-vacant Terraces project area. SJPC proposes to build an industrial facility which it will lease on a long-term basis to Holtec, a manufacturer of, among other things, nuclear-power equipment and containers.

Mt. Ephraim Choice Neighborhood Area Wide Planning Initiative – In 2015, the Agency was awarded a grant of \$200,000 from the U.S. Environmental Protection Agency to develop a community-based plan for the reuse of a Brownfield site located in the Mt. Ephraim Choice Neighborhood. The plan will focus on the Camden Labs "catalyst site" which has long been a blighting influence in the Whitman Park Neighborhood. The Agency also received a Site Specific Assessment grant from EPA to conduct environmental investigations of the Camden Labs Site.

Liberty Property Trust Camden Waterfront – Philadelphia based Liberty Property Trust announced plans to develop the 16 acre parcel stretching along the Camden Waterfront from the Benjamin Franklin Bridge to the Adventure Aquarium. The estimated \$1.0 billion dollar mixed use project will include office space, residential, entertainment and a hotel. The project, the largest in Camden history, is being made possible by the "Grow New Jersey" tax incentive program. The Agency is involved in the development through its ownership of 3 key parcels in the development footprint.

NFI-Haddon Avenue – The Agency authorized the sale of 2 parcels on Haddon Avenue in the Whitman Park Neighborhood to NFI, a nationally recognized supply chain and real estate company. NFI is in the process of assembling a 5.5 acre site in order to develop a 71,400 square foot food production facility. The developer anticipates accessing the "Grow New Jersey" program and will create 36 jobs.

Comprehensive Economic Development Strategy ("CEDS") – The City's first CEDS, completed in the fall of 2012, was updated December 2014. The Agency is coordinating with the City on strategic execution of projects in the eight economic development districts reflected in the CEDS; namely, Downtown, North Camden, Cramer Hill/ East Camden, Admiral Wilson, Centerville/ Morgan Village/ Fairview, Liberty Park/ Parkside/ Whitman Park, Cooper Plaza/ Lanning Square/ Bergen Square and Waterfront South. The Agency continues identifying redevelopment opportunities directed by the City's Master Plan, CEDS, Redevelopment Plans and Neighborhood Plans, where they exist.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Human Resources – The Agency has two certified bargaining units: United Food and Commercial Workers Local 1360 represents supervisory and non-supervisory positions. Negotiations have commenced on the terms of the bargaining agreement for the period beginning January 1, 2015. The Agency will work with these units to assure a strong office environment.

Contacting the Agency

If you have any questions about this report or need additional information, you may contact The Executive Director at City of Camden Redevelopment Agency, City Hall Suite 1300, P.O. Box 95120, Camden, NJ 08102 or 856.757.7600.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

STATEMENT OF NET POSITION

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,647,151	\$ 3,427,101
Rent receivable, net of allowance for uncollectible amounts of \$24,750 for 2015 and 2014	27,600	27,600
Accounts receivable, net of allowance for uncollectible amounts of \$21,317 for 2015 and 2014	10,243	11,759
Grants receivable	563,167	282,228
Notes receivable	<u>120,000</u>	<u>-</u>
Total current assets	<u>4,368,161</u>	<u>3,748,688</u>
Noncurrent assets		
Notes receivable	480,000	600,000
Capital assets, net of accumulated depreciation of \$114,016 in 2015 and 2014	<u>15,855,552</u>	<u>15,388,295</u>
Total noncurrent assets	<u>16,335,552</u>	<u>15,988,295</u>
Total assets	<u>\$ 20,703,713</u>	<u>\$ 19,736,983</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	<u>\$ 647,056</u>	<u>\$ 165,526</u>
Total deferred outflows of resources	<u>\$ 647,056</u>	<u>\$ 165,526</u>
Total assets and deferred outflows of resources	<u>\$ 21,350,769</u>	<u>\$ 19,902,509</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 686,374	\$ 609,048
Accrued interest payable	177,798	249,160
Unearned revenue	2,429,958	2,304,945
Intergovernmental loans payable	<u>114,260</u>	<u>210,398</u>
Total current liabilities	<u>3,408,390</u>	<u>3,373,551</u>
Noncurrent liability		
Net pension liability	<u>2,858,861</u>	<u>2,193,078</u>
Total noncurrent liability	<u>2,858,861</u>	<u>2,193,078</u>
Total liabilities	<u>\$ 6,267,251</u>	<u>\$ 5,566,629</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	<u>\$ 162,653</u>	<u>\$ 273,665</u>
Total deferred inflows of resources	<u>\$ 162,653</u>	<u>\$ 273,665</u>
Net Position		
Invested in capital assets, net of related debt	\$ 15,741,292	\$ 15,177,897
Unrestricted	<u>(820,427)</u>	<u>(1,115,682)</u>
Total net position	<u>\$ 14,920,865</u>	<u>\$ 14,062,215</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,350,769</u>	<u>\$ 19,902,509</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Operating revenues		
Grants	\$ 1,424,782	\$ 3,542,910
Project management and administrative fees	252,805	291,500
Rental income	6,000	45,329
In-kind revenue	47,670	37,605
Total operating revenues	<u>1,731,257</u>	<u>3,917,344</u>
Operating expenses		
Relocation and acquisition expenses	985,754	2,573,889
Project consulting and management fees	15,402	83,931
Salaries and benefits	940,647	992,148
Professional fees	80,947	73,062
Insurance expense	174,071	212,123
Payroll taxes and service fees	62,045	65,862
Other operating expenses	(154,535)	39,061
In-kind rent	47,670	37,605
Office supplies	26,638	27,476
Marketing	1,467	3,592
Travel	3,668	2,187
Total operating expenses	<u>2,183,774</u>	<u>4,110,936</u>
Operating (loss) income	<u>(452,517)</u>	<u>(193,592)</u>
Nonoperating revenues (expenses)		
Interest revenue	399	653
Interest expense	-	(11,958)
Net nonoperating revenues (expenses)	<u>399</u>	<u>(11,305)</u>
Change in net position before capital contributions and loss on acquisition and sale of land	(452,118)	(204,897)
Capital contributions	1,643,846	1,788,064
Loss on acquisition of land	(188,757)	(232,696)
Loss on sale of land	<u>(144,321)</u>	<u>(1,197,038)</u>
Change in net position	858,650	153,433
Net position, beginning of year, as previously reported	-	16,209,999
Prior period adjustment	-	(2,301,217)
Net position, beginning of year, as restated	<u>14,062,215</u>	<u>13,908,782</u>
Net position, end of year	<u>\$ 14,920,865</u>	<u>\$ 14,062,215</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

STATEMENT OF CASH FLOWS

	<u>Year Ended December 31.</u>	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Cash received from grants income	\$ 1,172,718	\$ 3,376,951
Cash received from rental income	6,000	45,329
Other operating cash receipts	254,321	324,690
Payments made to employees for services	(940,647)	(992,148)
Payments made to suppliers for goods and services	<u>(1,118,131)</u>	<u>(3,078,258)</u>
Net cash from operating activities	<u>(625,739)</u>	<u>(323,436)</u>
Cash flows from noncapital financing activities		
Proceeds from other nonoperating sources	<u>399</u>	<u>653</u>
Net cash from noncapital financing activities	<u>399</u>	<u>653</u>
Cash flows from capital and related financing activities		
Proceeds from land sales and redevelopment fees	1,345,393	839,984
Purchase of capital assets	<u>(500,003)</u>	<u>(500,004)</u>
Net cash from capital and related financing activities	<u>845,390</u>	<u>339,980</u>
Net change in cash and cash equivalents	220,050	17,197
Cash and cash equivalents, beginning of year	<u>3,427,101</u>	<u>3,409,904</u>
Cash and cash equivalents, end of year	<u>\$ 3,647,151</u>	<u>\$ 3,427,101</u>
Reconciliation of operating (loss) income to net cash from operating activities		
Operating (loss) income	<u>\$ (452,517)</u>	<u>\$ (193,592)</u>
Adjustments to reconcile operating (loss) income to net cash from operating activities		
Increase (decrease) in cash from		
Accounts receivable	1,516	33,190
Grants receivable	(280,939)	(42,093)
Accounts payable and accrued expenses	77,326	2,925
Unearned revenue	125,013	126,134
Intergovernmental loans payable	<u>(96,138)</u>	<u>(250,000)</u>
Total adjustments	<u>(173,222)</u>	<u>(129,844)</u>
Net cash from operating activities	<u>\$ (625,739)</u>	<u>\$ (323,436)</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

City of Camden Redevelopment Agency (the "Agency"), was organized on August 27, 1987, after Council of the City of Camden, New Jersey (the "City") adopted an ordinance establishing the Agency and delegating its redevelopment functions. The Agency was created to acquire, plan, reconstruct and redevelop certain areas within the City to promote public health, safety and welfare, stimulate growth and preserve existing values of land.

The Agency's board is made up of seven commissioners, appointed by the City Council. Executive and administrative responsibility rests with the Executive Director, who is appointed by the board.

Component Unit

The Agency adopted Governmental Accounting Standards Board ("GASB") Statement No. 39 *Determining Whether Certain Organizations Are Component Units*. This standard supersedes GASB Statement No. 14 *The Financial Reporting Entity* for determining whether the Agency is a component unit of the City. In accordance with GASB Statement No. 39, the Agency is considered a component unit of the City.

Basis of Accounting, Measurement Focus and Basis of Presentation

The Agency follows a proprietary fund type basis of accounting. Thus, the accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are used to account for activities that are operating in a manner similar to private business enterprises. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when they are incurred.

In its accounting and financial reporting, the Agency follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Agency must adopt an annual budget in accordance with N.J.A.C. 5:31-2, which requires the governing body to introduce the Agency's annual budget at least 60 days prior to the end of the current fiscal year and to adopt it no later than the beginning of the Agency's fiscal year. The budget is adopted on the accrual basis of accounting. The Agency's board may amend the budget at any point during the year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, escrow deposits and cash on deposit with public depositories.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey, or in the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey municipal units.

Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is management's estimate of potential losses based on historical experience and current economic conditions. The allowance is increased by the bad debt provision charged to expense. Amounts determined to be uncollectible are charged against the allowance and subsequent recoveries, if any, are recorded against allowances.

Capital Assets

Capital assets include land inventory held by the Agency, which consists of land and properties contributed by the City of Camden, and properties purchased using loan and grant funds. These properties are subsequently developed with the assistance of the Agency, donated to the City of Camden, and sold to public and private developers. The City of Camden's tax assessor office determines the value of contributed properties based on the tax-assessed value. The value is not a representation of current market value, but the assessed valuation at the time the City forecloses on the property. The State of New Jersey's Division of Taxation ("Taxation") develops a market value ratio, which is adopted by the City of Camden and applied to the assessed values of donated properties in order to convert the properties to fair market value in the year contributed. Purchased properties are valued at the lower of cost or fair market value upon acquisition. Occasionally, the Agency pays a premium to purchase certain properties in order to assemble a contiguous section of land for redevelopment projects. When a premium is paid for the property, the Agency records the difference between the fair market value of the land and the purchase price as a loss on acquisition in the statement of revenues, expenses and changes in net position. The recorded value of properties owned are periodically considered for impairment. Properties are written down to market value when it is determined that impairment of value has occurred.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Also included in capital assets are small furniture and equipment purchases for which the Agency possesses title, which are capitalized in the statement of net position. This equipment is stated at cost and depreciated using the straight-line method over estimated useful lives of 3-7 years. Other equipment, including office furniture and copiers, utilized by the Agency are the property of the City of Camden. Therefore, no depreciation expense related to these fixed assets is recorded in the Agency's financial statements.

Net Position

The Agency is required to report net position in the following three components:

Invested in Capital Assets, Net of Related Debt - This component of net position consists of unrestricted and restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of loans and accumulated interest attributed to the acquisition of those assets.

Restricted - This represents the net position for which use is limited by external parties. There was no restricted net position as of December 31, 2015 and 2014.

Unrestricted - Unrestricted net position represents amounts for which the use is not externally restricted.

Operating and Non-operating Revenues and Expenses

The Agency defines revenue and expense transactions that support the principal ongoing operations of the Agency as operating including grant revenue, project management and administrative fees, rental income and acquisition/sale of land. Non-operating revenues and expenses include transactions derived from other than exchange and exchange-like transactions, such as interest expense.

Grant Revenue

The Agency recognizes grant revenue when earned on an accrual basis; that is, activities prerequisite to obtaining benefit have been completed, such as, complying with the terms and conditions of the grant agreement.

Income Taxes

As a governmental entity, the Agency's income is exempt from taxes in accordance with Internal Revenue Code Section 115.

Compensated Absences

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward from year-to-year. Vacation days may be accumulated for up to two years, after which time any unused accumulated vacation time will be cancelled. At least five vacation days must be taken during each year. In the event of separation from employment, the payment of accumulated vacation leave will be disbursed to the employee. The Agency accrues sick and vacation time in accordance with the policy.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application" effective for financial statements for periods beginning after June 15, 2015. This standard describes how fair value should be defined and measured, the use of various valuation techniques, and which information about fair value should be disclosed in the notes to the financial statements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also states that investments generally should be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. However, certain investments, such as money market investments, continue to be excluded from measurement at fair value. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment. Statement No. 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets previously were required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The Agency is currently evaluating the impact of this Statement on the financial statements.

B. CASH AND CASH EQUIVALENTS

New Jersey statutes permit the deposit of public funds into institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds;
or,
- (b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. Deposits were made with contracted depository banks in interest-bearing accounts that were insured under the Government Unit Deposit Protection Act of the State of New Jersey ("GUDPA"). All such deposits are held in the Agency's name. Deposits in excess of amounts insured by the FDIC are covered by a collateral pool maintained by the banks under GUDPA requirements. The Agency's deposits are summarized as follows:

	December 31,			
	2015		2014	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents	<u>\$ 3,647,151</u>	<u>\$ 3,648,959</u>	<u>\$ 3,427,101</u>	<u>\$ 3,553,924</u>

C. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31,	
	2015	2014
Urban Enterprise Zone Authority	\$ 31,560	\$ 33,076
Less: allowance for uncollectible amounts	21,317	21,317
Total accounts receivable, net	<u>\$ 10,243</u>	<u>\$ 11,759</u>

D. NOTES RECEIVABLE

Notes receivable consist of the following:

	December 31,	
	2015	2014
Mortgage note receivable in five annual installments of \$120,000 commencing August 27, 2016. Interest accrues on the unpaid principal balance at a rate of 5% per annum beginning August 19, 2016.	\$ 600,000	\$ 600,000
Total notes receivable	<u>\$ 600,000</u>	<u>\$ 600,000</u>

E. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2015 and 2014, was as follows:

	2015			
	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets				
Land inventory	\$15,388,295	\$ 1,955,091	\$ (1,487,834)	\$15,855,552
Total non-depreciable assets	<u>15,388,295</u>	<u>1,955,091</u>	<u>(1,487,834)</u>	<u>15,855,552</u>
Depreciable assets				
Furniture and equipment	114,016	-	-	114,016
Accumulated depreciation	<u>(114,016)</u>	<u>-</u>	<u>-</u>	<u>(114,016)</u>
Total depreciable assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>\$15,388,295</u>	<u>\$ 1,955,091</u>	<u>\$ (1,487,834)</u>	<u>\$15,855,552</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. CAPITAL ASSETS (CONTINUED)

	2014			Ending Balance*
	Beginning Balance*	Increase	Decrease	
Non-depreciable assets				
Land inventory	\$ 15,369,945	\$ 644,258	\$ (625,908)	\$15,388,295
Total non-depreciable assets	<u>15,369,945</u>	<u>644,258</u>	<u>(625,908)</u>	<u>15,388,295</u>
Depreciable assets				
Furniture and equipment	114,016	-	-	114,016
Accumulated depreciation	<u>(114,016)</u>	<u>-</u>	<u>-</u>	<u>(114,016)</u>
Total depreciable assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>\$ 15,369,945</u>	<u>\$ 644,258</u>	<u>\$ (625,908)</u>	<u>\$15,388,295</u>

The market value ratio developed by Taxation and adopted by the Agency was 1.0911 and 1.1008 for 2015 and 2014, respectively. This rate was applied to contributed land in the year donated in order to convert from the tax-assessed value to fair market value. During 2011, the City of Camden performed a reassessment of all properties within the City of Camden, including those owned by the Agency. Based on the results of the reassessment and lack of factors indicating a subsequent decline in value, there was no impairment of the recorded value of the land owned by the Agency that would require a loss on impairment to be recognized.

F. INTERGOVERNMENTAL LOANS PAYABLE

The Agency had a loan payable of \$96,138 as of December 31, 2014, to the New Jersey Redevelopment Authority, secured by a property located in the City of Camden. Loan proceeds were used for professional studies for the Gateway North Shopping Center Development. Repayments of the entire principal and accumulated interest, at a 4% interest rate, were to commence one year after the sale of the property or when construction of the shopping center begins, whichever was earlier. As of December 31, 2015, the conditions for repayment had been met. The Gateway North Shopping Center property was sold in October 2015. \$96,138 of the \$310,000 sale proceeds were used to pay New Jersey Redevelopment Authority to satisfy the loan payable.

The Agency also has a loan from the County of Camden. This agreement, made in December 1993 for \$114,260 at an annual interest rate of 7.1%, was for a study to be undertaken to examine the engineering, architectural and financial potential for the re-use or disposition of the General Electric Company facilities. The balance on the note was \$114,260 as of December 31, 2015 and 2014. Repayments of the entire principal and accumulated interest on this loan are due on demand.

G. PENSION AND RETIREMENT PLANS

Simplified Employee Pension Plan

The Agency has a Simplified Employee Pension Plan ("SEP") available for all its employees. Employees are 100% vested in the SEP/IRA contribution at all times. The Agency did not make contributions to the plan in 2015 or 2014.

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Pension and Retirement Plans

Full-time employees of the Agency are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of PERS and charges employers annually for their respective contributions. PERS provides retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. PERS is a cost-sharing, multiple-employer defined benefit plan and, as such, does not maintain separate records for each employer in the state; therefore, the actuarial data for the Agency is not available. The Division of Pensions issues a publicly available financial report for PERS, including financial statements and required supplementary information. Please refer to State website www.state.nj.us for more information regarding the plan. The PERS financial report may be obtained by writing to the State of New Jersey, Department of The Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

As a condition of employment, all Agency full-time employees are required to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service is required. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. For a few employees hired after July 1, 2008, the formula changes and years of service is divided by 62, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of service. Vested employees who have established 25 years or more of creditable service may retire without penalty or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Covered Agency employees are required by PERS to contribute 6.64% of their salaries. State statute requires the Agency to contribute the remaining amounts necessary to pay benefits when due. The amount of the Agency's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

Plan Description

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report ("CAFR") which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirements benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can received an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution requirements of PERS plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5.00% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P .L. 2007 and Chapter 103, P .L. 2007, plan members are required to contribute 5.50% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.00% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The active member effective contribution rates were July 1, 2014, 6.92%, July 1, 2013, 6.78%, and July 1, 2012, 6.64%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Agency is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were \$0 and \$101,294 for the years ended June 30, 2015 and 2014, respectively.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015 and 2014, the Agency had a liability of \$2,858,861 and \$2,193,078, respectively, for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the plan, actuarial determined. At June 30, 2015 and 2014, the Agency's proportion was 0.0127354833% and 0.0117134509%, respectively, which was an increase of .001% from its proportion measured as of June 30, 2014, and a decrease of 0.0009% from its proportion measured as of June 30, 2013, respectively.

	PERS			
	2015		2014	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,202	\$ -	\$ 68,962	\$ -
Changes in assumptions	307,019	-	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	45,965	-	130,697
Changes in proportion and differences between Agency contributions and proportionate share of contributions	162,344	116,688	-	142,968
Agency contributions subsequent to the measurement date	109,491	-	96,564	-
	<u>\$ 647,056</u>	<u>\$ 162,653</u>	<u>\$ 165,526</u>	<u>\$ 273,665</u>

\$109,491 and \$96,564 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015 and 2014, respectively. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ 59,941
2017	59,941
2018	59,941
2019	95,466
2020	53,967
	<u>\$ 329,256</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary increases: 2012-2021 (based on age)	2.15-4.40%
Salary increases: thereafter (based on age)	3.15-5.40%
Investment rate of return	7.90%

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

In accordance with State statute, the long term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return of each major asset class included in PERS's target asset allocation as of June 30, 2015 and 2014, are summarized in the following table:

Asset Class	2015		2014	
	Target 2015	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	1.00%	2.49%
Investment Grade Credit	10.00%	1.79%	0.00%	0.00%
Intermediate-Term Bonds	0.00%	0.00%	11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.25%	25.90%	8.22%
Developed Foreign Equities	12.00%	4.72%	12.25%	4.92%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-4.0%	0.00%	0.00%
REIT	4.25%	5.12%	0.00%	0.00%

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PERS - Last 10 Fiscal Years			
	2015	2014	2013
Agency's proportion of the net pension liability	0.0127354833%	0.0117134509%	0.0125990144%
Agency's proportionate share of net pension liability	\$ 2,858,861	\$ 2,193,078	\$ 2,407,922
Agency's covered-employee payroll	793,637	874,117	922,128
Agency's proportionate share of net pension liability as a % of payroll	360.22 %	250.89 %	261.13 %
Total pension liability	5,490,213	4,576,618	4,695,942
Plan fiduciary net position	2,631,353	2,383,539	2,288,020
Plan fiduciary net position as a % of total pension liability	47.93 %	52.08 %	48.72 %

PERS - Last 10 Fiscal Years			
	2015	2014	2013
Contractually required contribution	\$ 109,491	\$ 96,564	\$ 94,931
Contributions in relation to the contractually required contribution	103,692	107,422	100,262
Agency's covered employee payroll	793,637	874,117	922,128
Contributions as a % of covered employee payroll	13.07 %	12.29 %	10.87 %

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

H. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Agency maintains commercial insurance coverage for property, liability and surety bonds.

I. COMMITMENTS AND CONTINGENCIES

The Agency is a defendant in several legal proceedings. It is believed that the outcome, or exposure to the Agency, from such litigation is either inestimable or potential losses would not be material to the financial statements. Therefore, no liability has been recognized in the financial statements.

In 2010, the Agency was awarded \$11,926,887 of Neighborhood Stabilization Program II funds under the American Recovery and Reinvestment Act of 2009 ("ARRA"). Under the terms of the award, the Agency had twenty-four months to expend half of the grant amount, and thirty-six months to expend the entire grant amount. The Agency met the requirement to expend half of the grant amount in February 2012 and expended the full amount as of February 2013.

In 2014 and 2015, the Agency used program income from the sale of various properties to create additional loans to various developers in excess of the \$11,926,887 initial award.

J. RELATED PARTY TRANSACTIONS

The City of Camden provides employees and office space to the Agency at no charge. The value of these contributed services and rent is estimated at \$47,670 and \$37,605 for 2015 and 2014, respectively. The cost of liability insurance is also contributed by the City of Camden. However, this cost cannot be reasonably estimated; consequently, no amount has been reported in the financial statements.

K. PRIOR PERIOD ADJUSTMENT

During fiscal year ended December 31, 2015, there was a change in accounting and financial reporting as a result of GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27 and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. This Statement establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses/expenditures. GASB Statement No. 68 and 71 are retroactive to the prior reporting period. The adjustment is detailed as follows:

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

K. PRIOR PERIOD ADJUSTMENT (CONTINUED)

Statement of Net Position December 31, 2014			
	Previously Reported	Prior Period Adjustment	Restated
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,427,101	\$ -	\$ 3,427,101
Rent receivable, net of allowance for uncollectible amounts of \$24,750 for 2015 and 2014	27,600	-	27,600
Accounts receivable, net of allowance for uncollectible amounts of \$21,317 for 2015 and 2014	11,759	-	11,759
Grants receivable	282,228	-	282,228
Total current assets	3,748,688	-	3,748,688
Noncurrent assets			
Notes receivable	600,000	-	600,000
Capital assets, net of accumulated depreciation of \$114,016 in 2015 and 2014	15,388,295	-	15,388,295
Total noncurrent assets	15,988,295	-	15,988,295
Total Assets	\$ 19,736,983	\$ -	\$ 19,736,983
DEFERRED OUTFLOWS OF RESOURCES			
Pension	\$ -	\$ 165,526	\$ 165,526
Total deferred outflows of resources	\$ -	\$ 165,526	\$ 165,526
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 609,048	\$ -	\$ 609,048
Accrued interest payable	249,160	-	249,160
Unearned revenue	2,304,945	-	2,304,945
Intergovernmental loans payable	210,398	-	210,398
Noncurrent liability - net pension liability	-	2,193,078	2,193,078
Total liabilities	\$ 3,373,551	\$ 2,193,078	\$ 5,566,629
DEFERRED INFLOWS OF RESOURCES			
Pension	\$ -	\$ 273,665	\$ 273,665
Total deferred inflows of resources	\$ -	\$ 273,665	\$ 273,665
Net position	\$ 16,363,432	\$ (2,301,217)	\$ 14,062,215

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

K. PRIOR PERIOD ADJUSTMENT (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2014			
	Previously Reported	Prior Period Adjustment	Restated
Operating revenues			
Grants	\$ 3,542,910	\$ -	\$ 3,542,910
Project management and administrative fees	291,500	-	291,500
Rental Income	45,329	-	45,329
Cash and cash equivalents	37,605	-	37,605
Total operating revenues	<u>3,917,344</u>	<u>-</u>	<u>3,917,344</u>
Operating expenses			
Relocation and acquisition expenses	2,573,889	-	2,573,889
Project consulting and management fees	83,931	-	83,931
Salaries and benefits	992,148	-	992,148
Professional fees	73,062	-	73,062
Insurance expense	212,123	-	212,123
Payroll taxes and service fees	65,862	-	65,862
Other operating expenses	39,061	-	39,061
In-kind rent	37,605	-	37,605
Office supplies	27,476	-	27,476
Marketing	3,592	-	3,592
Travel	2,187	-	2,187
Total operating expenses	<u>4,110,936</u>	<u>-</u>	<u>4,110,936</u>
Operating (loss) income	<u>(193,592)</u>	<u>-</u>	<u>(193,592)</u>
Nonoperating revenues (expenses)			
Interest revenue	653	-	653
Interest expense	(11,958)	-	(11,958)
Total nonoperating expenses	<u>(11,305)</u>	<u>-</u>	<u>(11,305)</u>
Change in net position before capital contributions and loss on acquisition and sale of land	(204,897)	-	(204,897)
Capital Contributions	1,788,064	-	1,788,064
Loss on acquisition of land	(232,696)	-	(232,696)
Loss on sale of land	(1,197,038)	-	(1,197,038)
Change in net position	153,433	-	153,433
Net position, beginning of year	<u>16,209,999</u>	<u>(2,301,217)</u>	<u>13,908,782</u>
Net position, end of year	<u>\$ 16,363,432</u>	<u>\$ (2,301,217)</u>	<u>\$ 14,062,215</u>

SUPPLEMENTARY INFORMATION

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>Program Award Amount Received</u>	<u>Grant Period</u>	<u>Current Year Disbursements</u>	<u>Cumulative Disbursements</u>
United States Environmental Protection Agency:						
Harrison Avenue Landfill Cleanup Lot 7	66.818	\$ 200,000	\$ 112,456	10/01/13 - 09/30/16	\$ 26,253	\$ 123,256
Harrison Avenue Landfill Cleanup Lot 8	66.818	200,000	18,288	10/01/13 - 09/30/16	28,299	28,737
Harrison Avenue Landfill Cleanup Lot 9	66.818	200,000	18,326	10/01/13 - 09/30/16	27,685	28,614
Harrison Avenue Landfill Cleanup Lot 10	66.818	200,000	16,108	09/16/14 - 09/30/17	26,977	26,977
Harrison Avenue Landfill Cleanup Lot 11	66.818	200,000	15,466	09/16/14 - 09/30/17	25,918	25,918
Harrison Avenue Landfill Cleanup Lot 12	66.818	200,000	15,456	09/16/14 - 09/30/17	25,564	25,564
Harrison Avenue Landfill Cleanup Lot 18	66.818	200,000	-	09/22/15 - 09/30/18	836	836
Hazardous Substance - ARRA 2013	66.818	200,000	32,856	10/01/13 - 09/30/16	50,694	75,241
Hazardous Substance RLF	66.818	608,439	5,349	10/01/13 - 09/30/18	3,357	4,601
ABC Barrel (324-330 N. Front Street)	66.818	200,000	38,290	10/01/10 - 09/30/17	7,259	47,389
ABC Barrel (300 Block of N. 2nd Street)	66.818	200,000	37,983	10/01/10 - 09/30/17	9,531	49,849
ABC Barrel (121-123 Penn Street)	66.818	200,000	37,823	10/01/10 - 09/30/17	8,145	47,692
Camden Lab Site Specific Assessments	66.818	344,710	-	09/25/15 - 09/30/18	2,387	2,387
Petroleum Assessment 2013	66.818	200,000	60,228	10/01/13 - 09/30/16	48,410	68,756
Petroleum Assessment RLF	66.818	391,560	5,349	10/01/13 - 09/30/18	3,357	4,601
United States Department of Housing & Urban Development: Neighborhood Stabilization Program II ("ARRA")	14.256	<u>11,926,887</u>	<u>13,494,730</u>	01/14/10 - Until Completion	<u>456,010</u>	<u>13,183,770</u>
		<u>\$ 16,471,596</u>	<u>\$ 14,335,988</u>		<u>\$ 750,682</u>	<u>\$ 14,544,012</u>

See notes to the schedules of expenditures of federal awards and state financial assistance.

CITY OF CAMDEN REDEVELOPMENT AGENCY
(A Component Unit of the City of Camden, State of New Jersey)

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2015

<u>State Grantor/Program Title</u>	<u>State Account Number</u>	<u>Grant Award Amount</u>	<u>Program Award Amount Received</u>	<u>Grant Period</u>	<u>Current Year Disbursements</u>	<u>Cumulative Disbursements</u>
New Jersey Economic Development Authority, Economic Recovery Board:						
Neighborhood & Redevelopment I	P015686	\$ 723,945	\$ 445,567	05/19/04 until completion	\$ 3,184	\$ 443,826
Neighborhood & Redevelopment II	P16904	445,050	299,653	01/11/06 until completion	10,566	288,391
Mixed Site Acquisition	P20265	1,561,975	937,418	01/01/07 until completion	233,631	585,168
Tire & Battery	P20266	<u>700,000</u>	<u>131,288</u>	03/18/08 until completion	<u>31,817</u>	<u>295,761</u>
		<u>\$ 3,430,970</u>	<u>\$ 1,813,926</u>		<u>\$ 279,198</u>	<u>\$ 1,613,146</u>

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE

Year Ended December 31, 2015

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Agency and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the Single Audit Act and Subpart F of Title 2 U.S. Code of Regulations ("CFR") Part 200, Uniform administrative Requirements ("Uniform Guidance"), and State of New Jersey, Policy Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policy

The Agency recognizes grant revenue when earned on an accrual basis; that is, activities prerequisite to obtaining benefit have been completed, such as, complying with the terms and conditions of the grant agreement.

CITY OF CAMDEN REDEVELOPMENT AGENCY
 (A Component Unit of the City of Camden, State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ Yes X No

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program</i>
14.256	United States Department of Housing & Urban Development: Neighborhood Stabilization Program II (ARRA)
66.818	United States Environmental Protection Agency: Various Projects

Dollar threshold used to distinguish between type A and type B programs for federal awards: \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? _____ Yes X No

CITY OF CAMDEN REDEVELOPMENT AGENCY

(A Component Unit of the City of Camden, State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2015

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.

Section IV - Prior year audit finding.

Finding 2014-001

Criteria

All land transactions, acquisitions and dispositions, must be identified and recorded in a timely manner.

This finding was resolved in the current year.

**INDEPENDENT AUDITORS' 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**

To the Commissioners of
City of Camden Redevelopment Agency
(A Component Unit of the City of Camden, State of New Jersey)

We have audited, 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, the financial statements of the City of Camden Redevelopment Agency (a Component Unit of the City of Camden, State of New Jersey) (the "Agency") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated June 3, 2016.

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 purposes 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 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.

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**INDEPENDENT AUDITORS' 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
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Mercedien, P.C.

Certified Public Accountants

June 3, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

To the Commissioners of
City of Camden Redevelopment Agency
(A Component Unit of the City of Camden, State of New Jersey)

Report on Compliance for Each Major Federal Program

We have audited the City of Camden Redevelopment Agency's (a Component Unit of the City of Camden, State of New Jersey) (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2015. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Those standards and uniform guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mercadieu, P.C.
Certified Public Accountants

June 3, 2016