

**CITY OF CAMDEN REDEVELOPMENT AGENCY**

Financial Report

December 31, 2010

# CITY OF CAMDEN REDEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

To the Commissioners of  
City of Camden Redevelopment Agency

We have audited the accompanying financial statements of the business-type activities of City of Camden Redevelopment Agency (the "Agency") as of and for the years ended December 31, 2010 and 2009, which comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

- AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGladREY NETWORK
- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular Letter 04-04-OMB, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Mercaderes, P.C.*  
*Certified Public Accountants*

April 6, 2011

# **CITY OF CAMDEN REDEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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 has retained Mercadien, P.C., Certified Public Accountants, to prepare an independent audit of the financial statements for the years ended December 31, 2010 and 2009.

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, 2010 and 2009, in conformity with generally accepted accounting principles.

### **Mission**

The Agency's mission, since its creation on August 27, 1987, is ongoing coordination with the Mayor and members of City Council to undertake the redevelopment of blighted, underdeveloped and improperly developed areas for the social and economic well being of the City of Camden (the "City") and its citizens.

In keeping with this mission, the Agency continues to focus on developing the physical and economic elements of the City's communities. Our services are geared toward enhancing daily living and commerce throughout the City.

### **Summary of Agency and Business**

The Agency was established by ordinance of the Council of the City and is charged with the redevelopment of blighted areas and areas in danger of being in blight, in an effort to promote public health, safety, welfare and stimulate growth of the City. The City believes these are essential governmental functions that the Agency, operating independently, can perform more efficiently and economically than the City, if the City were to carry out these services directly.

Examples of the types of projects undertaken by the Agency include: rehabilitation of historic buildings; renovation of public facilities; market rate housing construction (for sale); affordable housing rehabilitation (for sale and rental); school construction projects; replacement housing for new school construction; and location assistance for entities relocating from within and outside of the City.

## CITY OF CAMDEN REDEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

#### Accomplishments

- Effective July 1, 2010, the responsibilities of the Executive Director were changed with the appointment by the Mayor of the City of Camden of a separate Director of Planning and Development. This re-alignment provides greater focus on respective initiatives for increased economic development and growth in the City of Camden. The City and the Agency continue to work closely together in the planning and execution of redevelopment activities.
- The Agency's grants from the American Recovery and Reinvestment Act of 2009 ("ARRA") were in full implementation. The Agency was awarded grants from:
  - U.S. Environmental Protection Agency - \$400,000 for petroleum and hazardous substance assessments at various industrial sites in the City of Camden; and
  - U.S. Department of Housing and Urban Development - \$11.9 million for the Neighborhood Stabilization Program 2 in seven census tracts: North Camden, Lanning, Cooper, Gateway, Marlton, Stockton and Rosedale, with the following eligible activities: acquisition, new construction, rehabilitation, demolition, landbanking and greening of vacant lots.
- *Management of Brownfield Program (City-wide)* - the Agency continued to manage the City's Brownfield Program under a shared services agreement. These services include contracting for investigation and remediation activities with state and federal grant sources. In addition, the Agency continued to host North Camden and Cramer Hill Brownfield Development Area advisory committees to work with the state and community on addressing environmental investigation and remediation in these neighborhoods.
- Specific redevelopment activities include the following:
  - *Rutgers Graduate Student apartments with commercial space (Downtown District)* - the development will be owned and operated by Rutgers-Camden. A redevelopment agreement was structured, negotiated and executed with a redeveloper, the Camden County Improvement Authority, for the property assemblage and sale in the Downtown District on Cooper Street. This redevelopment will energize Cooper Street and bring jobs to the Camden residents and businesses. The \$55 million 12-story project is scheduled for completion in September 2012.
  - *University of Medicine & Dentistry of New Jersey new facility (Cooper/Lanning Neighborhood)* - the Agency completed the land assemblage and business relocation for the new construction. The school will grow from about 100 plus students to approximately 400 students. This \$140 million project is scheduled for completion in September 2012.

## CITY OF CAMDEN REDEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

#### Accomplishments (Continued)

- *Ray and Joan Kroc Recreation Center (Cramer Hill Neighborhood)* - the Agency, in its environmental role, coordinated with The Salvation Army (recipient of \$50 million from the Kroc Foundation), New Jersey Department of Energy, the New Jersey Attorney General's Office and the New Jersey Department of Transportation for the remediation of a long standing "dump." The \$77 million 120,000 square foot recreation center is scheduled for completion September 2012.
- *New Roosevelt Plaza Park (Downtown District)* - the Agency acts as the agent of the City and project manager for the construction of the new Roosevelt Plaza Park. The Agency completed the asbestos remediation of the Parkade Building where the park will be built and executed a contract for the demolition of the Parkade Building, a long standing vacant eyesore in front of City Hall. The demolition activities began in January 2011. The \$6 million park project is scheduled for completion in the Fall of 2011.
- *Campbell Soup Redevelopment of International Headquarters and Office Park (Gateway Neighborhood)* - Campbell Soup was able to celebrate its \$100 million World Headquarters expansion in 2010. The expansion was successful based on the Agency's early execution of the terms and conditions of the Project Development Agreement for land acquisition and environmental remediation. While the impact of the economy's downward spiral has delayed the office park completion, activities are moving forward to prepare the Gateway neighborhood for its coming.
- *Catto School Demonstration with Stockton Park (Dudley Neighborhood)* - while the \$65 million school has been completed and opened, the park development is still underway. The Agency is the project manager for the Stockton Park. The \$5 million Park is scheduled for completion by Fall 2011.
- *Cramer Hill Human Capital Plan* - the Agency completed its work in coordination with the Neighborhood Plan. The Agency now awaits the City Council's approval of the Redevelopment Study and Plan along with the Human Capital Plan.
- *Central Waterfront Parking* - the Agency acted as the City's agent for the acquisition of properties through eminent domain for 1200 temporary overflow parking spaces utilized by the Susquehanna Center for its concert series. The parking authority maintains and enforces the parking. This action resulted in revenue to the City of over \$300,000 in back taxes. It also gave the City the ability to negotiate for additional funds for the additional parking spaces.

## CITY OF CAMDEN REDEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

#### Accomplishments (Continued)

- *Real Estate Asset Management Program ("RAMP")* - RAMP is a customer service driven system for the redevelopment of Agency owned property that results in the improved quality of life for residents and businesses, and sustainable revenues for the City and the Agency. One of the great achievements funded by the Neighborhood Stabilization Program 2 grant is the development of RAMP. The disposition of properties in the RAMP inventory will also boost operating revenue. The program will allow the Agency to make huge strides in targeting and planning for specific development, particularly in the Neighborhood Stabilization Program 2 areas. Staff members working with RAMP received asset management training online from the Neighborworks Institute.

#### Financial Analysis

	<u>2010</u>	<u>2009</u>	<u>\$ Difference</u>	<u>% Difference</u>
Total Assets	\$42,255,903	\$42,567,980	\$ (312,077)	(0.7)%
Total Liabilities	5,358,923	5,391,063	(32,140)	(0.6)%
Net Assets	36,896,980	37,176,917	(279,937)	(0.8)%
Total Operating Revenue	17,639,972	8,584,711	9,055,261	105.5 %
Total Operating Expense	17,859,018	9,784,194	8,074,824	82.5 %

#### Total Assets

- Total assets decreased by \$312,077 or 0.7% compared to 2009 activities due to an decrease in capital assets as a result of land sold during the fiscal year.

#### Total Liabilities

- Total liabilities decreased by \$32,140 or 0.6% compared to 2009. This change was primarily due to the decrease in accounts payable.

#### Total Net Assets

- Total net assets decreased by \$279,937 or 0.8%, primarily due to the aforementioned sale of land during the fiscal year.

#### Total Operating Revenue

- The following two major categories affected total operating revenue:
  - Grant Revenue increased by \$8,822,133, or 117.8%, due to a substantial increase in activities of the various project grants managed by the Agency.
  - Project Management Fees increased by \$303,462, or 41.0%, due to an increase in the number of projects managed by the Agency.

#### Total Operating Expense

- Total operating expense increased by \$8,074,824, or 82.5%, compared to 2009. This change was primarily due to an increase of \$7,148,643 or 95.9% in relocation and acquisition expenses for grant funded projects.



## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

#### **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 \$210,398 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 repay the debt within the 2011 fiscal year.
- Debt to the NJRA in the amount of \$96,138; the NJRA and the Agency are in the process of determining terms of the repayment and when the amount will be repaid.

#### **New Business and Goals**

During 2011, the Agency will continue its focus on redevelopment work in the target neighborhoods of Cooper-Lanning, Gateway, Downtown, Cramer Hill, North Camden, Parkside, Centerville, and Fairview. Commercial developments, various market rate and affordable housing, infrastructure upgrades, open space, environmental investigation and remediation will be reflected in the work. Specific projects will include, among others, Radio Lofts (market condominiums), Cooper Grant Phase II (market housing), and Haddon Transit Village Hub (retail center and market housing).

The Neighborhood Stabilization Program 2 implementation will require a good deal of staff time, as 50% of the funding must be spent by February 13, 2012.

The Agency's implementation of RAMP will greatly assist in generating revenues for the Agency and the City. These activities will include disposition through auction and redevelopment agreements. From the Tax Lien Finance Corporation, over 150 properties will be added to the RAMP inventory. These properties are primarily located in the North Camden and Cooper Lanning neighborhoods. New construction and/or rehabilitation on many of these properties will occur through the Neighborhood Stabilization Program 2. The remainder will be held for auction or other redevelopment purposes.

The Agency will also continue the office park development by Campbell Soup with condemnations, acquisitions and environmental remediation as per the Project Development Agreement.

During 2010, two bargaining units were certified: Local 1360 will represent both supervisory and non-supervisory staff. 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 management at City of Camden Redevelopment Agency, City Hall Suite 1300, P.O. Box 95120, Camden, NJ 08102.

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## STATEMENTS OF NET ASSETS

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 5,094,646	\$ 3,761,310
Rent receivable, net of allowance for uncollectibles of \$24,750 for 2010 and 2009	27,600	27,600
Accounts receivable, net of allowance for uncollectibles of \$21,317 for 2010 and 2009	39,324	38,196
Grants receivable	497,313	1,515,537
Notes receivable - current	<u>170,000</u>	<u>-</u>
Total current assets	<u>5,828,883</u>	<u>5,342,643</u>
Noncurrent assets		
Notes receivable - noncurrent	600,000	-
Capital assets, net of accumulated depreciation of \$114,016 in 2010 and 2009	<u>35,827,020</u>	<u>37,225,337</u>
Total noncurrent assets	<u>36,427,020</u>	<u>37,225,337</u>
Total Assets	<u><u>\$42,255,903</u></u>	<u><u>\$42,567,980</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 871,405	\$ 1,676,492
Accrued interest payable	201,328	189,370
Deferred revenue	4,075,792	3,314,803
Intergovernmental loans payable	<u>210,398</u>	<u>210,398</u>
Total liabilities	<u>5,358,923</u>	<u>5,391,063</u>
Net Assets		
Invested in capital assets, net of related debt	35,616,622	37,014,939
Unrestricted	<u>1,280,358</u>	<u>161,978</u>
Total Net Assets	<u>36,896,980</u>	<u>37,176,917</u>
Total Liabilities and Net Assets	<u><u>\$42,255,903</u></u>	<u><u>\$42,567,980</u></u>

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>Year Ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Operating revenues		
Grants	\$ 16,310,834	\$ 7,488,701
Project management and administrative fees	1,044,199	740,737
Rental income	173,279	193,200
In-kind revenue	<u>111,660</u>	<u>162,073</u>
Total operating revenues	<u>17,639,972</u>	<u>8,584,711</u>
Operating expenses		
Relocation and acquisition expenses	14,603,790	7,455,147
Project consulting and management fees	1,659,390	570,379
Salaries and benefits	993,959	1,182,206
Professional fees	119,495	58,865
Insurance expense	188,626	185,123
In-kind salaries	74,055	124,083
Payroll taxes and service fees	70,779	77,501
Other operating expenses	90,283	36,360
In-kind rent	37,605	37,605
Depreciation expense	-	20,792
Office supplies	13,205	10,763
Training and conferences	4,772	2,030
Bad debt expense	-	18,944
Marketing	645	3,002
Travel	<u>2,414</u>	<u>1,394</u>
Total operating expenses	<u>17,859,018</u>	<u>9,784,194</u>
Operating loss	<u>(219,046)</u>	<u>(1,199,483)</u>
Nonoperating revenues (expenses)		
Interest revenue	1,348	12,936
Interest expense	<u>(11,958)</u>	<u>(11,958)</u>
Net nonoperating (expenses) revenues	<u>(10,610)</u>	<u>978</u>
Change in net assets before capital contributions and (loss) gain on sale of land	(229,656)	(1,198,505)
Capital contributions	179,142	913,081
(Loss) gain on sale of land	<u>(229,423)</u>	<u>4,982</u>
Change in net assets	<u>(279,937)</u>	<u>(280,442)</u>
Net assets, beginning of year	<u>37,176,917</u>	<u>37,457,359</u>
Net assets, end of year	<u>\$36,896,980</u>	<u>\$37,176,917</u>

See notes to financial statements.

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Cash flows from operations:		
Cash received from grants income	\$ 18,090,047	\$ 8,742,087
Cash received from rental income	173,279	165,600
Other operating cash receipts	1,043,071	702,541
Payments made to employees for services	(993,959)	(1,182,206)
Payments made to suppliers for goods and services	<u>(17,558,486)</u>	<u>(9,221,105)</u>
Net cash provided by (used in) operating activities	<u>753,952</u>	<u>(793,083)</u>
Cash flows from noncapital financing activities:		
Proceeds from other nonoperating sources	<u>1,348</u>	<u>12,936</u>
Net cash provided by noncapital financing activities	<u>1,348</u>	<u>12,936</u>
Cash flows from capital and related financing activities		
Cash received from land sales	578,036	1,237,399
Purchase of capital assets	<u>-</u>	<u>(276,316)</u>
Net cash provided by capital and related financing activities	<u>578,036</u>	<u>961,083</u>
Cash flows from investing activities		
Deposits withdrawn from escrow accounts	<u>-</u>	<u>(1,065,458)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,065,458)</u>
Net increase (decrease) in cash and cash equivalents	1,333,336	(884,522)
Cash and cash equivalents, beginning of year	<u>3,761,310</u>	<u>4,645,832</u>
Cash and cash equivalents, end of year	<u>\$ 5,094,646</u>	<u>\$ 3,761,310</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	<u>\$ (219,046)</u>	<u>\$ (1,199,483)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	-	20,792
Bad debt expense, net of recoveries	-	18,944
Increase (decrease) in cash from		
Rent receivable	-	(27,600)
Accounts receivable	(1,128)	(38,196)
Grants receivable	1,018,224	(124,685)
Accounts payable and accrued expenses	(805,087)	(820,926)
Deferred revenue	<u>760,989</u>	<u>1,378,071</u>
Total adjustments	<u>972,998</u>	<u>406,400</u>
Net cash provided by (used in) operating activities	<u>\$ 753,952</u>	<u>\$ (793,083)</u>

See notes to financial statements.

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## 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 not 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 on that basis as an enterprise fund.

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 according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable and cleared by GASB; AICPA Practice Bulletins, if applicable and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Agency has elected not to follow FASB pronouncements issued after November 30, 1989. The Agency follows the hierarchy in determining accounting treatment.

# **CITY OF CAMDEN REDEVELOPMENT AGENCY**

## **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 Uncollectibles**

The reserve for uncollectibles 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 in revenue.

#### **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 from loan and grant funds. These properties are subsequently developed with the assistance of the Agency, donated to the City of Camden, and sold to the 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 market. The market values 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

## 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 assets. 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 is 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 Assets**

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

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 net assets whose use is limited by external parties. There were no restricted net assets as of December 31, 2010 and 2009.

Unrestricted - Unrestricted net assets 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, and rental income. 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.

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## NOTES TO 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.

#### 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 covered 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,			
	2010		2009	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents	<u>\$ 5,094,646</u>	<u>\$ 5,809,555</u>	<u>\$3,761,310</u>	<u>\$3,840,635</u>

### C. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31,	
	2010	2009
Urban Enterprise Zone Authority	\$ 60,641	\$ 59,513
Less: allowance for uncollectible amounts	<u>21,317</u>	<u>21,317</u>
Total accounts receivable, net	<u>\$ 39,324</u>	<u>\$ 38,196</u>

### D. NOTES RECEIVABLE

Notes receivable consist of the following:

	December 31,	
	2010	2009
Mortgage due on 2/12/2011, non-interest bearing	\$ 170,000	\$ -
Mortgage due in five annual installments of \$120,000 commencing 8/27/2016. Interest accrues on the unpaid principal balance at a rate of 5% per annum beginning August 19, 2016.	<u>600,000</u>	<u>-</u>
Total notes receivable	<u>\$ 770,000</u>	<u>\$ -</u>



# CITY OF CAMDEN REDEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS

### E. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2010 and 2009, was as follows:

	2010			
	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets				
Land inventory	\$37,225,337	\$ 179,143	\$ (1,577,460)	\$35,827,020
Total non-depreciable assets	<u>37,225,337</u>	<u>179,143</u>	<u>(1,577,460)</u>	<u>35,827,020</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>\$37,225,337</u>	<u>\$ 179,143</u>	<u>\$ (1,577,460)</u>	<u>\$35,827,020</u>
	2009			
	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets				
Land inventory	\$37,287,301	\$ 1,170,453	\$ (1,232,417)	\$37,225,337
Total non-depreciable assets	<u>37,287,301</u>	<u>1,170,453</u>	<u>(1,232,417)</u>	<u>37,225,337</u>
Depreciable assets				
Furniture and equipment	114,016	-	-	114,016
Accumulated depreciation	<u>(93,224)</u>	<u>20,792</u>	<u>-</u>	<u>(114,016)</u>
Total depreciable assets	<u>20,792</u>	<u>20,792</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>\$37,308,093</u>	<u>\$ 1,191,245</u>	<u>\$ (1,232,417)</u>	<u>\$37,225,337</u>

The market value ratio developed by Taxation and adopted by the Agency was .6856 and .5984 for 2010 and 2009, 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.

Capital assets include land inventory restricted due to conveyances from the City of Camden for redevelopment activities that are required to be completed within a specified timeframe. If the Agency defaults on the above condition, the Agency is subjected to the City of Camden's right to re-entry to the land and premises and any consideration paid by the Agency shall be retained by the City of Camden as liquidated damages. Restricted capital assets are also due to land acquired pursuant to agreements with the New Jersey School Development Authority. Restricted land inventory was \$28,659,810 for 2010 and 2009.

Depreciation expense on furniture and equipment was \$0 and \$20,792 for 2010 and 2009, respectively.

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **F. INTERGOVERNMENTAL LOANS PAYABLE**

The Agency has a loan payable of \$96,138 as of December 31, 2010 and 2009, which represents a mortgage given by the New Jersey Redevelopment Authority on March 31, 2004, and 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, commences one year after the sale of the property or when construction of the shopping center begins, whichever is earlier. As of December 31, 2010, the conditions for repayment had not yet been met.

The Agency also has a loan secured by a note 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, 2010 and 2009. 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. If funds are available to make contributions, the Agency contributes up to 3% of the employee's compensation to the SEP. The Agency contributed \$0 and \$2,781 to the plan in 2010 and 2009, respectively.

##### **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](http://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.

# **CITY OF CAMDEN REDEVELOPMENT AGENCY**

## **NOTES TO FINANCIAL STATEMENTS**

### **G. PENSION AND RETIREMENT PLANS (CONTINUED)**

#### **Pension and Retirement Plans (Continued)**

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 5.5% of their salaries. State statute requires the Agency to contribute the remaining amounts necessary to pay benefits when due. The amount of the Agency 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. The actuarial contribution requirements and the contributions made for the years ended December 31, 2010 and 2009, were \$82,337 and \$53,279, respectively.

### **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 unknown or potential losses would not be material to the financial statements. Therefore, no provision for legal liability has been recognized in the financial statements.

In 2010, the Agency was awarded \$11,926,887 of Neighborhood Stabilization Program 2 funds under the American Recovery and Reinvestment Act of 2009 ("ARRA"). Under the terms of ARRA, the Agency has twenty-four months to expend half of the grant amount, and thirty-six months to expend the entire grant amount.

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **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 \$74,055 and \$37,605 for 2010, respectively, and \$124,083 and \$37,605 for 2009, respectively. The cost of liability insurance is also contributed by the City of Camden. However this cost cannot reasonably be estimated; consequently, no amounts have been reported in the financial statements for this liability insurance.

#### **K. SUBSEQUENT EVENTS**

Management has evaluated subsequent events that occurred after the statement of net assets date but before April 6, 2011, the date the financial statements were available to be issued. No matters were determined by management to require disclosure.

## **SUPPLEMENTARY INFORMATION**

# CITY OF CAMDEN REDEVELOPMENT AGENCY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2010

Federal Grantor/Program Title	Federal CFDA Number	Program Award Amount Received	Grant Period	Current Year Expenditures	Total Cumulative Expenditures
United States Environmental Protection Agency:					
Hazardous Substance - ARRA	66.818	\$ 70,393	10/01/09 - 09/30/12	\$ 99,656	\$ 100,855
Petroleum Assessment - ARRA	66.818	112,451	10/01/09 - 09/30/12	113,206	114,452
Tire and Battery Lot 5	66.818	27,280	10/01/08 - 09/30/11	21,617	199,824
Tire and Battery Lot 4	66.818	-	10/01/08 - 09/30/11	-	200,000
United States Department of Housing & Urban Development: Neighborhood Stabilization Program 2 (ARRA)	14.256	39,276	01/14/10 - 02/11/13	93,806	93,806
		<u>\$ 249,400</u>		<u>\$ 328,285</u>	<u>\$ 708,937</u>

Current year federal award expenditures do not meet single audit requirement thresholds

**CITY OF CAMDEN REDEVELOPMENT AGENCY**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Year Ended December 31, 2010

State Grantor/Program Title	State Account Number	Program Award Amount Received	Grant Period	Current Year Expenditures	Total Cumulative Expenditures
New Jersey Economic Development Authority, Economic Recovery Board:					
Central Waterfront Parking	P16137	\$ 4,805,005	11/04/04 until completion	\$ 1,093,583	\$ 4,527,315 *
Campbell's Soup	P18198	2,646,425	06/01/07 until completion	258,976	2,538,839
North Camden Infrastructure	P25607	109,989	07/17/09 until completion	43,469	104,989
Cramer Hill Streetscape	P15443	644,478	10/28/05 until completion	-	644,478
Neighborhood & Redevelopment I	P15686	328,070	05/19/04 until completion	4,500	304,226
Neighborhood & Redevelopment II	P16904	190,500	01/11/06 until completion	-	189,058
Demolition Fund	P15365	4,300,660	10/14/04 until completion	291,942	4,297,395 *
301 Market	P17193	3,300,000	08/01/07 until completion	-	3,298,222
Mixed Site Acquisition	P20265	680,856	01/01/07 until completion	106,559	159,415 *
Tire & Battery	P20266	102,551	03/18/08 until completion	26,519	233,910
Centerville Hope VI	P16011	5,000,000	09/04/04 until completion	760,754	5,000,000
Cooper Plaza	P20263	751,850	01/01/07 until completion	-	47,100
Cathedral Soup Kitchen	P16132	230,793	09/04/04 until completion	-	209,737
River Road Affordable Housing	P16717	80,000	06/09/09 until completion	-	80,000
Building 8	P17493	856,840	10/01/06 until completion	1,085,432	866,943 *
	N/A	67,520,287	01/04/05 until completion	6,215,495	67,574,928 *
New Jersey School Development Authority/ Catto School					
State of New Jersey, Department of the Treasury:					
Development of Community Facilities	CDG-07-P03	412,500	07/01/08 - 12/31/09	100,000	742,882
New Jersey Economic Development Authority, Hazardous Discharge Site Remediation Fund:					
Harrison Landfill	P20557	1,157,188	12/11/07 until completion	700,859	1,132,163
Harrison Landfill	P24794	1,248,000	02/01/09 until completion	-	982,304
Block N	P20369	33,445	04/17/08 until completion	-	10,808
Tire & Battery	P21145	281,215	02/13/08 until completion	24,734	224,620
East Village	P27089	287,335	06/04/09 until completion	89,241	287,335
Sycamore Street/Oasis	P23306	169,775	08/12/08 until completion	-	193,401
ABC Barrel	P23392	274,929	12/01/08 until completion	23,003	275,532
Building 8	P20733	31,845	08/20/08 until completion	-	25,477
Building 8	P23772	43,327	02/02/09 until completion	-	43,327
Building 8	P26841	903,886	08/06/09 until completion	890,736	962,490 *
New Jersey Urban Enterprise Zone Authority					
Roosevelt Place	07-32	-	09/13/06 until completion	-	140,579
University of Medicine & Dentistry of New Jersey/ Block 190	N/A	4,961,031	09/20/06 until completion	923,594	4,357,848
New Jersey Department of Environmental Protection/ Green Acres/ Roosevelt Plaza	N/A	904,840	10/16/09 - 10/16/11	1,079,760	1,457,917
New Jersey Redevelopment Authority/ Building 8	04-22	2,059,578	02/25/05 until completion	1,059,578	1,820,181
		<u>\$ 104,317,198</u>		<u>\$ 14,778,734</u>	<u>\$ 102,733,419</u>

\* Denotes major program.

See note to schedules of expenditures of federal and state awards.

## CITY OF CAMDEN REDEVELOPMENT AGENCY

### NOTE TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended December 31, 2010

#### *Note 1. Basis of Presentation*

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of City of Camden Redevelopment Agency and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**CITY OF CAMDEN REDEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2010

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*State Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

**CITY OF CAMDEN REDEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended December 31, 2010

**Section I - Summary of Auditors' Results (Continued)**

Identification of major programs:

<i>State Account Number</i>	<i>Name of State Program</i>
P16137	New Jersey Economic Development Authority, Economic Recovery Board - Central Waterfront Parking
P15365	New Jersey Economic Development Authority, Economic Recovery Board - Demolition Fund
P20265	New Jersey Economic Development Authority, Economic Recovery Board - Mixed Site Acquisition
P17493	New Jersey Economic Development Authority, Economic Recovery Board - Building 8
P26841	New Jersey Economic Development Authority, Hazardous Discharge Site Remediation Fund - Building 8
N/A	New Jersey School Development Authority/ Catto School

Dollar threshold used to distinguish between type A and type B programs:

\$ 436,807

Auditee qualified as low-risk auditee?

           yes      X   no

All federal and state payroll tax returns were filed in a timely manner, and all required tax payments were made.

**Section II - Financial Statement Findings**

NONE

**Section III - State Award Findings and Questioned Costs**

NONE

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

We have audited the financial statements of City of Camden Redevelopment Agency (the "Agency") as of and for the year ended December 31, 2010, and have issued our report thereon dated April 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

- AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGILDRAY NETWORK
- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- AICPA'S PRIVATE COMPANIES PRACTICE SECTION
- AICPA'S CENTER FOR AUDIT QUALITY
- REGISTERED WITH THE PCAOB

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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commissioners, management, and funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Macdonald, P.C.*  
*Certified Public Accountant*

April 6, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE  
OF NEW JERSEY CIRCULAR LETTER 04-04-OMB

To the Commissioners of  
City of Camden Redevelopment Agency

Compliance

We have audited the compliance of City of Camden Redevelopment Agency (the "Agency") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major state programs for the year ended December 31, 2010. The Agency's major state programs are identified in the "Summary of Auditors' Results" section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular Letter 04-04-OMB. Those standards and OMB Circular A-133 and State of New Jersey Circular Letter 04-04 OMB 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 state 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. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2010.

- AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGILDRAY NETWORK
- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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- AICPA'S CENTER FOR AUDIT QUALITY
- REGISTERED WITH THE PCAOB

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-  
133 AND STATE OF NEW JERSEY CIRCULAR LETTER 04-04-OMB (CONTINUED)

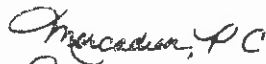

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 state 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 state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Commissioners, management, others within the Agency, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
  
April 6, 2011

**CITY OF CAMDEN REDEVELOPMENT AGENCY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

Year Ended December 31, 2010

**Status of Prior Year Audit Findings**

Finding #2009-1

Program

Applicable to all programs.

Audit Finding

The Agency's land inventory records were not kept updated. Some properties that were sold or conveyed by the Agency remained on the land inventory listing, and some properties were conveyed to the Agency that were not recorded as such in the general ledger. In addition, the Agency does not have a formal system for identifying and tracking restricted properties.

Status

This condition has been resolved.