

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

December 31, 2014

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

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December 31, 2014

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## 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, 2014 and 2013, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

### **Opinions**

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, 2014 and 2013 and the changes in its 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, capital assets and net position balances at January 1, 2013, have been restated to account for disposal of certain capital assets in a prior year. 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 ten 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 U.S. Office of Management and Budget ("OMB") 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.

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 April 23, 2015, and April 4, 2014, for the years ended December 31, 2014 and 2013, 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. The report dated April 23, 2015, is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

April 23, 2015

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

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

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

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#### **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, 2014 and 2013.

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, 2014 and 2013, in conformity with generally accepted accounting principles.

#### **Mission**

The City of Camden Redevelopment Agency (Agency) seizes the opportunity to move Camden Forward with land use development and investments that generate social and economic benefits for Camden's residential 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 blight.

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)

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#### **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 ARRA grant.

##### **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 contracts for environmental investigation and remediation, and applying for and administering federal and state grants.

With a US Environmental Protection Agency (EPA) Technical Assistance grant with the New Jersey Institute of Technology, the Agency now has a draft Brownfield Coordination Strategy that is aligned with the New Jersey Energy Strategy, and 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. In order to assist in the implementation of the Brownfield Coordination Strategy, the CRA received two new Brownfield grants, totaling \$400,000 from the US Environmental Protection Agency (EPA). Using these funds, the CRA is undertaking environmental investigations in targeted redevelopment areas. In particular, EPA funded environmental investigations have complemented and informed the planning efforts underway in the Mt. Ephraim Transformation Plan area. The CRA has also received a grant of \$1,000,000 from EPA to capitalize a Brownfields Revolving Loan Fund. The CRA 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)

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- **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. Due to the lack of developer response and investor conservatism, the Agency has shifted its approach to one that is more project-based. The Agency will issue discrete Requests for Proposals for multifamily and single family residential developments for the Cooper/Lanning and Down Town 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 US 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. CHOICE Implementation grants are expected to be awarded in 2015. The Agency is designated as the Housing Implementation Entity charged with the building and marketing of both rental and ownership housing, businesses and environmental work in the targeted neighborhoods. The City will convey 65 parcels of land to the Agency 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 US 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 CRA of Brandywine Realty Trust as a Sub-Redeveloper. Brandywine proposes to build an office building for Subaru on the site of the former Sears Building. The project will relocate jobs to Camden.
- **Ray and Joan Kroc Recreation Center (Cramer Hill Neighborhood)** - The Salvation Army is the recipient of a \$50 million grant from the Ray and Joan Kroc Foundation for a regional recreation and community center. The Kroc Center –Camden opened in 2014. The Agency's role was land assemblage, sale of land, and administration of over \$20 million in grants for the remediation of a long standing "dump." The total cost for the 120,000 square foot recreation center is over \$77 million. The Kroc Center provides 200 jobs to Camden residents in addition to a wide range of recreational, educational, spiritual and social services to Camden and the surrounding municipalities.



## CITY OF CAMDEN REDEVELOPMENT AGENCY

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

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- **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 2014, redevelopment studies and plans were completed for Whitman Park, Admiral Wilson Boulevard, East Camden and the North Camden Prison site.
- **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 will move forward to acquire the final five properties to complete the required temporary overflow parking space requirement set by the Susquehanna Center.
- **New Roosevelt Plaza Park (Downtown District)** – The Agency continues its monitoring for park use so that Phase II installation of public art will support redevelopment in areas around the park.
- **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.

### Financial Analysis

	2014	2013	2012	2013 to 2014	
				\$ Change	% Change
Total Assets	\$19,736,983	\$19,692,533	\$ 19,749,313	44,450	0.2 %
Total Liabilities	3,373,551	3,482,534	4,185,922	(108,983)	(3.1)%
Net Position	16,363,432	16,209,999	15,563,391	153,433	1.0 %
Total Operating Revenues	3,917,344	5,533,362	21,637,573	(1,616,018)	(29.2)%
Total Operating Expenses	4,110,936	4,919,089	21,007,833	(808,153)	(16.4)%

#### Total Assets

- Total assets increased by \$44,450 or 0.2% compared to 2013.

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

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

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

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#### Total Liabilities

- Total liabilities decreased by \$108,983 or 3.1% compared to 2013. This change was primarily due to the decrease in loans payable.

#### Total Net Position

- Total net position increased by \$153,433 or 1%, primarily due to capital contributions.

#### Total Operating Revenue

- The Following two major categories affected total operating revenue:
  - Grant Revenue decreased by \$1,275,145, or 26.5%, due to a decrease in activities of the NSP2 grant managed by the Agency.
  - Project Management Fees decreased by \$279,658, or 49.0%, due to a decrease in the NSP2 project managed by the Agency.

#### Total Operating Expense

- Total operating expense decreased by \$808,153, or 16.4%, compared to 2013. This change was primarily due to a decrease of \$702,275 or 21.4% 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 \$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 renegotiate the debt in the 2015 fiscal year.
- Debt to the NJRA in the amount of \$96,138 is to be repaid from acquisition of property by the designated redeveloper. The land use that is a subject of this loan is slated to be developed into retail space, with loan from the NJRA being satisfied at closing on the property.

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

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

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

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#### **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 7<sup>th</sup> & 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** - Mt. Ephraim Transformation Plan for sale housing.

**Cooper /Lanning:** Requests for Proposals will be issued in 2015 and the Agency, City and Community leaders will select 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 2015. The rehabilitation of the Pierre, a circa 1919 National-Register listed building will transform this vacant derelict 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. Both new construction and rehab, this 62,500 square foot residential and commercial/retail (on the ground floors) redevelopment project is located along the Broadway commercial corridor directly across the street from the medical school. This long awaited development will be financed using EOA tax credits, and will commence construction in 2015.

**Harrison Avenue Landfill Redevelopment:** With the opening of the Kroc Center on a 25 acre portion of the Harrison Avenue Landfill, the CRA 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. Subsequent phases include wetlands and natural habitat restoration and park development. In 2013 the CRA received 3 EPA Cleanup Grants for Harrison Avenue Landfill and in 2014 the CRA was awarded 3 more grants to bring the EPA commitment to \$1.2 million. With this commitment on the Federal level, the CRA was able to leverage an additional \$3.3 million from the New Jersey Hazardous Discharge Site Remediation Fund (HDSRF).

**Holtec:** During 2014 the CRA and City entered into negotiations with South Jersey Port Corporation (SJPC) for the purchase by the SJPC of lots from the City and CRA 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.

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

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

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

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**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 to identify redevelopment opportunities directed by the City's Master Plan, CEDS, Redevelopment and Neighborhood Plans, where they exist.

**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>2014</u>	<u>2013*</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,427,101	\$ 3,409,904
Rent receivable, net of allowance for uncollectible amounts of \$24,750 for 2014 and 2013	27,600	27,600
Accounts receivable, net of allowance for uncollectible amounts of \$21,317 for 2014 and 2013	11,759	44,949
Grants receivable	<u>282,228</u>	<u>240,135</u>
Total current assets	<u>3,748,688</u>	<u>3,722,588</u>
Noncurrent assets		
Notes receivable	600,000	600,000
Capital assets, net of accumulated depreciation of \$114,016 in 2014 and 2013	<u>15,388,295</u>	<u>15,369,945</u>
Total noncurrent assets	<u>15,988,295</u>	<u>15,969,945</u>
Total Assets	<u>\$19,736,983</u>	<u>\$19,692,533</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 609,048	\$ 606,123
Accrued interest payable	249,160	237,202
Unearned revenue	2,304,945	2,178,811
Intergovernmental loans payable	<u>210,398</u>	<u>460,398</u>
Total liabilities	<u>3,373,551</u>	<u>3,482,534</u>
Net Position		
Invested in capital assets, net of related debt	15,177,897	14,909,547
Unrestricted	<u>1,185,535</u>	<u>1,300,452</u>
Total Net Position	<u>16,363,432</u>	<u>16,209,999</u>
Total Liabilities and Net Position	<u>\$19,736,983</u>	<u>\$19,692,533</u>

\*Some numbers have been restated to conform with current year presentation. See Note K.

**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>2014</u>	<u>2013</u>
Operating revenues		
Grants	\$ 3,542,910	\$ 4,818,055
Project management and administrative fees	291,500	571,158
Rental income	45,329	106,544
In-kind revenue	<u>37,605</u>	<u>37,605</u>
Total operating revenues	<u>3,917,344</u>	<u>5,533,362</u>
Operating expenses		
Relocation and acquisition expenses	2,573,889	3,276,164
Project consulting and management fees	83,931	36,408
Salaries and benefits	992,148	1,056,390
Professional fees	73,062	135,436
Insurance expense	212,123	184,971
Payroll taxes and service fees	65,862	69,417
Other operating expenses	39,061	81,694
In-kind rent	37,605	37,605
Office supplies	27,476	37,983
Marketing	3,592	3,021
Travel	<u>2,187</u>	<u>-</u>
Total operating expenses	<u>4,110,936</u>	<u>4,919,089</u>
Operating (loss) income	<u>(193,592)</u>	<u>614,273</u>
Nonoperating revenues (expenses)		
Interest revenue	653	570
Interest expense	<u>(11,958)</u>	<u>(11,958)</u>
Net nonoperating expenses	<u>(11,305)</u>	<u>(11,388)</u>
Change in net position before capital contributions and loss on acquisition and sale of land	(204,897)	602,885
Capital contributions	1,788,064	4,310,151
Loss on acquisition of land	(232,696)	(1,503,958)
Loss on sale of land	<u>(1,197,038)</u>	<u>(2,762,468)</u>
Change in net position	153,433	646,610
Net position, beginning of year, as previously reported	-	41,224,490
Prior period adjustment	<u>-</u>	<u>(25,661,101)</u>
Net position, beginning of year, as restated	<u>16,209,999</u>	<u>15,563,389</u>
Net position, end of year	<u>\$16,363,432</u>	<u>\$ 16,209,999</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>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash received from grants income	\$ 3,376,951	\$ 6,010,866
Cash received from rental income	45,329	106,544
Other operating cash receipts	324,690	565,589
Payments made to employees for services	(992,148)	(1,056,390)
Payments made to suppliers for goods and services	<u>(3,078,258)</u>	<u>(4,828,624)</u>
Net cash from operating activities	<u>(323,436)</u>	<u>797,985</u>
Cash flows from noncapital financing activities		
Proceeds from other nonoperating sources	<u>653</u>	<u>570</u>
Net cash from noncapital financing activities	<u>653</u>	<u>570</u>
Cash flows from capital and related financing activities		
Loan Proceeds - City of Camden	-	250,000
Proceeds from land sales	839,984	644,901
Purchase of capital assets	<u>(500,004)</u>	<u>(1,555,810)</u>
Net cash from capital and related financing activities	<u>339,980</u>	<u>(660,909)</u>
Net change in cash and cash equivalents	17,197	137,646
Cash and cash equivalents, beginning of year	<u>3,409,904</u>	<u>3,272,258</u>
Cash and cash equivalents, end of year	<u>\$ 3,427,101</u>	<u>\$ 3,409,904</u>
Reconciliation of operating (loss) income to net cash from operating activities		
Operating (loss) income	<u>\$ (193,592)</u>	<u>\$ 614,273</u>
Adjustments to reconcile operating (loss) income to net cash from operating activities		
Increase (decrease) in cash from		
Accounts receivable	33,190	(5,569)
Grants receivable	(42,093)	1,154,627
Accounts payable and accrued expenses	2,925	(1,003,530)
Unearned revenue	126,134	38,184
Intergovernmental loans payable	<u>(250,000)</u>	<u>-</u>
Total adjustments	<u>(129,844)</u>	<u>183,712</u>
Net cash from operating activities	<u>\$ (323,436)</u>	<u>\$ 797,985</u>

## **CITY OF CAMDEN REDEVELOPMENT AGENCY**

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

### NOTES TO FINANCIAL STATEMENTS

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#### **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 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**  
(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 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 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

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**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, 2014 and 2013.

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.

NOTES TO FINANCIAL STATEMENTS

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**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,			
	2014		2013	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents	<u>\$ 3,427,101</u>	<u>\$ 3,553,924</u>	<u>\$ 3,409,904</u>	<u>\$ 3,439,182</u>

**C. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	December 31,	
	2014	2013
Urban Enterprise Zone Authority	\$ 33,076	\$ 66,266
Less: allowance for uncollectible amounts	21,317	21,317
Total accounts receivable, net	<u>\$ 11,759</u>	<u>\$ 44,949</u>

**D. NOTES RECEIVABLE**

Notes receivable consist of the following:

	December 31,	
	2014	2013
Mortgage note 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.	\$ 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, 2014 and 2013, was as follows:

	2014			
	Beginning Balance*	Increase	Decrease	Ending Balance
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	(114,016)	-	-	(114,016)
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>

**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)**

	2013			Ending Balance*
	Beginning Balance*	Increase	Decrease	
Non-depreciable assets				
Land inventory	\$ 14,415,311	\$ 4,362,003	\$ (3,407,369)	\$15,369,945
Total non-depreciable assets	<u>14,415,311</u>	<u>4,362,003</u>	<u>(3,407,369)</u>	<u>15,369,945</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>\$ 14,415,311</u>	<u>\$ 4,362,003</u>	<u>\$ (3,407,369)</u>	<u>\$15,369,945</u>

\*As restated, see Note K.

The market value ratio developed by Taxation and adopted by the Agency was 1.1008 and 1.0511 for 2014 and 2013, 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 has a loan payable of \$96,138 as of December 31, 2014 and 2013, 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, commences one year after the sale of the property or when construction of the shopping center begins, whichever is earlier. As of December 31, 2014, the conditions for repayment had not yet been met.

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, 2014 and 2013. Repayments of the entire principal and accumulated interest on this loan are due on demand.

The Agency also received a loan from the City of Camden. This agreement dated April 2013 was for \$250,000, at a zero percent interest rate. In 2014, the City agreed to cancel the loan and turn it into a grant therefore, the Agency is no longer obligated to pay this back to the City.

**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 2014 or 2013.

NOTES TO FINANCIAL STATEMENTS

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**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](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.

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. The actuarial contribution requirements and the contributions made for the years ended December 31, 2014 and 2013, were \$105,063 and \$100,262, 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.

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

NOTES TO FINANCIAL STATEMENTS

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**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 \$12,323,810 of Neighborhood Stabilization Program II funds under the American Recovery and Reinvestment Act of 2009 ("ARRA"). Under the terms of the award, the Agency has 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, the Agency used program income to create additional loans to various developers.

**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 \$37,605 and \$37,605 for 2014 and 2013, 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. RESTATEMENT**

During the year ended December 31, 2014, the Agency identified assets that were previously acquired and disposed of during years prior to 2013, which were not accounted for in prior year financial statements. As a result, January 1, 2013 capital assets and net position balances were reduced by \$25,661,101. This did not have any impact on the statements of revenues, expenses and changes in net position and cash flows for the year ended December 31, 2013.

**L. RECENT ACCOUNTING PRONOUNCEMENT**

The Governmental Account Standards Board has issued Statement No. 67, "Financial Reporting for Pensions Plans" effective for financial statements for fiscal years beginning after June 15, 2013, Statement No. 68, "Accounting and Financial Reporting for Pension Plans," and Statement No. 71, "Pension Transition for Contributions made subsequent to the Measurement Date - an amendment of No. 68." effective for fiscal years beginning after June 15, 2014. The objective of the statements is to improve information about financial support for pensions and improve financial reporting and accounting by state and local governmental pension plans. Statement No. 67 requires defined benefit pension plans to present two financial statements; a statement of fiduciary net position and a statement of changes in fiduciary net position, and requires additional disclosures about pension plan investments, assumptions used for the calculation of total pension liability, and the portion of present value of projected benefit payments attributable to members' past service credit. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows, and expenses and requires the calculation and recording of a net pension liability and subsequent allocation of the unfunded liability to individual employers participating in the plans, including a proportionate share of the actuarial valuation. Full time employees of the Authority are covered by the PERS which is a cost sharing, multiple-employer defined benefit plan. As such, the Authority will receive information from the State of New Jersey for inclusion in its financial statements and disclosures. The Agency plans to implement these standards for its fiscal year ending December 31, 2015.

## **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, 2014

<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	\$ 93,876	10/01/13 - 09/30/16	\$ 97,003	\$ 97,003
Harrison Avenue Landfill Cleanup Lot 8	66.818	200,000	438	10/01/13 - 09/30/16	438	438
Harrison Avenue Landfill Cleanup Lot 9	66.818	200,000	394	10/01/13 - 09/30/16	930	930
Hazardous Substance - ARRA	66.818	200,000	12,563	10/01/13 - 09/30/16	24,547	24,547
ABC Barrel (324-330 N. Front Street)	66.818	200,000	31,088	10/01/10 - 09/30/17	719	40,131
ABC Barrel (300 Block of N. Second Street)	66.818	200,000	31,073	10/01/10 - 09/30/17	835	40,317
ABC Barrel (121-123 Penn Street)	66.818	200,000	30,994	10/01/10 - 09/30/17	733	39,546
Hazardous Substance RLF	66.818	608,439	506	10/01/13 - 09/30/18	1,244	1,244
Petroleum Assessment 2013	66.818	200,000	8,286	10/01/13 - 09/30/16	20,346	20,346
Petroleum Assessment RLF	66.818	391,560	506	10/01/13 - 09/30/18	1,244	1,244
United States Department of Housing & Urban Development: Neighborhood Stabilization Program II (ARRA)	14.256	<u>11,926,887</u>	<u>13,020,013</u>	01/14/10 - Until Completion	<u>453,927</u>	<u>12,727,760</u>
		<u>\$ 14,526,886</u>	<u>\$ 13,229,737</u>		<u>\$ 601,966</u>	<u>\$ 12,993,506</u>

**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, 2014

<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:						
Campbell's Soup	P18198	\$ 2,300,000	\$ 3,095,372	06/01/07 until completion	\$ 3,159	\$ 2,737,822
Neighborhood & Redevelopment I	P015686	723,945	445,567	05/19/04 until completion	15,766	440,642
Neighborhood & Redevelopment II	P16904	445,050	299,653	01/11/06 until completion	88,767	277,825
Mixed Site Acquisition	P20265	1,561,975	680,856	01/01/07 until completion	25,397	351,537
Tire & Battery	P20266	700,000	131,288	03/18/08 until completion	19,203	263,943
Cooper Plaza	P20263	1,532,950	751,850	01/01/07 until completion	40,666	87,766
Radio Loft - Building 8	P17493	1,997,716	1,672,585	10/01/06 until completion	1,021	1,683,708
New Jersey School Development Authority/ Catto School	N/A	-	74,032,112	01/04/05 until completion	47,113	74,035,337
New Jersey Economic Development Authority, Hazardous Discharge Site Remediation Fund:						
Harrison Landfill	P24794	1,369,650	1,248,000	02/01/09 until completion	56,396	1,217,316
Harrison Landfill	P37528	2,210,394	2,021,394	02/20/13 until completion	44,434	2,021,394
Harrison Landfill	P37760	860,323	860,323	Until completion	860,323	860,323
Harrison Landfill	P38691	1,018,283	960,449	Until completion	960,449	960,449
Meadows at Pyne Point	P39477	381,314	370,495	Until completion	370,495	370,495
		<u>\$ 15,101,600</u>	<u>\$ 86,569,944</u>		<u>\$ 2,533,189</u>	<u>\$ 85,308,557</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, 2014

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**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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey Circular Letter 04-04-OMB. 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, 2014

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

**Financial Statements**

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

Internal control over financial reporting:

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

**Federal Awards and State Financial Assistance**

**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 section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<i>CFDA Number / State Account Number</i>	<i>Name of Federal / State Program</i>
14.256	United States Department of Housing & Urban Development: Neighborhood Stabilization Program II (ARRA)
N/A	Hazardous Discharge Site Remediation Fund - Harrison Landfill
N/A	Meadows at Pyne Point

Dollar threshold used to distinguish between type A and  
 type B programs for federal awards:   \$  300,000  

Dollar threshold used to distinguish between type A and  
 type B programs for state awards:   \$  300,000  

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

Auditee qualified as low-risk auditee for state purposes?   X   Yes        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, 2014

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#### **Section II - Financial Statement Findings**

##### Finding 2014-001

###### Criteria

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

###### Condition

Certain land acquisitions and disposals from prior years' were not accounted for in the correct year.

###### Cause

Several parcels of land that were previously sold remained on the Agency's land inventory listing.

The assessed value of the subject parcels was material in amount and therefore, the reduction of value was not properly reflected in the appropriate year's Capital Assets line item of the Financial Statements.

###### Effect

Due to the condition identified above, prior year financial statements were materially misstated.

###### Recommendation

We recommend that the land inventory schedule be updated throughout the year, at least quarterly, in conjunction with assistance from the City of Camden to account for all acquisitions and disposals in a timely fashion.

###### Management's Response

The Agency periodically reviews the factors required for a strong property asset management program. The full-time position of Property Asset Manager was established in 2009. Responsibilities of the Property Asset Manager (PAM) include, but are not limited to the following:

- Establish a watch list of land transactions approved by Agency resolution. This will ensure accurate reflection of the completion of the transaction and the receipt of proper documentation
- Accurate reconciliation of land inventory with, among others, the City Tax Assessor and Clerk
- Maintenance/updates to the land inventory database
- Supervision of proper disposition of land/property
- Strategic planning of land/property disposition, including tracking of restrictions for land/property use.
- Periodic physical inspection of all land/properties
- Periodic physical maintenance of all land/properties
- Appraisals

**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, 2014

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**Section II - Financial Statement Findings (Continued)**

Management's Response (Continued)

To further improve the accuracy of the capital assets inventory, the Agency will institute the following methods:

- Access to the City of Camden's electronic tax records software has been given to the Agency's Property Asset Manager (PAM). The PAM now has the ability to query all Agency dispositions and acquisitions for any certain period of time. The PAM will compile quarterly reports from the system and reconcile with the Agency's records.
- The PAM will review all resolutions related to land transactions from the period prior to the establishment of the PAM position and reconcile the status of any outstanding transactions with Agency's project managers and the City of Camden. All land activities deemed active will be recorded on the Watch List and tracked until the time of completion or notification of project termination.

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs**

No matters were reported.

**Section IV - Prior year audit findings.**

No matters were reported.

**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, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 23, 2015.

**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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control, finding 2014-001, that we consider to be a material weakness.

*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.

- AN INDEPENDENTLY OWNED MEMBER,  
McGLADREY ALLIANCE
- 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 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*.

**The Agency's Response to Finding**

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

*Meradieu, P.C.*  
*Certified Public Accountants*  
April 23, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR LETTER 04-04-OMB**

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 and State 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 Circular A-133 Compliance Supplement* and State of New Jersey Circular Letter 04-04-OMB that could have a direct and material effect on each of the Agency's major federal or state programs for the year ended December 31, 2014. The Agency's major federal and state 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 the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal and state 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; 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, OMB Circular A-133 and NJ 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 federal or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Agency's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR LETTER 04-04-OMB (CONTINUED)**

**Opinion on Each Major Federal and State 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 and state programs for the year ended December 31, 2014.

**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 or state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular Letter 04-04-OMB, 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 or 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 federal or state 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 or state 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 OMB Circular A-133 and State of New Jersey Circular Letter 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

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

April 23, 2015