

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

Financial Statements and
Supplementary Information

December 31, 2017

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

TABLE OF CONTENTS

December 31, 2017

	<u>Page Number</u>
Independent Auditors' Report	1
Management's Discussion and Analysis - Unaudited	4
Basic Financial Statements	
Statements of Net Position.....	13
Statements of Revenues, Expenses and Changes in Net Position.....	14
Statements of Cash Flows.....	15
Notes to Financial Statements	16
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	28
Schedule of Expenditures of State Financial Assistance.....	29
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	30
Schedule of Findings and Questioned Costs	31
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34
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 Uniform Guidance and State of New Jersey Circular Letter 15-08-OMB	36

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 year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2017, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

The financial statements of the Agency as of and for the year ended December 31, 2016, were audited by other auditors whose report dated April 24, 2017, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages four through twelve be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"), and State of New Jersey, Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* ("Circular Letter 15-08-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 report dated May 31, 2018, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Mercadier, P.C.

Certified Public Accountants

May 31, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The City of Camden Redevelopment Agency (the "Agency"), A Component Unit of the City of Camden, State of New Jersey, 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 year ended December 31, 2017.

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, 2017, in conformity with accounting principles generally accepted in the United States of America.

Mission

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

Summary of Agency and Business

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

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

Accomplishments

Neighborhood Stabilization Program II 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, Cooper/Lanning a, 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 spending 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") is one of the results. 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's YouthBuild Training Program, funded by the grant. The Agency uses program income from grant to further planning activities for future housing development and community development and maintaining land banked properties for future redevelopment.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Comprehensive Economic Development Strategy ("CEDS")

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

Management of Brownfield Program (City-wide)

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

Based upon a strategic plan funded with a U.S. Environmental Protection Agency ("EPA") Technical Assistance grant (through the New Jersey Institute of Technology), the Agency aligns its Brownfield Development Areas, certified by the New Jersey Department of Environmental Protection, for addressing environmental investigation and remediation for two neighborhoods: North Camden and Cramer Hill. The CRA currently manages 45 grants for environmental assessment and remediation from the US Environmental Protection Agency and the New Jersey Department of Environmental Protection, totaling approximately \$37.8 million, which assist in the implementation of the Brownfield Coordination Strategy. With these funds, the CRA undertakes environmental investigations in targeted redevelopment areas. In particular, the EPA-funded environmental investigations inform and enhance the planning efforts underway in the Mt. Ephraim Transformation Plan area. In addition, the CRA has also received a grant of approximately \$1,000,000 from EPA to capitalize a Brownfields Revolving Loan Fund. The CRA is currently marketing this innovative approach to provide affordable financing to businesses and non-profits to conduct environmental cleanup activities in connection with redevelopment.

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 access and transparency of information for residents and businesses. One of the great achievements funded by the NSP2 grant is the development of RAMP. The disposition of properties in the RAMP inventory also provides revenue. The program allows the Agency to make huge strides in targeting and planning for specific development within established redevelopment and non-redevelopment areas.

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. The Agency is authorized by the governing body of the City of Camden to implement the redevelopment plan, including designating and entering into contracts with redevelopers for any construction or other work forming a part of an adopted redevelopment plan (NJ S. A. 40A: 12A-4(c)).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Specific Site Redevelopment Activities

- **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 to monitor 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 is currently constructing Subaru of North America's 250,000 square foot Headquarters and 70,000 square feet Training Facility on the site of the former Sears Building. The project will relocate jobs to Camden. The project is scheduled for completion in 2018.
- **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 continues its work with the New Jersey School Development Authority to close out the grant.
- **Central Waterfront Parking** – The Agency acts 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. With the settlement reached in the condemnation action with the prior property owners, the City realized more than \$400,000 in back taxes. This gives the City the ability to negotiate for additional funds for the additional parking spaces. In 2017, the Agency acquired the remaining six properties required to meet the temporary overflow parking space requirement set by the BB&T Pavilion.
- **Cooper/Lanning Redevelopment** – The Agency in coordination with the City of Camden's anchor education and medical institutions (EDs and MEDs), community residents, and consultants together issued a Request for Proposal for the redevelopment of approximately 400 parcels of land into housing, businesses and open space. The Agency has shifted its approach to one that is project-based for multifamily and single family residential developments for the Cooper/Lanning and Downtown redevelopment areas. The preparation of a comprehensive and integrated housing plan responding to current market conditions also is under development. In furtherance of its project-based approach, the Agency acquired several privately-owned properties and completed the relocation of tenants to complete the land assembly for a signature project. In addition, the Agency continued to assemble land for redevelopment by the EDs and MEDs. Notably, the Agency in 2017, assembled sites along Broadway for development of a 10,000 square-foot retail and office building directly across the street from the medical school.
- **Family Dollar-7th & Linden Streets** – During 2015, the CRA completed the sale of the 7th & Linden Streets site to Boos States Development, LLC for the development of a 10,000 square-foot Family Dollar Store. With all approvals in place, construction began immediately. The opening of the store culminated a nearly 25 year effort to bring retail services to North Camden. This project completed construction in 2017. The second phase includes a fast food restaurant that is currently under construction.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Specific Site Redevelopment Activities (Continued)

- **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 60 acres - "Balance of the Harrison Avenue Landfill". The CRA is working closely with the New Jersey Department of Environmental Protection (DEP) Office of Natural Resource Restoration (ONRR) on development of a river-front park that will serve as a regional recreation destination. The park will include restored wetlands, wildlife habitat and riverbank, a fishing pond, community gardens, extensive walking trails, an amphitheater and viewing areas with vistas of the Delaware River and Philadelphia Skyline. The total project cost is estimated at \$28 million. In 2013 the CRA received 3 EPA Cleanup Grants for Harrison Avenue Landfill and in 2014 the CRA was awarded 3 more grants and in 2015 an additional grant bringing the EPA commitment to \$ 1.4 million. With this commitment on the Federal level, the CRA was able to leverage an additional \$ 6.7 million from the New Jersey Hazardous Discharge Site Remediation Fund (HDSRF). Park construction is now underway.
- **Holtec** – During 2014 the CRA and City entered into negotiations with South Jersey Port Corporation (SJPC) for the purchase by the SJPC of over 150 lots from the City and CRA in the long-vacant Terraces project area. SJPC bought the property from the Agency and is renting the land to Holtec, manufacturer of, among other things, nuclear-power equipment and containers. Over the next 5 years, Holtec is slated to employ up to 4,000.
- **Liberty Property Trust Camden Waterfront** – Philadelphia-based Liberty Property Trust began developing the 16 acre parcel stretching along the Camden Waterfront from the Benjamin Franklin Bridge to the Adventure Aquarium. The estimated \$1.0 billion dollar mixed use project will include office space, residential, entertainment and a hotel. The project, the largest in Camden history, is being made possible by the "Grow New Jersey" tax incentive program. The CRA is involved in the development through its ownership of 3 key parcels in the development footprint.
- **Mastery Cramer Hill Renaissance School** – The CRA completed the sale of a four acre former industrial site located at the corner of River and State Streets to an affiliate of the highly respected Mastery Charter Foundation for the development of an 85,000 square foot renaissance school. The site has been vacant for several decades and in addition to bringing quality educational opportunities and positive community activity to the Cramer Hill Neighborhood, the project will address the long standing environmental contamination of the site. The project was completed in 2017.
- **Neighborhood Stabilization Program II (NSP2) Phase II** – As mentioned above, seven neighborhoods received the redevelopment benefit resulting from activities: acquisition, new construction, rehabilitation, demolition, land banking 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)

Specific Site Redevelopment Activities (Continued)

- **The 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 underwent major rehabilitation starting in 2016. The rehabilitation of the Pierre, a circa 1919 National-Register listed building, will transform this vacant structure into 32 high quality market-rate and affordable rental apartment units. This is one of the remaining historic buildings on Cooper Street to be preserved and renovated. The redeveloper closed on the project's financing in 2017 and construction is underway.
- **Rowan University/Rutgers University-Camden Joint Board of Governor's Health Sciences Complex** – In 2016, the Rowan/Rutgers Joint Board continued to assemble properties in the Lanning Square neighborhood for construction of a new \$76 million health sciences complex, covering a city block. The process to acquire land within Block 181 for the project site was initiated by the Agency. The Agency, having acquired almost 60% of the site, conveyed the properties that had been assembled to the Joint Board. Construction began in 2017. When complete, this health sciences complex will complete the EDs and MEDs connection to the Downtown District and house an array of collaborative programs in the health sciences for students from both Rowan and Rutgers universities.

Rowan/Rutgers Joint Board embarked on a Phase 2 acquisition strategy in the Cooper/Lanning Square neighborhood, acquiring and relocating businesses along the Broadway corridor and properties located within those blocks directly adjacent to the site for the health sciences complex. The Agency, as a partner in 2017, assembled several sites to further expand the University's institutional uses related to the health sciences complex and redevelopment of the Broadway business corridor.

Financial Analysis

	2017	2016	2015	2016 to 2017	
				\$ Change	% Change
Total Assets	\$ 14,047,033	\$ 17,688,541	\$ 20,703,713	\$ (3,641,508)	(20.59)%
Total Deferred Outflows of Resources	762,681	1,026,535	647,056	(263,854)	(25.70)%
Total Liabilities	6,372,082	7,097,260	6,267,251	(725,178)	(10.22)%
Total Deferred Inflows of Resources	768,715	292,085	162,653	476,630	163.18 %
Net Position	7,668,917	11,325,731	14,920,865	(3,656,814)	(32.29)%
Total Operating Revenues	6,037,026	1,318,206	1,731,257	4,718,820	357.97 %
Total Operating Expenses	6,747,788	3,012,685	2,183,774	3,735,103	123.98 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Total Assets

- Total assets decreased by \$3,641,508 or 20.6% compared to 2016.

Total Liabilities

- Total liabilities decreased by \$725,178 or 10.22% compared to 2016. This change was primarily due to the decrease in net pension liability.

Total Net Position

- Total net position decreased by \$3,656,814 or 32.29%, primarily due to a loss on sale of land.

Total Operating Revenue

- The following two major categories affected total operating revenue:
 - Grant Revenue increased by \$4,318,732, or 405%, due to an increase in activities of the Hazardous Discharge Site Remediation Funds grant managed by the Agency.
 - Project Management Fees increased by \$514,999, or 739%, due to an increase in activities of the projects managed by the Agency.

Total Operating Expense

- Total operating expense increased by \$3,735,103, or 123.98%, compared to 2016. This change was primarily due to an increase of \$4,064,873 or 321% in relocation and acquisition expenses for grant funded projects since the cost of acquiring land is capitalized upon purchase of the property.

Capital Assets

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

Debt

Intergovernmental loans payable in the amount of \$114,260 and \$114,260, for the years ended December 31, 2017 and 2016, respectively, is the result of debt due to the County in the amount of \$114,260. The Agency intends to renegotiate the debt in the upcoming fiscal year.

CITY OF CAMDEN REDEVELOPMENT AGENCY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

New Business and Goals

Comprehensive Economic Development Strategy (CEDS) - CEDS implementation will continue in 2018 with commercial and light industrial redevelopment on Admiral Wilson Boulevard, light industrial redevelopment areas, and new and rehabilitated market-rate and affordable mixed income housing.

1800 Davis Street - Transit-Oriented Development, Mixed-Use Residential and Offices project. Priority goals for this Project will include leveraging development opportunities and increasing density adjacent to the PATCO Hi-Speed Line at the Ferry Avenue Station. This Project involves the demolition of a vacant dilapidated four-story building and the new construction of a four-story, 76,000 square-foot building for proposed uses that include retail, daycare, and parking on the first level and residential on the second, third and fourth levels. In 2017, the redeveloper, unsuccessful in securing State tax credits for the project, seeks to re-apply in 2018. The Agency is working with the redeveloper to strengthen the competitiveness of the application, and if successful, project financing will be closed in 2018 for a construction start in early 2019.

Admiral Wilson Regional Retail Development- The CRA is working with Camden Renaissance Associates LLC, the City and the Delaware River Port Authority to assemble a site large enough to develop at least 150,000 square-foot of new light industrial and commercial space on the north side of Admiral Wilson Boulevard in order to create new manufacturing and high-tech jobs.

Cooper Grant Phase II - The CRA, having completed the \$1.1MM remediation of the ABC Barrel site in 2017, will issue a Request for Proposals for market-rate for-sale homes on these Agency owned properties.

Cooper /Lanning: Requests for Proposals will be issued in 2018 and the CRA, City, and community leaders will continue a process for the selection of redeveloper(s) for discrete infill and new construction redevelopment projects for housing (rental/homeownership) and commercial ventures.

Cooper Plaza Historic Preservation Homes Project - The preservation of 64 existing residential units located within 32 buildings along Washington Street and Haddon Avenue in Cooper Plaza's historic district. The redeveloper plans for the substantial rehabilitation of all of the units. No displacement of current tenants will occur as the property is redeveloped. During the summer of 2018, the redeveloper expects to close on the project's financing and thereafter begin construction in early fall.

Environmental Assessment of Parks and Open Space - The City has requested that the CRA conduct Preliminary Environmental Investigation of various parks and open space where the City proposes to undertake capital improvements.

Former Camden Public Library Redevelopment - Rehabilitation of the historic former Camden Public Library to include 20,000-square-feet of state-of-the art urban office space, 5,000-square-feet of retail and the Library Café. During 2017, the CRA acquired title to the Library building from the City and began negotiations for the acquisition of the remainder of the project site.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

New Business and Goals (Continued)

KIPP Cooper Norcross Academy at Lanning Square – A state-of-the art, \$41 million dollar, 110,000 square foot elementary school, was completed and opened in Fall 2015. CRA will assemble area sites for the school's planned expansion for open space and recreational uses. KIPP educates 1,100 students from Pre-K through 8th grade in this facility, which has such amenities as science labs, computer rooms, arts and music rooms. The KIPP School, unlike charter schools, is part of the city's school district, but is a renaissance school, providing guaranteed enrollment to children living in the Cooper/Lanning neighborhoods.

Knox Meadows Phase II - The Knox Meadows Phase II project, located at 4th & Erie in North Camden, calls for the creation of multi-family housing on a site in the North Camden Brownfield Development Area (BDA). The CRA secured an EPA Brownfield Cleanup Grant for the Site and proposes to begin the remediation in 2018.

Mt. Ephraim CHOICE Centerville Homeownership Project - (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 developing a plan for a \$30 million HUD Implementation Grant. 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. At the end of the year, the City and HACC, as co-applicants, were awarded \$13.2 million for the 2016 Choice Implementation Grant round. The Agency and the Michaels Development Company (MDC), as partners, are designated as the Housing Development Entity under the CHOICE grant. MDC is completing the demolition and build-out of Branch Village public housing development in the Centerville neighborhood, consisting of 240 rental units over the course of 2017 – 2019. The Agency in 2018 will begin the assembly of area publicly-owned sites for building and marketing 30 units or more of for sale housing to buttress the CHOICE Centerville redevelopment effort.

Mt. Ephraim Choice Neighborhood Area Wide Planning Initiative- In 2015, the CRA was awarded a grant of \$200,000 from the US Environmental Protection Agency to develop a community-based plan for the reuse of brownfield site located in the Mt. Ephraim Choice Neighborhood. The plan, completed in 2017, focused on the reuse of the Camden Labs "catalyst site", which is located adjacent to the existing Whitman Park. Camden Labs has long been a blighting influence in the Whitman Park Neighborhood and a significant impediment to the neighborhood's redevelopment. The CRA, having received a Site Specific Assessment grant from USEPA, will conduct environmental investigations, demolish the Camden Labs building, and further investigate the site. This brownfield site will be remediated and redeveloped as an expanded recreational area for the adjacent Whitman Park.

Preparation of New Industrial-Commercial Sites - The CRA will assist the City with the acquisition of properties that have potential for new industrial and commercial development. The CRA will conduct environmental assessment, market the sites, and evaluate development proposals. Currently, the CRA is working with the City to redevelop an approximately 4.5-acre abandoned industrial property adjacent to I-676 for industrial or municipal use. The project includes demolition of buildings, investigation, and remediation of the site and construction of a minimum of 32,000-square-foot of new buildings along with parking, storage, and site improvements.

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 additional NJ HDSRF grants, the Agency is moving the work forward in closing the funding gap to complete the remediation required in the Redevelopment Agreement.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

New Business and Goals (Continued)

Rowan University/Rutgers University-Camden Joint Board of Governor's Health Sciences Complex – Rowan/Rutgers Joint Board embarked on a Phase 2 acquisition strategy in the Cooper/Lanning Square neighborhood, acquiring and relocating businesses along the Broadway corridor and properties located within those blocks directly adjacent to the site for the health sciences complex. The Agency, as a partner in 2018, will continue the assembly of sites and sale to Rowan/Rutgers Joint Board so as to further expand institutional uses related to the health sciences complex and redevelopment of the Broadway business corridor.

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 professional 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.

BASIC FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,061,767	\$ 3,484,160
Rent receivable, net of allowance for uncollectible amounts of \$24,750 for 2017 and 2016	27,600	27,600
Accounts receivable, net of allowance for uncollectible amounts of \$21,317 for 2017 and 2016	10,243	10,243
Grants receivable	897,976	400,883
Notes receivable	120,000	120,000
Total current assets	<u>4,117,586</u>	<u>4,042,886</u>
Noncurrent assets		
Notes receivable	240,000	360,000
Capital assets	9,689,447	13,285,655
Total noncurrent assets	<u>9,929,447</u>	<u>13,645,655</u>
Total assets	<u>\$ 14,047,033</u>	<u>\$ 17,688,541</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 762,681	\$ 1,026,535
Total deferred outflows of resources	<u>\$ 762,681</u>	<u>\$ 1,026,535</u>
Total assets and deferred outflows of resources	<u>\$ 14,809,714</u>	<u>\$ 18,715,076</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,472,792	\$ 808,162
Accrued interest payable	194,023	185,911
Unearned revenue	1,865,700	2,583,569
Intergovernmental loans payable	114,260	114,260
Total current liabilities	<u>3,646,775</u>	<u>3,691,902</u>
Noncurrent liability		
Net pension liability	2,725,307	3,405,358
Total noncurrent liability	<u>2,725,307</u>	<u>3,405,358</u>
Total liabilities	<u>\$ 6,372,082</u>	<u>\$ 7,097,260</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 768,715	\$ 292,085
Total deferred inflows of resources	<u>\$ 768,715</u>	<u>\$ 292,085</u>
Net Position		
Invested in capital assets, net of related debt	\$ 9,575,187	\$ 13,171,395
Unrestricted	(1,906,270)	(1,845,664)
Total net position	<u>\$ 7,668,917</u>	<u>\$ 11,325,731</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,809,714</u>	<u>\$ 18,715,076</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Operating revenues		
Grants	\$ 5,385,958	\$ 1,067,226
Project management and administrative fees	584,688	69,689
Rental income	18,710	133,621
In-kind revenue	47,670	47,670
Total operating revenues	<u>6,037,026</u>	<u>1,318,206</u>
Operating expenses		
Relocation and acquisition expenses	5,332,349	1,267,476
Salaries and benefits	988,549	1,274,625
Professional fees	104,992	91,797
Insurance expense	196,204	197,300
Payroll taxes and service fees	63,290	64,788
Other operating expenses	7,814	31,785
In-kind rent	47,670	47,670
Office supplies	10,426	31,054
Marketing	(3,640)	6,112
Travel	134	78
Total operating expenses	<u>6,747,788</u>	<u>3,012,685</u>
Operating loss	<u>(710,762)</u>	<u>(1,694,479)</u>
Nonoperating revenues (expenses)		
Interest revenue	24,253	253
Interest expense	(8,112)	(8,112)
Net nonoperating revenues (expenses)	<u>16,141</u>	<u>(7,859)</u>
Change in net position before capital contributions and loss on acquisition and sale of land	(694,621)	(1,702,338)
Capital contributions	1,335,785	1,097,407
Loss on sale of land	<u>(4,297,978)</u>	<u>(2,990,203)</u>
Change in net position	(3,656,814)	(3,595,134)
Net position, beginning of year	<u>11,325,731</u>	<u>14,920,865</u>
Net position, end of year	<u>\$ 7,668,917</u>	<u>\$ 11,325,731</u>

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

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from grants income	\$ 4,170,996	\$ 1,383,121
Cash received from rental income	18,710	133,621
Other operating cash receipts	584,688	69,689
Payments made to employees for services	(988,549)	(978,175)
Payments made to suppliers for goods and services	<u>(5,046,939)</u>	<u>(1,560,489)</u>
Net cash from operating activities	<u>(1,261,094)</u>	<u>(952,233)</u>
Cash flows from capital and related financing activities		
Proceeds from land sales and redevelopment fees	<u>702,560</u>	<u>677,101</u>
Net cash from capital and related financing activities	<u>702,560</u>	<u>677,101</u>
Cash flows from investing activities		
Principal payments on note receivable	120,000	120,000
Interest income	24,253	253
Interest expense	<u>(8,112)</u>	<u>(8,112)</u>
Net cash from investing activities	<u>136,141</u>	<u>112,141</u>
Net change in cash and cash equivalents	(422,393)	(162,991)
Cash and cash equivalents, beginning of year	<u>3,484,160</u>	<u>3,647,151</u>
Cash and cash equivalents, end of year	<u>\$ 3,061,767</u>	<u>\$ 3,484,160</u>
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (710,762)	\$ (1,694,479)
Adjustments to reconcile operating loss to net cash from operating activities		
(Decrease) increase in cash from		
Grants receivable	(497,093)	162,284
Accounts payable and accrued expenses	664,630	426,351
Unearned revenue	(717,869)	153,611
Total adjustments	<u>(550,332)</u>	<u>742,246</u>
Net cash from operating activities	<u>\$ (1,261,094)</u>	<u>\$ (952,233)</u>

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

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

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

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

Component Unit

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

Basis of Accounting, Measurement Focus and Basis of Presentation

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

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

Allowance for Uncollectible Amounts

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

Capital Assets

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

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

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The Agency is required to report net position in the following 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.

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.

Deferred Outflows and Inflows of Resources

The Statements of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. The Agency is required to report the following as deferred outflows of resources and deferred inflows of resources:

Pension Plan - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Agency's proportion of expenses and liabilities to the pension as a whole, differences between the Agency's pension contribution and its proportionate share of contributions, and the Agency's pension contributions subsequent to the pension valuation measurement date.

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

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement 75 provides guidance for reporting by state and local governments that provide other postemployment benefits ("OPEB"), such as retiree health insurance, to their employees and for governments that finance OPEB for employees of other governments. Statement 75 is effective for fiscal years beginning after June 15, 2017. The Agency will implement Statement 75 for the year ending December 31, 2018.

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 Governmental 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,			
	2017		2016	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents	<u>\$ 3,061,767</u>	<u>\$ 3,198,982</u>	<u>\$ 3,484,160</u>	<u>\$ 3,491,859</u>

C. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31,	
	2017	2016
Urban Enterprise Zone Authority	\$ 31,560	\$ 31,560
Less: allowance for uncollectible amounts	21,317	21,317
Total accounts receivable, net	<u>\$ 10,243</u>	<u>\$ 10,243</u>

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

NOTES TO FINANCIAL STATEMENTS

D. NOTES RECEIVABLE

Notes receivable consist of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
City of Camden Parking Authority Mortgage note receivable in five annual installments of \$120,000 commencing August 27, 2016. Interest accrues on the unpaid principal balance at a rate of 5% per annum beginning August 19, 2016.	\$ 360,000	\$ 480,000
Total notes receivable	<u>\$ 360,000</u>	<u>\$ 480,000</u>

E. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2017 and 2016, was as follows:

	<u>2017</u>			
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land inventory	\$13,285,655	\$ 1,335,785	\$ (4,931,993)	\$ 9,689,447
Total non-depreciable assets	<u>13,285,655</u>	<u>1,335,785</u>	<u>(4,931,993)</u>	<u>9,689,447</u>
Capital assets, net	<u>\$13,285,655</u>	<u>\$ 1,335,785</u>	<u>\$ (4,931,993)</u>	<u>\$ 9,689,447</u>
	<u>2016</u>			
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land inventory	\$ 15,855,552	\$ 1,097,407	\$ (3,667,304)	\$13,285,655
Total non-depreciable assets	<u>15,855,552</u>	<u>1,097,407</u>	<u>(3,667,304)</u>	<u>13,285,655</u>
Depreciable assets				
Furniture and equipment	114,016	-	(114,016)	-
Accumulated depreciation	(114,016)	-	(114,016)	-
Total depreciable assets	<u>-</u>	<u>-</u>	<u>(228,032)</u>	<u>-</u>
Capital assets, net	<u>\$ 15,855,552</u>	<u>\$ 1,097,407</u>	<u>\$ (3,895,336)</u>	<u>\$13,285,655</u>

The market value ratio developed by Taxation and adopted by the Agency was 1.0310 and 1.0911 for 2017 and 2016, 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.

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

NOTES TO FINANCIAL STATEMENTS

F. INTERGOVERNMENTAL LOANS PAYABLE

The Agency also has a loan from the County of Camden. This agreement, made in December 1993, for \$114,260 at an annual interest rate of 7.1%, was for a study to be undertaken to examine the engineering, architectural and financial potential for the re-use or disposition of the General Electric Company facilities. The balance on the note was \$114,260 as of December 31, 2017 and 2016. 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's permanent full-time employees participate in the following defined benefit pension plans: the Public Employees' Retirement System ("PERS"), which is administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). The plan has a board of trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Plan Description

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions established by N.J.S.A. 43:15A to provide coverage to all full-time employees of the State of New Jersey or any municipality, county, school district, or public agency within the State, provided the employee is not a member of another State administered retirement system. Membership is mandatory. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60, and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62, and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Benefits Provided (Continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in state fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

Agency employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The payment of automatic cost-of-living adjustment ("COLA") additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law. The percentage of employee's contribution rate as a percentage of covered payroll for 2017 and 2016 was 7.27% and 7.13%, respectively. The payroll subject to pension for the Agency's employees was \$797,095 and \$819,734 for the years ended December 31, 2017 and 2016, respectively.

The Agency is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Agency's required annual contributions were \$108,457 and \$102,146 for the years ended December 31, 2017 and 2016, respectively.

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

At June 30, 2017 and 2016, the Agency had a liability of \$2,725,307 and \$3,405,358, respectively, for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For purposes of measuring the net pension liability, the plan's fiduciary net position has been determined on the same basis as they are reported for PERS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share

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

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

of contributions to the pension plan relative to the projected contributions of all participating members of the plan, actuarial determined. At June 30, 2017 and 2016, the Agency's proportion was .0117074478% and .0114979336%, respectively, which was an increase of .00020% from its proportion measured as of June 30, 2016, and a decrease of 0.00102% from its proportion measured as of June 30, 2015, respectively. The employer allocation percentages are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period. At December 31, 2017 and 2016, respectively, the Agency reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

The Agency is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were \$109,312 and \$117,816 for the years ended December 31, 2017 and 2016, respectively.

	PERS			
	December 31, 2017		December 31, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,172	\$ -	\$ 63,329	\$ -
Changes in assumptions	549,055	547,042	705,408	-
Net difference between projected and actual investment earnings on pension plan investments	18,557	221,673	129,849	-
Changes in proportion and differences between Agency contributions and proportionate share of contributions Agency contributions subsequent to the measurement date	130,897	-	127,949	292,085
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 762,681</u>	<u>\$ 768,715</u>	<u>\$ 1,026,535</u>	<u>\$ 292,085</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 64,156
2019	96,814
2020	58,664
2021	1
2022	<u>(147,645)</u>
	<u>\$ 71,990</u>

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

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases: Through 2026 (based on age)	1.65-4.15%
Salary increases: Thereafter (based on age)	2.65-5.15%
Investment rate of return	7.00%

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary increases: Through 2026 (based on age)	1.65-4.15%
Salary increases: Thereafter (based on age)	2.65-5.15%
Investment rate of return	7.65%

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP- 2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return of each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016, are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Asset Class	2017	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Asset Class	2016	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Intermediate-Term Bonds	0.00%	0.00%
Mortgages	2.00%	1.67%
High-Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

	PERS - Available Fiscal Years Ended December 31,				
	2017	2016	2015	2014	2013
Agency's proportion of the net pension liability	0.0117074478%	0.0114979336%	0.0127354833%	0.0117134509%	0.0125990144%
Agency's proportionate share of net pension liability	\$ 2,725,307	\$ 3,405,358	\$ 2,858,861	\$ 2,193,078	\$ 2,407,922
Agency's covered-employee payroll	797,095	819,734	793,637	874,117	922,128
Agency's proportionate share of net pension liability as a % of payroll	341.90 %	360.22 %	360.22 %	250.89 %	261.13 %
Total pension liability	5,251,067	5,688,568	5,490,213	4,576,618	4,695,942
Plan fiduciary net position	2,525,761	2,283,210	2,631,353	2,383,539	2,288,020
Plan fiduciary net position as a % of total pension liability	48.10 %	40.14 %	47.93 %	52.08 %	48.72 %

	PERS - Available Fiscal Years Ended December 31,				
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 108,457	\$ 102,146	\$ 109,491	\$ 96,564	\$ 94,931
Contributions in relation to the contractually required contribution	109,312	117,816	103,692	107,422	100,262
Agency's covered employee payroll	797,095	819,734	793,637	874,117	922,128
Contributions as a % of covered employee payroll	13.71 %	14.37 %	13.07 %	12.29 %	10.87 %

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

NOTES TO FINANCIAL STATEMENTS

G. PENSION AND RETIREMENT PLANS (CONTINUED)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point high than the current rate:

	<u>At 1% decrease (4.00%)</u>	<u>At current discount rate (5.00%)</u>	<u>At 1% increase (6.00%)</u>
2017	\$ 3,380,928	\$ 2,725,307	\$ 2,179,093
	<u>At 1% decrease (2.98%)</u>	<u>At current discount rate (3.98%)</u>	<u>At 1% increase (4.98%)</u>
2016	\$ 4,172,869	\$ 3,405,358	\$ 2,771,711

H. RISK MANAGEMENT

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

I. COMMITMENTS AND CONTINGENCIES

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

In 2016 and 2017, the Agency used program income from the sale of various properties to create additional loans to various developers in excess of the \$11,926,887 initial award.

J. RELATED-PARTY TRANSACTIONS

The City of Camden provides employees and office space to the Agency at no charge. The value of these contributed services and rent is estimated at \$47,670 for 2017 and 2016. 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.

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, 2017

Federal Grantor/Program Title	Federal CFDA Number	Grant Award Amount	Program Award Amount Received	Grant Period	Current Year		Cumulative Disbursements
					Disbursements	Disbursements	
U.S. Department of Housing & Urban Development: Neighborhood Stabilization Program II ("ARRA")	14.256	\$ 13,663,703	\$ 13,663,703	01/14/10 - Until Completion	\$ 226,196	\$	13,579,636
U.S. Environmental Protection Agency:							
Harrison Avenue Landfill Cleanup Lot 7	66.818	200,000	159,743	10/01/13 - 09/30/19	17,851		165,057
Harrison Avenue Landfill Cleanup Lot 8	66.818	200,000	62,571	10/01/13 - 09/30/19	12,545		65,452
Harrison Avenue Landfill Cleanup Lot 9	66.818	200,000	56,500	10/01/13 - 09/30/19	10,974		63,583
Harrison Avenue Landfill Cleanup Lot 10	66.818	200,000	55,033	09/16/14 - 09/30/17	10,274		59,816
Harrison Avenue Landfill Cleanup Lot 11	66.818	200,000	54,286	09/16/14 - 09/30/17	11,112		58,634
Harrison Avenue Landfill Cleanup Lot 12	66.818	200,000	53,236	09/16/14 - 09/30/17	10,810		58,010
Harrison Avenue Landfill Cleanup Lot 13-17	66.818	200,000	-	10/01/17 - 09/30/20	529		529
Harrison Avenue Landfill Cleanup Lot 18	66.818	200,000	22,871	09/22/15 - 09/30/18	9,385		27,100
Hazardous Substance - ARRA 2013	66.818	200,000	156,011	10/01/13 - 09/30/18	46,288		162,740
Hazardous Substance RLF	66.818	608,439	415,581	10/01/13 - 09/30/18	355,824		374,023
ABC Barrel (324-330 N. Front Street)	66.818	200,000	194,686	10/01/10 - 09/30/17	146,997		200,000
ABC Barrel (300 Block of N. 2nd Street)	66.818	200,000	195,858	10/01/10 - 09/30/17	147,094		200,000
ABC Barrel (121-123 Penn Street)	66.818	200,000	195,769	10/01/10 - 09/30/17	148,249		200,000
Camden Lab Site Specific Assessments	66.818	344,710	131,220	09/25/15 - 09/30/18	65,047		152,107
Petroleum Assessment 2013	66.818	200,000	125,087	10/01/13 - 09/30/18	19,310		124,286
Petroleum Assessment RLF	66.818	391,560	225,248	10/01/13 - 09/30/18	112,257		169,656
Building 8	66.818	200,000	6,002	10/01/15 - 09/30/18	4,391		6,982
2015 Area Wide Planning Grant	66.818	200,000	193,289	09/01/15 - 08/31/17	143,424		198,273
7th & Kaighn Site Specific	66.818	350,000	-	10/01/17 - 09/30/20	2,621		2,621
U.S. Environmental Protection Agency							
Subtotal		5,494,709	2,730,270		1,274,982		3,088,693
Federal Program Totals		\$ 19,158,412	\$ 16,393,973		\$ 1,501,178	\$	16,668,329

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2017

State Grantor/Program Title	State Account Number	Grant Award Amount	Program Award Received	Grant Period	Current Year Disbursements	Cumulative Disbursements
N.J. Economic Development Authority, Economic Recovery Board:						
Central Waterfront Parking	P16137	\$ 5,000,000	\$ 4,870,968	11/04/04 until completion	\$ 61,913	\$ 4,675,202
Campbell's Soup	P18198	3,095,372	3,095,372		585	2,738,407
Cooper Plaza	P20263	1,532,950	751,850	01/01/07 until completion	118,225	222,137
Mixed Site Acquisition	P20265	1,561,975	937,445	01/01/07 until completion	269,405	890,147
N.J. Economic Development Authority, Economic Recovery Board Subtotal		<u>11,190,297</u>	<u>9,655,635</u>		<u>450,128</u>	<u>8,525,893</u>
N.J. Economic Development Authority, Hazardous Discharge Site Remediation Funds						
Harrison Landfill	P24794	1,369,650	1,272,085	02/01/09 until completion	35,899	1,288,773
Harrison Landfill	P471711	165,590	165,590	Until completion	81,346	155,382
Harrison Landfill	P40179	1,800,000	1,765,720	Until completion	1,762,720	1,762,720
Harrison Landfill	P38689	1,500,000	109,476	Until completion	109,476	118,325
ABC Barrel	P23392	861,532	274,929	12/01/08 until completion	586,000	861,532
East Village	P27089	424,134	424,134	06/04/09 until completion	3	417,720
Meadows at Pyne	P39477	381,314	381,314	Until completion	10,819	381,314
North Camden Waterfront Park	P40754	92,715	92,715	Until completion	92,715	92,715
N.J. Economic Development Authority, Hazardous Discharge Site Remediation Funds Subtotal		<u>6,594,935</u>	<u>4,485,963</u>		<u>2,678,978</u>	<u>5,078,481</u>
N.J. Department of Environmental Protection, Green Acres - Roosevelt Plaza		2,400,000	1,640,252	10/16/09 until completion	377,844	2,193,330
BRI - ABC Barrel	P15496	500,000	416,423	04/29/09 until completion	291,423	416,423
State Program Totals		<u>\$ 20,685,232</u>	<u>\$ 16,198,273</u>		<u>\$ 3,798,373</u>	<u>\$ 16,214,127</u>

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

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

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE**
Year Ended December 31, 2017

A. Basis of Presentation

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

B. 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.

C. Indirect Cost Rate

The Agency does not have an indirect cost rate nor does it use the default rate of 10%.

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, 2017

Section I - Summary of Auditors' Results
Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program</i>
66.818	United States Environmental Protection Agency: Various Projects

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

Auditee qualified as low-risk auditee for federal purposes? Yes 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, 2017

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported
 in accordance with State of New Jersey Circular
 Letter 15-08-OMB? Yes No

Identification of major programs:

<i>State Account Number</i>	<i>Name of Federal Program</i>
P24794, P471711, P40179, P38689, P23392,	New Jersey Economic Development Authority,
P27089, P39477, P40754	Hazardous Discharge Site Remediation Funds - Harrison Landfill

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

Auditee qualified as low-risk auditee for state purposes? 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, 2017

Section II - Financial Statement Findings

None reported.

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

None reported.

Section IV - Summary Schedule of Prior Year Audit Findings

None 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercedien, P.C.
Certified Public Accountants

May 31, 2018

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 UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR LETTER 15-08-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 Programs

We have audited the City of Camden Redevelopment Agency's (a Component Unit of the City of Camden, State of New Jersey) (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Agency's major federal and state programs for the year ended December 31, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the State of New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipient of Federal Grants, State Grants, State Aid* ("Circular Letter 15-08-OMB"). Those standards, Uniform Guidance and Circular Letter 15-08-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 UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR LETTER 15-08-OMB (CONTINUED)

Opinion on Each Major Federal and State Programs

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, 2017.

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 and 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 Uniform Guidance and Circular Letter 15-08-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 and 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 and 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 and 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 Uniform Guidance and Circular Letter 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Mercadion, P.C.
Certified Public Accountants

May 31, 2018