

camden  county  
**Improvement Authority**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2014 and 2013**

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
Table of Contents  
For the Year Ended December 31, 2014

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
<b><u>PART I – FINANCIAL SECTION</u></b>		
	Independent Auditor's Report	3
	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 - Independent Auditor's Report	6
	Management's Discussion and Analysis	8
	<u>Basic Financial Statements</u>	
A	Comparative Statements of Net Position	15
B	Comparative Statements of Revenues, Expenses and Changes in Net Position	17
C	Comparative Statements of Cash Flows	18
	Notes to Financial Statements	20
	<u>Supplementary Schedules</u>	
<u>Schedule No.</u>		
1	Combining Schedule of Revenues, Expenses and Changes in Net Position	35
2	Schedule of Cash Receipts and Disbursements	36
3	Schedule of Improvement Authority Revenues and Expenses – Budget and Actual – Non-GAAP Budgetary Basis	37
4	Schedule of Parking Center Revenues and Expenses – Budget and Actual – Non-GAAP Budgetary Basis	38
5	Analysis of Parking, Financing and Related Fees Receivable	40
6	Analysis of Investment in Redevelopment Sites	41
7	Analysis of Capital Assets	42
8	Analysis of Accrued Interest Payable	42
9	Schedule of Revenue Bonds Payable	43
	<u>Supplementary Schedules Required by the Authority's Bond Covenants</u>	
10	Schedule of Conduit Debt	44
<b><u>PART II – SINGLE AUDIT SECTION</u></b>		
	Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 – Independent Auditor's Report	47
A	Schedule of Expenditures of Federal Awards	50
	Notes to Schedules of Expenditures of Federal Awards	51

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**Table of Contents (Cont'd)  
For the Year Ended December 31, 2014

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**PART III – SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section 1 - Summary of Auditor's Results	54
Section 2 – Schedule of Financial Statement Findings	56
Section 3 – Schedule of Federal Award Findings and Questioned Costs	57
Section 4 – Schedule of State Financial Assistance Findings and Questioned Costs	58
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	59
<b>APPRECIATION</b>	60

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
ROSTER OF OFFICIALS  
As of December 31, 2014

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Members

William R. Hosey  
Linda M. Rohrer  
Joseph P. Schooley  
William W. Spearman  
Reginald Stevenson

Position

Chairman  
Vice-Chairman  
Member  
Member  
Member

Other Officials

James P. Blanda  
David McCollum  
David Patterson, Maressa Patterson, LLC

Executive Director  
Treasurer  
General Counsel

**CAMDEN COUNTY  
IMPROVEMENT AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2014 and 2013**

## **INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Camden County Improvement Authority  
Voorhees, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Camden County Improvement Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden (Authority), as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Authority'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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Camden County Improvement Authority, in the County of Camden, State of New Jersey as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements.

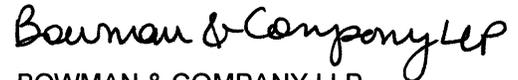
The accompanying supplementary schedules as listed in the table of contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary schedules, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
June 11, 2015

**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**

**INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Camden County Improvement Authority  
Voorhees, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the the Camden County Improvement Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, (Authority), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 11, 2015.

**Internal Control Over Financial Reporting**

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

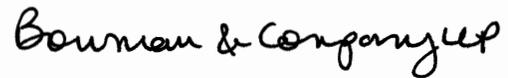
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
June 11, 2015



## **Improvement Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** **FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

#### **PURPOSE**

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The Management's Discussion and Analysis ("MD&A") addresses the financial state of the Camden County Improvement Authority ("Authority") after completing operations for calendar year 2014. Prepared through a collaborative effort of senior management, the MD&A offers insights to each business segment, provides a summary of the financial statements and highlights both successes and challenges of the Authority over the year, including opportunities going forward.

#### **FINANCIAL HIGHLIGHTS**

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- Operating revenue increased by 6% or \$440,743.
- Grants, financing and related fees increased by 12% or \$361,341
- Parking Center revenue decreased by 2% or \$72,834 as a result of decreased use.
- Operating expenses increased 7% or \$442,865 due to increased services provided by the Authority, including community development and county project management services.
- The Authority completed five (4) bond financings totaling \$194,310,000.

#### **2014 BUSINESS REVIEW**

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##### *Organizational: Who We Are*

In its 36<sup>th</sup> year in existence, the Authority continues to broaden its presence in financing and managing capital projects throughout the county. We are developing financing products that serve businesses, homeowners and communities.

Our business growth has resulted in total staff of the Authority growing from twenty-three (23) to twenty-eight (28) employees. The new employees help us expand our mission of service to Camden County government and county residents.

##### *Core Services: Public Financing, Community Development and Project Management*

With interest rates still hovering at historical lows, the Authority capitalized on market conditions, issuing more than \$194 million in tax-exempt and taxable bonds in 2014. Over \$158 million of refinancing was used to take advantage of these low interest rates for Cooper Hospital and Camden County.

In addition, both County government and private industry were active, as Camden County government borrowed \$35 million and the Authority was working with two not-for profit corporations at year end to complete financings in early 2015. The Authority is working with private industry, municipalities and school districts to improve their access to low interest capital for their 2015 projects.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

### **2014 BUSINESS REVIEW (CONT'D)**

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#### *Core Services: Public Financing, Community Development and Project Management (Cont'd)*

The expanding client base for debt financing and a reputation for quality service have increased the demand for the Authority's Project Management Division. Currently, our staff is providing management and oversight for over 25 capital improvement projects for Camden County, as well as several municipalities and school districts. Also, the Authority is providing project management services to the aforementioned not-for-profit corporations to accelerate the bond closing process. As in prior years, the project management team is marketing energy savings models to municipalities and school districts seeking to reduce energy costs enough to offset debt service on the capital investment borrowing for the project or supplement state funding.

The merging of Community Development into the Authority has provided the Authority with the ability to improve housing conditions and community infrastructure with the use of HUD CDBG and HOME funds. Currently, the Community Development Program manages more than fifty (50) projects and a \$3 million budget.

The Authority continues to work with the Borough of Clementon on redevelopment of a commercial site on White Horse Pike (Route 30). A redevelopment and property acquisition agreement was signed with Leewood Realty Group NJ for this 204 owner-occupied townhouses and 40,000 square feet of commercial development fronting White Horse Pike. Leewood purchased the property in early 2015, and construction of the project is expected to commence in the second quarter of 2015.

#### *Economic Development*

Camden City is seeing a revolutionary business expansion. Using a new tax incentive program offered by the State, the Philadelphia 76ers will open a practice center at the waterfront over the next year. This new facility will bring in 250 new jobs to the City and will help bring in the critical mass to the downtown area. Also, Holtec International is using the same tax incentive program to construct a new plant that will expand the company's current line of nuclear products, heat-exchange equipment, and other weldments for delivery to the company's customers worldwide. This project is expected to cost approximately \$260 million and bring in one hundred new jobs.

The southern portion of the County has seen an increase in both retail and commercial development. Construction is rapidly progressing on a new joint venture premium outlet and commercial center to be located in Gloucester Township. The Gloucester Premium Outlets will house approximately 450,000 square feet of both retail and commercial spaces and will open in fall 2015.

In Cherry Hill, The Township has an active Economic Development Corporation that focuses on bringing new businesses into Cherry Hill and revitalizing the Route 70 corridor. With the opening of a Whole Foods supermarket in the spring 2014, a township redevelopment project has been completed. This project will continue to support the other redevelopment project within the township. In addition, a key revitalization project at the former Garden State Racetrack continues to flourish. This 530,000 square feet development is occupied by many national retailers and restaurants, including Wegmans, Home Depot, Dick's Sporting Goods, Best Buy, Barnes & Noble, Bed, Bath & Beyond, Christmas Tree Shops, Cheesecake Factory, Houlihans's and Nordstrom's Rack.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

### **FINANCIAL ANALYSIS**

The following table presents a summary of the Authority's financial position as of December 31, 2014, 2013 and 2012.

	<b><u>2014</u></b>	<b><u>Percent Change</u></b>	<b><u>2013</u></b>	<b><u>Percent Change</u></b>	<b><u>2012</u></b>
<b>ASSETS</b>					
Current Assets:					
Unrestricted	\$ 5,642,072	5%	\$ 5,373,928	-11%	\$ 6,025,677
Restricted	1,064,548	109%	509,292	34%	378,994
Non-Current Assets:					
Restricted:					
Investments in Redevelopments		-100%	20,396,192	2%	20,059,687
Capital Assets	23,439,269	-4%	24,513,287	-3%	25,294,458
Other Restricted	<u>40,120</u>				
Total Assets	<u>30,186,009</u>	-41%	<u>50,792,699</u>	-2%	<u>51,758,817</u>
<b>LIABILITIES</b>					
Current Liabilities	1,766,988	-92%	21,562,091	1%	21,436,432
Long Term Liabilities	<u>28,994,886</u>	-2%	<u>29,582,030</u>	-2%	<u>30,131,821</u>
Total Liabilities	<u>30,761,874</u>	-40%	<u>51,144,121</u>	-1%	<u>51,568,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue	<u>346,550</u>		<u>-</u>		<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	(4,087,771)	15%	(3,554,963)	2%	(3,473,631)
Unrestricted	<u>3,165,356</u>	-1%	<u>3,203,541</u>	-13%	<u>3,664,195</u>
Total Net Position	<u>\$ (922,416)</u>	162%	<u>\$ (351,422)</u>	-284%	<u>\$ 190,564</u>

### **OPERATING ACTIVITIES AND OPERATING REVENUE**

The Authority is an autonomous agency that charges fees for services it renders such as, but not limited to, bond financing, application review, project management, intergovernmental services, grant writing, proprietary responsibilities, planning services, due diligence, construction-monitoring and development fees.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)****OPERATING ACTIVITIES AND OPERATING REVENUE (CONT'D)**

	<u>2014</u>	<u>Percent Change</u>	<u>2013</u>	<u>Percent Change</u>	<u>2012</u>
Operating Revenues:					
Parking Center Revenue	\$ 3,946,405	-2%	\$ 4,019,239	9%	\$ 3,704,362
Financing and Related Fees	919,340	-26%	1,240,221	81%	685,950
Project Management Fees, Net	1,344,151	-27%	1,846,642	-17%	2,216,923
Federal Financial Assistance	1,184,714				
Lease Income	198,698	3%	192,653	1%	190,979
Miscellaneous Revenues	<u>72,633</u>	-38%	<u>116,426</u>	153%	<u>46,016</u>
Total Operating Revenues	<u>7,855,923</u>	6%	<u>7,415,181</u>	8%	<u>6,844,230</u>
Operating Expenses:					
Administrative Expenses:					
Salaries and Wages	2,093,759	24%	1,685,633	32%	1,281,702
Employee Benefits	661,036	18%	559,764	34%	416,636
Other Expenses	1,655,191	-2%	1,696,401	17%	1,455,552
Cost of Providing Services:					
Salaries and Wages	156,263	14%	136,600	-11%	152,821
Employee Benefits	30,190	51%	19,983	-19%	24,758
Other Expenses	803,917	-6%	859,671	20%	714,404
Depreciation Expense	<u>1,079,636</u>	0%	<u>1,079,074</u>	3%	<u>1,046,956</u>
Total Operating Expenses	<u>6,479,992</u>	7%	<u>6,037,127</u>	19%	<u>5,092,829</u>
Operating Income	<u>1,375,931</u>	0%	<u>1,378,053</u>	-21%	<u>1,751,401</u>
Net Non-Operating Income (Expenses)	<u>(1,946,925)</u>	0%	<u>(1,943,321)</u>	61%	<u>(1,203,489)</u>
Change in Net Position, Before Capital Contributions	<u>(570,994)</u>	1%	<u>(565,267)</u>	-203%	<u>547,912</u>
Capital Contributions	<u>-</u>		<u>23,282</u>		<u>-</u>
Change in Net Position, After Capital Contributions	<u>(570,994)</u>	5%	<u>(541,985)</u>	-199%	<u>547,912</u>
Net Position - Beginning	<u>(351,422)</u>	-284%	<u>190,564</u>	-153%	<u>(357,348)</u>
Net Position - Ending	<u>\$ (922,416)</u>	162%	<u>\$ (351,422)</u>	-284%	<u>\$ 190,564</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

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#### *Capital Assets*

The Authority's capital assets include investments in certain real estate redevelopment projects. These include the Crossroads Redevelopment Area in Pennsauken Township, the Clementon Redevelopment Project, the Parking Center Garage Project in Camden and the marina commercial site located in the City of Camden. With the exception of the Parking Center Garage Project, these project sites may ultimately be sold to private real estate developers as part of the redevelopment plan for the site which will convert these assets into cash for the Authority's use in operations.

#### *Conduit Debt*

The Authority has issued in excess of \$2.3 billion conduit debt in support of various types of projects throughout the County. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases and mortgage loans. As of December 31, 2014 there were 59 series of these Special Revenue Bonds outstanding. The corresponding aggregate principal totaling \$862,290,264 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements other than as noted. See Note 1 to the Notes to Financial Statements for a more detailed explanation of conduit debt.

#### *Capital Debt*

The Authority has also issued a note and one series of revenue bonds to fund the acquisition, clearance, remediation and other related costs of redeveloping the Crossroads Redevelopment Area in Pennsauken Township and the construction of the Parking Center Garage Project. The original issue amount of the notes and bonds of \$32,000,000, and \$32,005,000 respectively, will be redeemed through project revenues, grants, sale of the development sites, and tax revenues.

### **LOOKING AHEAD**

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In 2015, the Authority will remain committed to providing low cost financing, project management, and community development services to all government, health care, educational, 501(c) 3, and qualifying business entities located in the County. A few areas of focus in 2015 are as follows:

The Project Management Division will continue to provide oversight to County capital projects. The division is working to provide expanded service to the related County agencies and municipalities. In addition, The Authority continues to use shared services agreements with Camden County boards of education ("BOEs") for project management services. As the BOEs receive various grants for capital improvements, the Authority actively pursues agreements to assist with these.

For the County, the Project Management Division is assisting in the development of 3 major projects. First, we are providing guidance for construction and financing of new facilities for the Board of Social Services. Second, we are overseeing the renovation of a new facility in Gloucester Township to be used for long term storage of County records. Finally, we are managing the renovation of the Hadley House Restaurant on Cooper River in Pennsauken.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

### **LOOKING AHEAD (CONT'D)**

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For Camden City, we are providing pre-construction, construction and post-construction services for the demolition of 562 unsafe houses. Also, we are providing similar services and financing for the construction of a 1200-space parking facility, to be built near the Camden waterfront and owned by the Parking Authority of the City of Camden (PACC). Nearby, we are working with the Rowan University/Rutgers Camden Board of Governors to construct administrative offices. This exciting project will expand post-secondary education facilities in Camden.

### **CONTACTING THE AUTHORITY'S MANAGEMENT**

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This financial report is designed to provide New Jersey, and Camden County residents in particular, and our customers, clients, investors and creditors, a general overview of the Authority's financial operations.

Questions about this report should be directed to the:

Camden County Improvement Authority  
2220 Voorhees Town Center,  
Voorhees, New Jersey 08043  
856-751-2242

## **BASIC FINANCIAL STATEMENTS**

## CAMDEN COUNTY IMPROVEMENT AUTHORITY

Comparative Statements of Net Position

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 3,924,061.42	\$ 3,738,969.91
Cash Held with Fiscal Agents		68,133.87
Financing and Project Management Accounts Receivable (Net of Allowance for Doubtful Accounts of \$171,690.01 for 2014 and \$108,690.01 for 2013)	898,644.42	1,028,334.58
Parking Fees Receivable	790,408.12	510,730.35
Prepaid Expenses	28,957.70	27,759.33
Total Unrestricted Current Assets	<u>5,642,071.66</u>	<u>5,373,928.04</u>
Restricted Assets:		
Cash and Cash Equivalents	756,567.18	482,739.08
Federal Grants Receivable	307,981.14	26,553.35
Total Restricted Current Assets	<u>1,064,548.32</u>	<u>509,292.43</u>
Total Current Assets	<u>6,706,619.98</u>	<u>5,883,220.47</u>
Non-current Assets:		
Restricted Assets:		
Investment in Redevelopment Sites		20,396,191.73
Capital Assets:		
Property, Plant & Equipment (Net of Accumulated Depreciation)	23,439,268.76	24,513,287.03
Loans Receivable	40,120.00	
Total Restricted Non-current Assets	<u>23,479,388.76</u>	<u>44,909,478.76</u>
Total Assets	<u>30,186,008.74</u>	<u>50,792,699.23</u>

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**

Comparative Statements of Net Position

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 672,232.90	\$ 252,492.10
Unearned Revenue	126,667.65	265,240.75
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets:	798,900.55	517,732.85
Liabilities Payable from Restricted Assets:		
Unearned Revenue		75,000.00
Accounts Payable	368,087.31	
Bond Anticipation Notes		20,315,000.00
Bonds Payable	600,000.00	580,000.00
Accrued Interest Payable		74,358.47
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets:	968,087.31	21,044,358.47
Long-Term Liabilities:		
Bonds Payable	28,900,000.00	29,500,000.00
Compensated Absences	94,886.36	82,029.73
	<hr/>	<hr/>
Total Long-Term Liabilities	28,994,886.36	29,582,029.73
Total Liabilities	<hr/>	<hr/>
	30,761,874.22	51,144,121.05
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Grant Revenue	306,430.20	
Deferred Loan Revenue	40,120.00	
	<hr/>	<hr/>
Total Deferred Inflows of Resources	346,550.20	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	(4,087,771.24)	(3,554,962.57)
Unrestricted	3,165,355.56	3,203,540.75
	<hr/>	<hr/>
Total Net Position	\$ (922,415.68)	\$ (351,421.82)

The accompanying Notes to Financial Statements are an integral part of the financial statements.

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Comparative Statements of Revenues, Expenses and Changes in Net Position  
 For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Parking Center Revenue	\$ 3,946,404.85	\$ 4,019,238.50
Financing and Related Fees	919,340.08	1,240,221.38
Project Management Fees (Net of Change in Allowance for Doubtful Accounts of \$63,000.01 for 2013 and \$108,690.01 for 2013 )	1,344,150.66	1,846,642.17
Federal Financial Assistance	1,184,713.85	
Lease Income	198,698.42	192,652.93
Sale of Investment Properties	189,982.74	
Miscellaneous Revenues	72,632.65	116,425.70
Total Operating Revenues	<u>7,855,923.25</u>	<u>7,415,180.68</u>
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	2,093,759.03	1,685,633.23
Employee Benefits	661,036.49	559,764.47
Other Expenses	1,655,190.77	1,696,401.19
Cost of Providing Services:		
Salaries and Wages	156,262.65	136,600.06
Employee Benefits	30,190.08	19,982.90
Other Expenses	803,916.56	859,670.95
Depreciation Expense	1,079,636.21	1,079,074.41
Total Operating Expenses	<u>6,479,991.79</u>	<u>6,037,127.21</u>
Operating Income	<u>1,375,931.46</u>	<u>1,378,053.47</u>
Non-Operating Income (Expenses):		
Investment Income	6,213.72	15,401.26
Contribution to Camden County Per N.J.S.A. 40A:5A-1	(131,059.00)	(124,628.00)
Interest Expense	(1,810,622.97)	(1,767,636.82)
Cancellation of Prior Year Receivable	(11,457.07)	(66,457.30)
Net Non-Operating Income (Expenses)	<u>(1,946,925.32)</u>	<u>(1,943,320.86)</u>
Change in Net Position, Before Capital Contributions	(570,993.86)	(565,267.39)
Capital Contributions	-	23,282.00
Change in Net Position, After Capital Contributions	(570,993.86)	(541,985.39)
Net Position - Beginning	<u>(351,421.82)</u>	190,563.57
Net Position - Ending	<u>\$ (922,415.68)</u>	<u>\$ (351,421.82)</u>

The accompanying Notes to Financial Statements are an integral part of the financial statements.

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Comparative Statements of Cash Flows  
 For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 7,246,033.88	\$ 6,323,215.15
Payments to Suppliers	(1,672,477.59)	(2,518,955.93)
Payments to Employees	(2,928,391.62)	(2,371,771.66)
Other Operating Receipts	271,331.07	530,896.35
	<u>2,916,495.74</u>	<u>1,963,383.91</u>
Net Cash Provided by Operating Activities		
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions	(65,166.45)	(712,931.36)
Pass Through Conduit Debt Receipts	151,062.93	5,006,381.65
Pass Through Conduit Debt Disbursements		(5,006,381.65)
Contribution to Camden County	(131,059.00)	(124,628.00)
Contribution from Camden County	29,766.32	270,198.00
Principal Paid on Bonds	(580,000.00)	(750,000.00)
Interest Paid on Bonds	(1,973,142.97)	(1,767,636.82)
Sale of Investment Properties	20,514,068.08	20,315,000.00
Payment of Bond Anticipation Notes	(20,315,000.00)	(20,315,000.00)
Interest Paid on Bond Anticipation Notes	(162,520.00)	(172,197.84)
	<u>(2,531,991.09)</u>	<u>(3,257,196.02)</u>
Net Cash Used in Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest Received	6,281.09	15,505.75
	<u>6,281.09</u>	<u>15,505.75</u>
Net Increase (Decrease) in Cash and Cash Equivalents	390,785.74	(1,278,306.36)
Cash and Cash Equivalents at Beginning of Year	4,289,842.86	5,568,149.22
	<u>4,289,842.86</u>	<u>5,568,149.22</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,680,628.60</u>	<u>\$ 4,289,842.86</u>

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Comparative Statements of Cash Flows  
 For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash Provided		
by Operating Activities:		
Operating Income	\$ 1,375,931.46	\$ 1,378,053.47
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,079,636.21	1,079,074.41
Change in Assets and Liabilities:		
Financing and Related Fees Receivable	129,690.16	(482,892.55)
Parking Center Fees Receivable	(279,677.77)	(299,994.35)
Federal Grants Receivable	(281,427.79)	
Other Revenues Receivable		(12,666.87)
Prepaid Expenses	(1,198.37)	(27,759.33)
Accounts Payable	787,828.11	64,875.54
Unearned Revenue	92,857.10	234,484.59
Compensated Absences Payable	12,856.63	30,209.00
Net Cash Provided by Operating Activities	<u>\$ 2,916,495.74</u>	<u>\$ 1,963,383.91</u>

The accompanying Notes to Financial Statements are an integral part of the financial statements.

## CAMDEN COUNTY IMPROVEMENT AUTHORITY

Notes to Financial Statements

For the Years Ended December 31, 2014 and 2013

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### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

The Camden County Improvement Authority (the "Authority") was created by a resolution of the Board of Chosen Freeholders of the County of Camden (the "County"), adopted March 20, 1979, pursuant to the County Improvement Authority Law, Chapter 183 of the Pamphlet Laws of 1960, of the State of New Jersey, as amended and supplemented, ("The Act").

The Act empowers improvement authorities to provide within the County, public facilities, convention halls, equipment and facilities for public transportation, aviation facilities, garbage and solid waste systems, the improvement, furtherance and promotion of tourist industries and recreational attractiveness and planning and carrying out of redevelopment projects.

The Authority consists of five members, appointed by the Camden County Board of Chosen Freeholders. One member is appointed each year for a five-year term.

#### **Component Unit**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the County of Camden.

#### **Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Presentation (Cont'd)**

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (Improvement Authority General Operations and Parking Center Operations) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, net position, revenues and expenditures.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

**Revenues -- Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Management fees, financing fees and parking fees are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

**Expenses / Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Budgets and Budgetary Accounting**

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond issue costs, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. No amending budgets were adopted by the Authority during 2014.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets and Budgetary Accounting (Cont'd)**

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental 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 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. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

**Inventories**

The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

**Prepaid Expenses**

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable balance sheet date.

**Capital Assets**

Capital Assets consist primarily of the Parking Center, equipment used at the Parking Center and office equipment used by the Authority administrative staff and is stated at cost or estimated cost. Donated capital assets are recorded at their fair market value as of the date received. The Authority has no infrastructure capital assets.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets (Cont'd)**

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress or Investment in Redevelopment Sites. In the year that the project is completed, these costs are transferred to completed capital assets. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000 or more
- 2) Useful life of five or more years
- 3) Asset is not affected by consumption

**Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Buildings	30-40
Furniture and Equipment	7-10
Vehicles	5
Major Moveable Equipment	7-20

Depreciation is started in the month the asset is placed in service.

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

**Bond Anticipation Note Premiums and Discounts**

Bond Anticipation Note Premiums and Discounts are netted with the acquisition costs for the applicable redevelopment projects.

**Deferred Revenue**

Deferred revenue arises when resources associated with revenue transactions are received or reported as a receivable before the period when resources are required to be used or when use is first permitted in which enabling legislation includes time requirements and is recorded as a deferred inflow of resources.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Conduit Debt Obligations**

To provide within the County public facilities, convention halls, equipment and facilities for public transportation, garbage and solid waste systems, the improvement, furtherance and promotion of tourist industries and recreational attractiveness and the planning and carrying out of redevelopment projects, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental or non-governmental third parties. This debt is commonly referred to as conduit (or non-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale. The underlying lease or mortgage loan agreement, which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as those required by the debt. These payments are made by the third-party directly to an independent trustee, who is appointed to service and administer the arrangement. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

As of December 31, 2014, there were 55 series of Special Revenue Bonds outstanding with corresponding aggregate principal totaling \$863,182,018.04. As of December 31, 2013, there were 59 series of Special Revenue Bonds outstanding with corresponding aggregate principal totaling \$900,289,573.48. The conduit debt is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements.

**Net Position**

The Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Restricted** - This component of net position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net position.

**Unrestricted** - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

**Income Taxes**

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from administration fees, parking fees and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses include expenses associated with the general administration and operation of the Central Parking Garage of the Authority. Non-operating expenses principally include interest, losses, cancellations and contributions to Camden County that are not attributable to the Authority's operations.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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 affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Recently Issued and Adopted Accounting Pronouncements**

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013 and was implemented by the Authority in 2014. The adoption of GASBS 69 did not have any impact on the Authority's financial statements.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013 and was implemented by the Authority in 2014. The adoption of GASBS 70 did not have any impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Recently Issued Accounting Pronouncements (Cont'd)**

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. GASBS 72 addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement establishes a three level hierarchy of valuation techniques, level 1 being the highest priority and level 3 being the lowest. This Statement is effective for fiscal years beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with finance related legal and contractual provisions**

Management of the Authority is not aware of any "Events of Default" existing under the bond resolutions authorizing the issuance of the Authority's conduit debt or material violations of finance related legal and contractual provisions.

In 2006, the Authority issued bonds to finance a parking facility located at Cooper Hospital in Camden, New Jersey and guaranteed by Cooper Hospital. As part of the bond resolution, the Authority operates the facility and any profits over a 125% debt service coverage ratio are payable to Cooper Hospital.

**Note 3: DETAIL NOTES – ASSETS****Cash and Cash Equivalents**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

**Note 3: DETAIL NOTES – ASSETS (Cont'd)****Cash and Cash Equivalents (Cont'd)**

As of December 31, 2014 and 2013, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Insured	\$ 500,000.00	\$ 500,000.00
Uninsured and Collateralized with Securities		
Held by Pledging Financial Institutions (GUDPA)	4,194,141.87	3,944,132.29
Uninsured and Uncollateralized		
Held by Financial Institutions	1,025.07	5,519.17
Held by Other Fiscal Agents		68,133.87
	<hr/>	<hr/>
Total	<u>\$ 4,695,166.94</u>	<u>\$ 4,517,785.33</u>

**New Jersey Cash Management Fund** - During the year, the Authority participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2014 and 2013, the Authority's deposit with the New Jersey Cash Management Fund was \$368,087.31 and \$132,152.15, respectively.

**Financing Fees, Management Fees, Parking Fees and Federal Grants**

The following is a three-year comparison of the various billings and collections for all types of accounts maintained by the Authority:

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings and Pass Through Disbursements</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2014	\$ 1,674,308.29	\$ 7,593,307.86	\$ 7,270,582.47	78.45%
2013	836,521.81	12,589,026.75	11,751,240.27	87.53%
2012	564,035.31	6,771,129.74	6,498,643.24	88.60%

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Capital Assets**

During the year ended December 31, 2014, the following changes in Capital Assets occurred:

	<b>Balance</b> <b>Jan. 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>Dec. 31, 2014</b>
Buildings	\$ 30,739,698.07			\$ 30,739,698.07
Furniture and Equipment	70,788.68	\$ 5,617.94		76,406.62
Vehicles	23,282.00			23,282.00
Major Movable Equipment	290,937.00			290,937.00
	31,124,705.75	5,617.94	-	31,130,323.69
Accumulated Depreciation	6,611,418.72	1,079,636.21	-	7,691,054.93
	<u>\$ 24,513,287.03</u>	<u>\$ (1,074,018.27)</u>	<u>\$ -</u>	<u>\$ 23,439,268.76</u>

During the year ended December 31, 2013, the following changes in Capital Assets occurred:

	<b>Balance</b> <b>Jan. 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>Dec. 31, 2013</b>
Buildings	\$ 30,535,865.52	\$ 203,832.55		\$ 30,739,698.07
Furniture and Equipment	22,076.00	70,788.68	\$ 22,076.00	70,788.68
Vehicles		23,282.00		23,282.00
Major Movable Equipment	290,937.00			290,937.00
	30,848,878.52	297,903.23	22,076.00	31,124,705.75
Depreciation	5,554,420.31	1,079,074.41	22,076.00	6,611,418.72
	<u>\$ 25,294,458.21</u>	<u>\$ (781,171.18)</u>	<u>\$ -</u>	<u>\$ 24,513,287.03</u>

**Note 4: DETAIL NOTES - LIABILITIES**

During the year ended December 31, 2014, the following changes occurred in long-term obligations:

	<b>Principal</b> <b>Outstanding</b> <b>Jan. 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal</b> <b>Outstanding</b> <b>Dec. 31, 2014</b>	<b>Due Within</b> <b>One Year</b>
Revenue Bonds	\$ 30,080,000.00		\$ 580,000.00	\$ 29,500,000.00	\$ 600,000.00
Compensated Absences	82,029.73	\$ 12,856.63		94,886.36	
	<u>\$ 30,162,029.73</u>	<u>\$ 12,856.63</u>	<u>\$ 580,000.00</u>	<u>\$ 29,594,886.36</u>	<u>\$ 600,000.00</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**

During the year ended December 31, 2013, the following changes occurred in long-term obligations:

	<b>Principal Outstanding Jan. 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding Dec. 31, 2013</b>	<b>Due Within One Year</b>
Revenue Bonds	\$ 30,830,000.00		\$ 750,000.00	\$ 30,080,000.00	\$ 580,000.00
Compensated Absences	51,820.73	\$ 30,209.00		82,029.73	
	<u>\$ 30,881,820.73</u>	<u>\$ 30,209.00</u>	<u>\$ 750,000.00</u>	<u>\$ 30,162,029.73</u>	<u>\$ 580,000.00</u>

During the year ended December 31, 2014, the following changes occurred in short-term obligations:

	<b>Principal Outstanding Jan. 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding Dec. 31, 2014</b>	<b>Due within One Year</b>
Bond Anticipation Notes	\$ 20,315,000.00	\$ -	\$ 20,315,000.00	\$ -	\$ -

During the year ended December 31, 2013, the following changes occurred in short-term obligations:

	<b>Principal Outstanding Jan. 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding Dec. 31, 2013</b>	<b>Due within One Year</b>
Bond Anticipation Notes	\$ 20,315,000.00	\$ 20,315,000.00	\$ 20,315,000.00	\$ 20,315,000.00	\$ 20,315,000.00

**Compensated Absences**

Authority employees may accumulate unused sick days with no restrictions but are not compensated for any unused sick days upon separation from the Authority. Vacation days not used during the year may be carried forward for two years. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate up to a maximum of \$15,000.00. The accrued liability for accumulated vacation time at December 31, 2014 and 2013 is estimated at \$94,886.36 and \$82,039.73, respectively.

**Retirement Systems**

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, Authority employees could participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each 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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Retirement Systems (Cont'd)**

**Public Employees' Retirement System** - The PERS was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

	<u>Normal</u> <u>Year Contribution</u>	<u>Accrued</u> <u>Liability</u>	<u>Total</u> <u>Liability</u>	<u>Paid by</u> <u>Authority</u>
2014	\$ 20,002.00	\$80,547.00	\$100,549.00	\$100,549.00
2013	39,388.00	69,650.00	109,038.00	109,038.00
2012	30,360.00	43,720.00	74,080.00	74,080.00

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Authority.

**Postemployment Benefits Other Than Pensions**State Health Benefits Program*Plan Description*

The Authority contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Authority authorized participation in the SHBP's post-retirement benefit program. The plan provides fully paid health and prescription benefits to employees retiring with twenty-five (25) years or more of service with Camden County and/or affiliated organizations and twenty-five (25) or more years of service credit in a state or locally administered retirement system and their spouses.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (Cont'd)**State Health Benefits Program (Cont'd)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

*Funding Policy*

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. The Authority contributions to SHBP for the year ended December 31, 2014, was \$379,114.88 for active employees and \$39,777.79 for the two retired employees, which equaled the required contributions for the year. There are currently 3 retired employees and 1 spouse who are eligible for the program. The Authority contributions to SHBP for the year ended December 31, 2013, was \$303,864.27 for active employees and \$32,549.32 for the two retired employees, which equaled the required contributions for the year.

**Operating Leases**

As of December 31, 2014, the Authority had operating lease agreements in effect for the following:

Office Space  
Garage Land  
Copier

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Lease Payment Amount</u>
2015	\$ 240,978.04
2016	241,588.12
2017	244,292.78
2018	246,583.96
2019	249,533.20
2020-2024	1,128,880.40
2025-2029	500,000.00
2030-2034	500,000.00
2035-2038	325,000.00
	<u>\$ 3,676,856.50</u>

Rental payments under operating leases for the year ended December 31, 2014 were \$239,685.16.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Crossroads Redevelopment Area Project Bond Anticipation Notes**

On July 17, 2013, the Authority issued a bond anticipation note in the amount of \$20,315,000.00 in order to provide temporary financing for the costs of the Crossroads Redevelopment project. The note is a special obligation of the Authority which carries a guarantee by the County of Camden. The federally taxable bond anticipation note matured on July 16, 2014 and carried an interest rate of .80%. The original amount of the project was \$32,000,000.00 and the Casino Redevelopment Authority contributed \$12,000,000.00 in 2007 as part of an intergovernmental agreement.

The Crossroads Redevelopment Area Project consists of an area of approximately 35 acres located in Pennsauken Township which the Authority has been named redevelopment entity by the Township of Pennsauken in accordance with the Local Redevelopment Law. The Project includes the acquisition of the site, the relocation of merchants, and the demolition of the existing facilities and the amelioration of environmental concerns to prepare the property for sale to a redeveloper. The Authority, through a competitive process, has selected a developer that intends to create a mixed-use development comprised of residential housing with a town center and retail component.

During 2014, the County of Camden issued Long Term Bonds and paid off the Authority's Bond Anticipation Note. The County also assumed ownership of the property while the Authority acts as a project manager and continues to find a developer for the site. Since 2004, the Authority has utilized all BAN proceeds and had to utilize general operating cash to pay for the expenditures associated with the project which were capitalized into the book value of the property. As a result of this transaction, the Authority recognized a net gain of \$189,982.74 to transfer the property to the County of Camden.

**Camden Parking Facility Project Revenue Bonds**

During 2006, the Authority issued tax exempt Revenue Bonds, Series 2006 for the construction of a parking facility. The facility was built on land leased from the Cooper Medical Center in Camden New Jersey and serves as the main parking garage for Cooper Hospital. The total authorized debt for the project is the lesser of \$33,300,000 or the total principal requirements to build the facility as outlined by the bond agreement. The bonds carry a variable interest rate based on the 30 day LIBOR with a final maturity in 2038.

The following schedule reflects the debt requirements until 2038.

<u>Year</u>	<u>Principal</u>	<u>Estimated Interest *</u>	<u>Total Estimated Debt Payments</u>
2015	\$ 600,000.00	\$ 1,180,000.00	\$ 1,780,000.00
2016	640,000.00	1,156,000.00	1,796,000.00
2017	685,000.00	1,130,400.00	1,815,400.00
2018	720,000.00	1,103,000.00	1,823,000.00
2019	755,000.00	1,074,200.00	1,829,200.00
2020-2024	4,565,000.00	1,044,000.00	5,609,000.00
2025-2029	6,155,000.00	861,400.00	7,016,400.00
2030-2034	8,275,000.00	615,200.00	8,890,200.00
2035-2038	7,105,000.00	284,200.00	7,389,200.00
	<u>\$ 29,500,000.00</u>	<u>\$ 8,448,400.00</u>	<u>\$ 37,948,400.00</u>

\* The future interest payments have been estimated at 4%.

**Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES****Deferred Grant Revenue**

The Authority receives program income on certain Federal grants. This income becomes part of a revolving fund that can be utilized for additional grant projects in future periods. However, the Authority must wait until a future period to utilize the funds until the applicable grantor agencies formally approves the use of the funds. The Authority recognizes the revenue in the period that the grantor formally approves a project for the funds. The deferred grant revenue as of December 31, 2014 was \$306,430.20 and none as of December 31, 2013.

**Deferred Loan Revenue**

The Authority is a sub-recipient of certain Federal grants that allow the Authority to issue loans for first time home buyers and for home improvements. Some loans contain provisions that if met, will forgive the loan. The loans that are or do become collectable are recorded as receivables and when collected will become part of the revolving grant funds. The loan repayments also require grantor approvals for the funds to be utilized by the Authority for additional grant projects. When the grantor formally approves the use of the funds received through loan repayments in future periods, the Authority will recognize them as revenue. The deferred loan revenue as of December 31, 2014 was \$40,120.00 and none as of December 31, 2013.

**Note 6: DETAILED NOTES – NET POSITION****Net Position Appropriated**

Of the \$3,165,355.56 unrestricted net position available at December 31, 2014, \$159,039 was appropriated as anticipated revenue in the general operating budget for the year ended December 31, 2015.

**Note 7: RELATED PARTY TRANSACTIONS****Related Party Transactions**

The Members of the Authority are appointed by the Board of Chosen Freeholders of the County of Camden. Accordingly, the Freeholders have the ability to influence the nature and amounts of business done by the Authority. The Authority and the County have engaged in significant transactions with each other. These transactions include the issuance of conduit debt obligations and economic development activities.

The County is also a significant customer of the Authority; about 45% of total revenues are derived through the County and other component units of the County. The County also has the ability to negotiate rates significantly lower than the market rates that the Authority would charge to other customers. As a result, the Authority has a significant economic dependence on the County and would not be able to operate at its current level without the revenue generated from the County.

**Note 8: RISK MANAGEMENT**

The Authority 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. These risks are covered by commercial insurance purchased from independent third parties. Any settled claims from these risks that exceed coverage will be reduced as a component of operating expense in the year incurred. The Authority has not experienced any significant claims for the past several years.

**Note 9: CONTINGENCIES**

The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

## **SUPPLEMENTARY SCHEDULES**

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
Combining Schedule of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2014

	<u>General Operations</u>	<u>Parking Center</u>	<u>Total</u>
Operating Revenues:			
Parking Center Revenue		\$ 3,946,404.85	\$ 3,946,404.85
Financing and Related Fees	\$ 919,340.08		919,340.08
Project Management Fees (Net of Change in Allowance for Doubtful Accounts of \$63,000.00)	1,344,150.66		1,344,150.66
Federal Grants	1,184,713.85		1,184,713.85
Lease Income		198,698.42	198,698.42
Sale of Investment Properties	189,982.74		189,982.74
Miscellaneous Revenues	53,408.63	19,224.02	72,632.65
<b>Total Operating Revenues</b>	<b>3,691,595.96</b>	<b>4,164,327.29</b>	<b>7,855,923.25</b>
Operating Expenses:			
Administration:			
Salaries and Wages	1,937,496.38	156,262.65	2,093,759.03
Employee Benefits	630,846.40	30,190.09	661,036.49
Other Expenses	1,566,620.23	88,570.54	1,655,190.77
Cost of Providing Services:			
Salaries and Wages		156,262.65	156,262.65
Employee Benefits		30,190.08	30,190.08
Other Expenses		803,916.56	803,916.56
Depreciation	32,680.32	1,046,955.89	1,079,636.21
<b>Total Operating Expenses</b>	<b>4,167,643.33</b>	<b>2,312,348.46</b>	<b>6,479,991.79</b>
<b>Operating Income (Loss)</b>	<b>(476,047.37)</b>	<b>1,851,978.83</b>	<b>1,375,931.46</b>
Non-operating Income (Expenses):			
Investment Income	2,789.65	3,424.07	6,213.72
Contribution to Camden County Per N.J.S.A. 40A:5A-1	(131,059.00)		(131,059.00)
Interest Expense		(1,810,622.97)	(1,810,622.97)
Cancellation of Prior Year Receivable	(11,457.07)		(11,457.07)
<b>Net Non-Operating Income (Expenses)</b>	<b>(139,726.42)</b>	<b>(1,807,198.90)</b>	<b>(1,946,925.32)</b>
<b>Change in Net Position</b>	<b>(615,773.79)</b>	<b>44,779.93</b>	<b>(570,993.86)</b>
<b>Net Position, Beginning of Year</b>	<b>1,024,391.37</b>	<b>(1,375,813.19)</b>	<b>(351,421.82)</b>
Net Position Dec. 31, 2014:			
Net Investment in Capital Assets Unrestricted	243,378.72	(4,331,149.96)	(4,087,771.24)
	165,238.86	3,000,116.70	3,165,355.56
<b>Total Net Position</b>	<b>\$ 408,617.58</b>	<b>\$ (1,331,033.26)</b>	<b>\$ (922,415.68)</b>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Cash Receipts and Disbursements  
 For the Year Ended December 31, 2014

	<u>Unrestricted Operating Accounts</u>		<u>Restricted Accounts</u>		<u>Total</u>
	<u>Improvement Operating</u>	<u>Garage Operating</u>	<u>Other</u>	<u>Crossroads Redevelopment</u>	
Cash and Cash Equivalents Jan. 1, 2014	\$ 666,732.23	\$ 3,140,371.55	\$ 350,586.93	\$ 132,152.15	\$ 4,289,842.86
Cash Receipts:					
Parking Fees		3,681,733.07			3,681,733.07
Financing and Related Fees	2,456,137.90				2,456,137.90
Federal Grant Receipts			876,732.71		876,732.71
Interest on Investments	2,526.99	3,424.07	262.66	67.37	6,281.09
Other Accounts Receivable	72,632.65	228,708.96			301,341.61
Unearned Revenue			231,430.20		231,430.20
Sale of Investment Properties				20,514,068.08	20,514,068.08
Contribution from County				29,766.32	29,766.32
Transfers In	1,332,039.45			229,101.90	1,561,141.35
Total Cash Receipts and Cash Available	4,530,069.22	7,054,237.65	1,459,012.50	20,905,155.82	33,948,475.19
Cash Disbursements:					
Budget Appropriations	3,463,144.93	1,004,487.39			4,467,632.32
Accounts Payable	78,932.29	173,559.81			252,492.10
Prepaid Expenses	28,957.70				28,957.70
Principal on Bond and Notes		580,000.00		20,315,000.00	20,895,000.00
Interest Payable on Bonds and Notes		1,973,142.97		162,520.00	2,135,662.97
Capital Acquisitions	5,617.94				5,617.94
Investment in Redevelopment Sites				59,548.51	59,548.51
Transfers Out		392,522.42	1,030,412.63		1,422,935.05
Total Cash Disbursements	3,576,652.86	4,123,712.59	1,030,412.63	20,537,068.51	29,267,846.59
Cash and Cash Equivalents Dec. 31, 2014	\$ 953,416.36	\$ 2,930,525.06	\$ 428,599.87	\$ 368,087.31	\$ 4,680,628.60

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Improvement Authority Revenues and Expenses - Budget and Actual  
 Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

	Adopted and Final Budget			Actual	Variance-- Favorable (Unfavorable)
	Financing	Community Development	Total		
Operating Revenues:					
Financing and Related Fees	\$ 900,000.00		\$ 900,000.00	\$ 919,340.08	\$ 19,340.08
Project Management Fees	1,770,042.00		1,770,042.00	1,407,150.66	(362,891.34)
Miscellaneous				53,408.63	53,408.63
Non-Operating Revenues:					
Operating Grants and Entitlements		\$ 3,110,561.00	3,110,561.00	1,184,713.85	(1,925,847.15)
Interest on Investments	10,000.00		10,000.00	2,789.65	(7,210.35)
<b>Total Revenues</b>	<b>2,680,042.00</b>	<b>3,110,561.00</b>	<b>5,790,603.00</b>	<b>3,567,402.87</b>	<b>(2,223,200.13)</b>
Operating Expenses:					
Administration:					
Salaries & Wages	1,700,104.00		1,700,104.00	1,937,496.38	(237,392.38)
Employee Benefits	585,538.00		585,538.00	630,846.40	(45,308.40)
Other Expenses	562,335.00	3,110,561.00	3,672,896.00	1,566,620.23	2,106,275.77
<b>Total Administration</b>	<b>2,847,977.00</b>	<b>3,110,561.00</b>	<b>5,958,538.00</b>	<b>4,134,963.01</b>	<b>1,823,574.99</b>
<b>Total Operating Expenses</b>	<b>2,847,977.00</b>	<b>3,110,561.00</b>	<b>5,958,538.00</b>	<b>4,134,963.01</b>	<b>1,823,574.99</b>
Non-Operating Appropriations:					
Contribution to Camden County	142,399.00		142,399.00	131,059.00	11,340.00
<b>Total Operating Expenses and Non-Operating Appropriations</b>	<b>2,990,376.00</b>	<b>3,110,561.00</b>	<b>6,100,937.00</b>	<b>4,266,022.01</b>	<b>1,834,914.99</b>
<b>Excess Expenses over Revenues</b>	<b>\$ (310,334.00)</b>	<b>-</b>	<b>\$ (310,334.00)</b>	<b>\$ (698,619.14)</b>	<b>\$ (388,285.14)</b>
<u>Analysis of Charges to Appropriations</u>					
Cash Disbursed				\$ 3,473,750.35	
Accounts Payable				779,415.03	
Decrease in Compensated Absences				12,856.63	
				<u>\$ 4,266,022.01</u>	
<u>Reconciliation to Operating Loss (Schedule 1)</u>					
Excess of Operating Expenses over Revenues				\$ (698,619.14)	
Deduct: Interest Revenue				(2,789.65)	
Deduct: Depreciation				(32,680.32)	
Deduct: Change in Allowance for Doubtful Accounts				(63,000.00)	
Add: Sale of Investment Properties				189,982.74	
Add: Contribution to Camden County				131,059.00	
<b>Operating Loss</b>				<u><u>\$ (476,047.37)</u></u>	

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Parking Center Revenues and Expenses - Budget and Actual  
 Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

	Adopted and Final <u>Budget</u>	<u>Actual</u>	Variance-- Favorable <u>(Unfavorable)</u>
Budget Revenues:			
Operating Revenues:			
Parking Fees	\$ 4,040,662.00	\$ 3,946,404.85	\$ (94,257.15)
Lease Revenue	204,190.00	198,698.42	(5,491.58)
Miscellaneous Revenue		19,224.02	19,224.02
Non-Operating Revenues:			
Interest on Investments		3,424.07	3,424.07
<b>Total Budget Revenues</b>	<b>4,244,852.00</b>	<b>4,167,751.36</b>	<b>(77,100.64)</b>
Operating Appropriations:			
Administration:			
Salaries & Wages	81,114.00	156,262.65	(75,148.65)
Employee Benefits	29,201.00	30,190.09	(989.09)
Other Expenses	738,000.50	88,570.54	649,429.96
<b>Total Administration</b>	<b>848,315.50</b>	<b>275,023.28</b>	<b>573,292.22</b>
Cost of Service			
Salaries & Wages	81,114.00	156,262.65	(75,148.65)
Employee Benefits	29,201.00	30,190.08	(989.08)
Other Expenses	738,000.50	803,916.56	(65,916.06)
<b>Total Cost of Service</b>	<b>848,315.50</b>	<b>990,369.29</b>	<b>(142,053.79)</b>
<b>Total Operating Expenses</b>	<b>1,696,631.00</b>	<b>1,265,392.57</b>	<b>431,238.43</b>
Principal Payments on Debt in lieu of Depreciation	580,000.00	580,000.00	-
<b>Total Operating Appropriations</b>	<b>2,276,631.00</b>	<b>1,845,392.57</b>	<b>431,238.43</b>
Non-Operating Appropriations			
Interest on Bonds	1,810,620.00	1,810,622.97	(2.97)
Renewal & Replacement Reserves	157,601.00		157,601.00
<b>Total Non-Operating Appropriations</b>	<b>1,968,221.00</b>	<b>1,810,622.97</b>	<b>157,598.03</b>
<b>Total Budget Appropriations</b>	<b>4,244,852.00</b>	<b>3,656,015.54</b>	<b>588,836.46</b>
<b>Excess Revenues over Expenses</b>	<b>\$ -</b>	<b>\$ 511,735.82</b>	<b>\$ 511,735.82</b>

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Parking Center Revenues and Expenses - Budget and Actual  
 Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

Analysis of Charges to Appropriations

	<u>Actual</u>
Cash Disbursed	\$ 1,004,487.39
Accounts Payable	260,905.18
Principal on Debt	580,000.00
Interest on Debt	<u>1,810,622.97</u>
	<u>\$ 3,656,015.54</u>
 <u>Reconciliation to Operating Income (Schedule 1)</u>	
Excess of Revenues over Operating Expenses	\$ 511,735.82
Add: Interest Expense	1,810,622.97
Add: Principal Payments on Debt	580,000.00
Deduct: Interest Revenue	(3,424.07)
Deduct: Depreciation	<u>(1,046,955.89)</u>
Operating Income	<u>\$ 1,851,978.83</u>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Analysis of Parking, Financing and Related Fees Receivable  
 For the Year Ended December 31, 2014

	Balance Jan. 1, 2014	Accrued	Received	Balance Dec. 31, 2014
Annual Administration Fees	\$ 117,705.00	\$ 359,552.58	\$ 486,260.59	\$ (9,003.01)
Financing Fees		559,787.50	496,787.50	63,000.00
Project Management Fees	1,109,546.42	1,407,150.66	1,500,359.64	1,016,337.44
Less: Allowance for Doubtfull Accounts	(108,690.01)	(63,000.00)		(171,690.01)
Total Financing and Project Management Accounts Receivable	1,118,561.41	2,263,490.74	2,483,407.73	898,644.42
Federal Grants		1,184,713.85	876,732.71	307,981.14
Parking Fees	510,730.35	3,946,404.85	3,681,733.07	775,402.13
Parking Center Lease Income	45,016.53	198,698.42	228,708.96	15,005.99
Total Parking Fees Receivable	555,746.88	4,145,103.27	3,910,442.03	790,408.12
	<u>\$ 1,674,308.29</u>	<u>\$ 7,593,307.86</u>	<u>\$ 7,270,582.47</u>	<u>\$ 1,997,033.68</u>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Analysis of Investment in Redevelopment Sites  
 For the Year Ended December 31, 2014

	<u>Crossroads Project</u>
Balance Jan. 1, 2014	\$ 20,396,191.73
Increased by:	
Capitalized Interest	88,161.53
Disbursements	<u>59,548.51</u>
	<u>20,543,901.77</u>
Decreased by:	
Interest Revenue	67.37
Contribution from County of Camden	29,766.32
Purchased by the County of Camden	<u>20,514,068.08</u>
	<u>20,543,901.77</u>
Balance Dec. 31, 2014	<u><u>\$ -</u></u>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**

Analysis of Capital Assets  
For the Year Ended December 31, 2014

	Balance <u>Jan. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2014</u>
Buildings	\$ 30,739,698.07			\$ 30,739,698.07
Furniture and Equipment	70,788.68	\$ 5,617.94		76,406.62
Vehicles	23,282.00			23,282.00
Major Movable Equipment	290,937.00			290,937.00
	31,124,705.75	5,617.94	\$ -	31,130,323.69
Decreased by:				
Accumulated Depreciation	6,611,418.72	1,079,636.21		7,691,054.93
	<u>\$ 24,513,287.03</u>	<u>\$ (1,074,018.27)</u>	<u>\$ -</u>	<u>\$ 23,439,268.76</u>

## Schedule 8

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**

Analysis of Accrued Interest Payable  
For the Year Ended December 31, 2014

Balance Jan. 1, 2014	\$ 74,358.47
Increased by:	
Interest Expense on Bonds	\$ 1,810,622.97
Interest on Bond Anticipation Notes--Paid from Note Proceeds	88,161.53
	<u>1,898,784.50</u>
	1,973,142.97
Decreased by:	
Disbursements	<u>1,973,142.97</u>
Balance Dec. 31, 2014	<u>\$ -</u>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2014</u>	<u>Paid</u>	<u>Balance Dec. 31, 2014</u>
			<u>Year</u>	<u>Amount</u>				
Camden Parking Facility Project, 2006	April 1, 2006	\$ 33,300,000.00	2015	\$ 600,000.00	Var			
			2016	640,000.00	Var			
			2017	685,000.00	Var			
			2018	720,000.00	Var			
			2019	755,000.00	Var			
			2020	805,000.00	Var			
			2021	860,000.00	Var			
			2022	915,000.00	Var			
			2023	965,000.00	Var			
			2024	1,020,000.00	Var			
			2025	1,085,000.00	Var			
			2026	1,155,000.00	Var			
			2027	1,230,000.00	Var			
			2028	1,305,000.00	Var			
			2029	1,380,000.00	Var			
			2030	1,460,000.00	Var			
			2031	1,560,000.00	Var			
			2032	1,650,000.00	Var			
			2033	1,745,000.00	Var			
			2034	1,860,000.00	Var			
2035	1,980,000.00	Var						
2036	2,100,000.00	Var						
2037	2,225,000.00	Var						
2038	800,000.00	Var						
				<u>\$ 29,500,000.00</u>		<u>\$ 30,080,000.00</u>	<u>\$ 580,000.00</u>	<u>\$ 29,500,000.00</u>

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Conduit Debt  
 For the Year Ended December 31, 2014

<u>Issue</u>	<u>Issue Date</u>	<u>Issued Amount</u>	<u>Balance Jan 1, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
<b>Guaranteed by Other Governmental Entities:</b>						
Westmont Fire Company	01/22/99	\$ 807,000.00	\$ 310,700.08		\$ 49,591.63	\$ 261,108.45
Collingswood Senior Citizen Center Project	08/27/99	1,300,000.00	530,000.00		80,000.00	450,000.00
Gloucester Township Public Works	04/18/02	5,000,000.00	2,880,000.00		260,000.00	2,620,000.00
Cherry Hill Library Project	05/21/02	19,780,000.00	11,490,000.00		1,035,000.00	10,455,000.00
Health Services Center Refunding Bonds, Series A	05/28/03	35,180,000.00	17,935,000.00		1,225,000.00	16,710,000.00
Lease Revenue Refunding Bonds, Series 2003A	07/14/03	44,075,000.00	13,450,000.00		4,215,000.00	9,235,000.00
Camden Academy Charter High School	12/23/03	4,000,000.00	2,190,000.00		218,245.54	1,971,754.46
Lease Revenue Bonds, Series 2004A	10/01/04	18,480,000.00	1,000,000.00		1,000,000.00	-
Lease Revenue Refunding Bonds, Series 2005A	05/26/05	21,350,000.00	19,610,000.00		80,000.00	19,530,000.00
Lease Revenue Bonds, Series 2005B	12/13/05	32,510,000.00	22,750,000.00		21,210,000.00	1,540,000.00
Camden County College Project Series 2006	01/15/06	24,640,000.00	18,860,000.00		1,115,000.00	17,745,000.00
Lease Revenue Bonds, Series 2006A	09/01/06	20,455,000.00	15,895,000.00		865,000.00	15,030,000.00
Cherry Hill Recreation Facilities	04/13/07	4,500,000.00	3,105,000.00		285,000.00	2,820,000.00
DRPA loan	05/01/07	1,000,000.00	752,105.85		46,090.28	706,015.57
Cherry Hill Library Project Refunding	09/07/07	12,950,000.00	11,980,000.00		1,125,000.00	10,855,000.00
Lease Revenue Bonds (County Capital), Series 2007	12/21/07	14,340,000.00	11,155,000.00		600,000.00	10,555,000.00
Camden County College Project, Series 2008	03/01/08	6,000,000.00	4,390,000.00		365,000.00	4,025,000.00
Loan Revenue Bonds (County Capital), Series 2008	11/17/08	32,070,000.00	26,635,000.00		1,495,000.00	25,140,000.00
Mount Ephraim Revenue Bonds	02/11/09	3,000,000.00	2,610,000.00		110,000.00	2,500,000.00
Loan Revenue Bonds (County Capital), Series 2009A	05/01/09	14,130,000.00	1,625,000.00		1,625,000.00	-
Loan Revenue Bonds, Series 2009 BABS	12/02/09	21,110,000.00	19,510,000.00		1,120,000.00	18,390,000.00
Loan Revenue Bonds, Series 2010	10/04/10	17,100,000.00	15,320,000.00		1,100,000.00	14,220,000.00
Camden County College Project, Series 2010A-1	11/24/10	2,080,000.00	530,000.00		530,000.00	-
Camden County College Project, Series 2010A-2	11/24/10	5,830,000.00	5,285,000.00			5,285,000.00
Camden County College Project, Series 2010A-3	11/24/10	17,090,000.00	10,300,000.00			10,300,000.00
Loan Revenue Refunding Bonds (County Capital), Series 2010A	12/29/10	6,400,000.00	1,100,000.00		1,100,000.00	-
Loan Revenue Bonds, Series 20011A	09/01/11	5,905,000.00	4,845,000.00		1,040,000.00	3,805,000.00
Camden County College Parking Project, Series 2011	09/01/11	5,750,000.00	3,910,000.00		945,000.00	2,965,000.00
Gloucester Township Public Works Project, Series 2011	10/01/11	3,440,000.00	2,940,000.00		285,000.00	2,655,000.00
Loan Revenue Bonds (County Capital), Series 2011	12/15/11	26,565,000.00	25,505,000.00		1,085,000.00	24,420,000.00
Open Space Revenue Refunding Bonds Series 2012	10/10/14	16,255,000.00	14,735,000.00		1,295,000.00	13,440,000.00

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Conduit Debt  
 For the Year Ended December 31, 2014

<u>Issue</u>	<u>Issue Date</u>	<u>Issued Amount</u>	<u>Balance Jan 1, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
<b>Guaranteed by Other Governmental Entities (Cont'd):</b>						
Lease Revenue Bonds (CCTS) Series 2012	08/02/12	\$ 7,830,000.00	\$ 7,590,000.00		\$ 415,000.00	\$ 7,175,000.00
Lease Revenue Refunding Bonds Series 2012A	09/27/12	18,225,000.00	17,145,000.00		1,080,000.00	16,065,000.00
Loan Revenue Bonds (County Capital), Series 2012A	11/05/12	5,485,000.00	5,485,000.00			5,485,000.00
Loan Revenue Bonds (Clementon), Series 2012A	11/05/12	2,440,000.00	2,440,000.00		395,000.00	2,045,000.00
Camden County Open Space Revenue Bonds Series 2012	11/05/12	7,265,000.00	6,895,000.00		390,000.00	6,505,000.00
Camden County College Revenue Bonds Series 2013	03/27/13	12,795,000.00	12,795,000.00		455,000.00	12,340,000.00
Loan Revenue Bonds (County Capital), Series 2013	11/26/13	38,200,000.00	38,200,000.00			38,200,000.00
Loan Revenue Bonds (County Capital), Series 2014	12/10/14	14,605,000.00		\$ 14,605,000.00		14,605,000.00
Loan Revenue Bonds (Crossroads), Series 2014	06/26/14	21,000,000.00		21,000,000.00		21,000,000.00
Lease Revenue Refunding Bonds Series 2014A	07/17/14	18,980,000.00		18,980,000.00		18,980,000.00
Subtotal Guaranteed by Other Governmental Entities			383,682,805.93	54,585,000.00	48,238,927.45	390,028,878.48
<b>Other Series:</b>						
Moorestown Ecumenical Neighborhood (MEND)	02/01/96	2,000,000.00	921,763.96		105,685.99	816,077.97
Catholic Health East Health System	03/01/98	61,885,000.00	40,310,000.00		1,960,000.00	38,350,000.00
Ronald McDonald House	03/11/98	2,540,000.00	2,540,000.00			2,540,000.00
Trinity Presbyterian Church	11/02/00	950,000.00	456,593.33		55,296.96	401,296.37
Congregation Beth El Project	06/21/01	4,925,000.00	3,080,000.00		190,000.00	2,890,000.00
Temple Beth Shalom Project	12/12/02	3,000,000.00	1,660,404.00		155,160.21	1,505,243.79
Liberty Park Townhomes Project	02/04/03	9,350,000.00	8,303,291.45		167,736.29	8,135,555.16
Health Care Redevelopment (Cooper Hospital) Series B	08/19/04	40,000,000.00	33,385,000.00		33,385,000.00	-
Health Care Redevelopment (Cooper Hospital) Series A	08/19/04	30,800,000.00	26,750,000.00		26,750,000.00	-
Health System Obligation Bonds (Cooper Hospital) Series A	12/11/05	75,000,000.00	67,630,000.00		67,630,000.00	-
Health System Obligation Bonds (Cooper Hospital) Series B	12/11/05	60,655,000.00	46,910,000.00		46,910,000.00	-
Parkview Redevelopment Housing Project	04/15/06	50,400,000.00	50,400,000.00			50,400,000.00
Coriell Institute for Medical Research	07/01/08	6,000,000.00	3,688,438.00		744,292.28	2,944,145.72
VOADV 2009	05/01/09	5,500,000.00	4,811,824.38		211,226.86	4,600,597.52
Camden Pride Revenue Bonds	06/01/09	5,670,000.00	5,049,452.43		199,229.40	4,850,223.03
Cooper Health Revenue Bond	11/01/09	10,000,000.00	10,000,000.00			10,000,000.00
Cooper Medical School of Rowan University, Series 2010A	07/01/10	93,885,000.00	90,590,000.00			90,590,000.00
Cooper Medical School of Rowan University, Series 2010B	07/01/10	19,280,000.00	8,975,000.00		2,845,000.00	6,130,000.00
Rowan University School of Osteopathic Medicine Series 2013A	06/13/13	26,880,000.00	26,540,000.00		345,000.00	26,195,000.00
Rowan University School of Osteopathic Medicine Series 2013B	06/13/13	29,690,000.00	29,690,000.00		1,525,000.00	28,165,000.00
Cooper Health Revenue Bond	07/24/13	54,915,000.00	54,915,000.00			54,915,000.00
Cooper Health System Revenue Refunding Bonds Series 2014A	10/16/14	139,725,000.00		139,725,000.00		139,725,000.00
			516,606,767.55	139,725,000.00	183,178,627.99	473,153,139.56
			\$ 900,289,573.48	\$ 194,310,000.00	\$ 231,417,555.44	\$ 863,182,018.04

**CAMDEN COUNTY  
IMPROVEMENT AUTHORITY**

**PART II**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Camden County Improvement Authority  
Voorhees, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited the Camden County Improvement Authority's (Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Camden County Improvement Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding no: 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding no.: 2014-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **The Camden County Improvement Authority's Response to Findings**

The Authority's response to the internal control noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
June 11, 2015

**Camden County Improvement Authority**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2014

<u>Pass-through</u> <u>Grantor/Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Program or</u> <u>Award</u> <u>Amount</u>	<u>Local</u> <u>Match</u>	<u>Grant Period</u>		<u>Balance January 1, 2014</u>			<u>Balance December 31, 2014</u>			
				<u>From</u>	<u>To</u>	<u>Deferred</u> <u>Revenue</u> <u>(Accounts</u> <u>Receivable)</u>	<u>Due to</u> <u>Grantor</u>	<u>Cash</u> <u>Received</u>	<u>Expenditures</u>	<u>Accounts</u> <u>Receivable</u>	<u>Unearned</u> <u>Revenue</u>	<u>Due to</u> <u>Grantor</u>
U.S. Department of Housing and Urban Development												
Home Investment Partnerships Program	14.239	\$ 961,914.00	N/A	7-1-14	6-30-15			\$ 109,690.67	\$ 109,690.67			
Home Investment Partnerships Program	14.239	849,000.00	N/A	7-1-13	6-30-14	\$ 26,250.01		196,431.32	185,751.30	\$(111,167.97)	\$ 148,098.00	
Community Development Block Grants/Entitlement Grants	14.218	3,024,065.00	N/A	7-1-14	6-30-15			170,343.76	170,343.76			
Community Development Block Grants/Entitlement Grants	14.218	3,175,388.26	N/A	7-1-13	6-30-14	(16,459.17)		696,906.32	718,928.12	(196,813.17)	158,332.20	
Total Federal Awards						\$ 9,790.84	\$ -	\$ 1,173,372.07	\$ 1,184,713.85	\$(307,981.14)	\$ 306,430.20	\$ -

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Notes to Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2014

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**Note 1: GENERAL**

The accompanying schedule of expenditures of federal awards includes federal award activity of the Camden County Improvement Authority (hereafter referred to as the "Authority"). The Authority is defined in note 1 to the Authority's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule of expenditures of federal awards.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. This basis of accounting is described in note 1 to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Awards and financial assistance expenditures are reported in the Authority's basic financial statements on a GAAP basis as presented as follows:

	<b>Federal Expenditures</b>
Reported in basic financial statements as:	
Cost of Providing Services - Other Expenses	\$ 473,336.01
Administration Expenses - Salaries and Wages	640,240.06
Administration Expenses - Benefits	<u>71,137.78</u>
Federal Financial Assistance	<u>\$ 1,184,713.85</u>
Expenditures on schedule of federal awards	<u>\$ 1,184,713.85</u>

**Note 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

**Note 5: FEDERAL LOANS OUTSTANDING**

As part of the Federal Department of Housing and Urban Developments' (HUD) Home Investment Partnership Program, the Authority allocates three types of program awards to eligible recipients as follows:

**Grants** – Awardees who receive this type of program award will receive funds for home improvements with no obligation for repayment.

**5 year loans** – Awardees who receive this type of program award will receive funds for home improvements. If the grantee maintains primary residence at the home where the improvements were made for five year after the improvements are finished, the loan is forgiven. Upon repayment of the loan, the Authority will utilize the funds to continue the home improvement program.

**Lifetime loans** – Awardees who receive this type of program award will receive funds for home improvements. The loan does not accrue interest and only becomes payable when the grantee sells their home or upon death, whichever occurs first. Upon repayment of the loan, the Authority will utilize the funds to continue the home improvement program.

The following Home Loan receivables balances were recorded in the Authority's basic financial statements as of December 31, 2014.

<u>Loan Program Title</u>	<u>Federal CFDA Number</u>	<u>Loans Outstanding</u>		
		<u>5 Year</u>	<u>Lifetime</u>	<u>Total</u>
Home Investment Partnership Program	14.239	\$ 40,120.00	\$ -	\$ 40,120.00

**Note 6: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**CAMDEN COUNTY  
IMPROVEMENT AUTHORITY**

**PART III**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**

**CAMDEN COUNTY IMPROVEMENT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended December 31, 2014**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified \_\_\_\_\_

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_ yes X no

    Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

**Federal Awards**

Internal control over major programs:

    Material weakness(es) identified? X yes \_\_\_ no

    Significant deficiency(ies) identified? \_\_\_ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified \_\_\_\_\_

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239 _____	Home Investment Partnerships Program _____
14.218 _____	Community Development Block Grants/Entitlements _____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_ \$ 300,000.00

Auditee qualified as low-risk auditee? \_\_\_ yes X no

CAMDEN COUNTY IMPROVEMENT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended December 31, 2014

Section 1- Summary of Auditor's Results (Cont'd)

**State Financial Assistance**

**Not Applicable**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2014

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***Section 3- Schedule of Expenditures of Federal Awards Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

**Finding No. 2014-001**

**Information on the Federal Program**

Home Investment Partnerships Program (HOME) (CFDA Number 14.239)

Community Development Block Grants/Entitlement Grants (CDBG) (CFDA Number 14.218)

**Criteria or Specific Requirement**

The grantee must accurately account for any program income generated from the use of CDBG and HOME funds, and must treat such income as additional grant funds which are subject to all program rules. This carries with it the responsibility for grantees to have a loan origination and servicing system in effect which assures that loans are properly authorized, receivables are properly established, earned income is properly recorded and used, and write-offs of uncollectible amounts are properly authorized (24 CFR sections 570.500, 570.501, 570.504, 570.506, and 570.513).

**Condition**

The Authority improperly recorded seven first time home buyer loans for the grant year 2014. Further, the Authority did not adhere to their standard reconciliation process.

**Questioned Costs**

None.

**Context**

During our compliance and internal control testing of the CDBG and HOME grant programs, the following were noted:

- All loans disbursements and receivables for 2014, which totaled \$40,120, were recorded on the County of Camden's (County) accounting system as a County only grant and were not recorded on the Authority's system as a sub-recipient grant.
- The Authority has not formally documented or approved internal control framework for the disbursing, monitoring or reconciling of loan receivables.
- The Authority's Community Development Department treated these loans as a County grant which does not require any management approvals from the Authority. As a result, they erroneously directed the County to disburse the loans as opposed to properly disbursing the loans from the Authority's funds. By not disbursing the funds through the Authority, the loans did not receive the required approvals from the Authority's management.

**Effect**

The Authority did not comply with the requirements of the HUD grant programs and an audit adjusting journal entry was required to obtain fairly presented financial statements.

**Cause**

The Authority is the sub-recipient of CDBG and HOME programs for the grant periods 2013 and later, whereas, the County of Camden is the recipient of the programs for the grant periods 2012 and earlier. Under this arrangement, the Authority is required to formally approved control framework specific to the HUD grants that is in addition to their standard operating procedures. Being the first full year of this process, the Authority has not documented and timely followed their controls for the disbursing, monitoring and recording of loan receivables.

**Recommendation**

The Authority should evaluate, document and implement controls to ensure adequate oversight with respect to the various requirements of the CDBG and HOME grant programs to ensure that proper and adequate authorizations are in place prior to committing and expending grant funds.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**Not Applicable.**

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2013-001**

**Condition**

The Authority did not adhere to its internal control procedures that are designed to reconcile the general ledger with other subsidiary records. These control procedures are documented in the Treasurer's job description.

**Current Status**

The condition has been corrected.

31400

**APPRECIATION**

We express our appreciation for the courtesies extended and assistance rendered to me during the course of this audit.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

