



camden  county
Improvement Authority

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

CAMDEN COUNTY IMPROVEMENT AUTHORITY

Report of Audit

For the Year Ended December 31, 2016

Table of Contents

	<u>Page</u>
ROSTER OF OFFICIALS	1
FINANCIAL SECTION	
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	6
Required Supplementary Information - Part I	
Management's Discussion and Analysis (Unaudited)	9
Basic Financial Statements	
A Statement of Net Position	16
B Statement of Revenues, Expenses, and Changes in Net Position	18
C Statement of Cash Flows	19
Notes to the Financial Statements	21
Required Supplementary Information - Part II	
Schedules Related to Accounting and Reporting for Pensions (Unaudited):	
RSI-1 Schedule of the Authority's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS)	42
RSI-2 Schedule of the Authority's Contributions - Public Employees' Retirement System (PERS)	43
RSI-3 Notes to Required Supplementary Information - Part II	44
Other Supplementary Information	
Supplemental Schedules	
1 Combining Schedule of Revenues, Expenses and Changes in Net Position	46
2 Schedule of General Operations and Baseball Stadium Project Revenue and Expenses - Budget and Actual	47
3 Schedule of Parking Center Revenue and Expenses - Budget and Actual	48
4 Schedule of Revenue Bonds Payable	49
5 Schedule of Conduit Debt Obligations	50
SINGLE AUDIT SECTION	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	53
Schedule A, Schedule of Expenditures of Federal Awards	55
Notes to Schedule of Expenditures of Federal Awards	56

CAMDEN COUNTY IMPROVEMENT AUTHORITY

Report of Audit

For the Year Ended December 31, 2016

Table of Contents (Cont'd)

	<u>Page</u>
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Schedule of Findings and Questioned Costs	58
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	66
APPRECIATION	67

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Roster of Officials

Members

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

Position

Chairman
Vice-Chairman
Member
Member
Member

Other Officials

Christopher Orlando, Esq. (from Nov. 10, 2016)
James P. Blanda (to Nov. 2, 2016)
David McCollum
David Patterson, Maressa Patterson, LLC

Interim Executive Director
Executive Director
Treasurer
General Counsel

PART I
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of
Camden County Improvement Authority
Voorhees, New Jersey 08043

Report on the Financial Statements

We have audited the accompanying financial statements of the Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, which comprise the statement of net position as of December 31, 2016, and the related statement of revenues, expenses and changes in net position, and cash flows, for the year then ended, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, as of December 31, 2016, and its changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

31400

Emphasis of Matter

Prior Period Restatement

As discussed in note 13 to the financial statements, during the year ended December 31, 2016, the Authority has recorded a prior period restatement. As a result, the net position for the year ended December 31, 2015 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, and schedule of the Authority's contributions, 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 an opinion on the financial statements that collectively comprise the Camden County Improvement Authority's basic financial statements. The accompanying supplemental schedules, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental schedules 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 supplemental schedules 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.

31400

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2017 on our consideration of the Camden County Improvement 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 Camden County Improvement Authority's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 14, 2017

**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 Commissioners of
Camden County Improvement Authority
Voorhees, New Jersey 08043

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 14, 2017. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of net position for the year ended December 31, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Camden County Improvement 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 opinion 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 the Camden County Improvement Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* to be material weaknesses as findings no. 2016-001, 2016-002, and 2016-004.

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. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* to be significant deficiencies as findings no. 2016-003 and 2016-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Camden County Improvement 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Questioned Costs* as findings no. 2016-001, 2016-003, 2016-004, and 2016-005.

Camden County Improvement Authority's Response to Findings

The Camden County Improvement Authority's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Authority'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
September 14, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

As management of the Camden County Improvement Authority (hereafter referred to as the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Authority, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, resulted in a deficit of \$9,026,190.46 at the close of the current year. This deficit is directly attributable to the recognition of long-term liabilities (pensions, revenue bonds, and compensated absences) that the Authority is not required to fund in accordance with State budgetary rules and regulations.
- As of the close of the current year, the Authority's deficit net position of \$9,026,190.46, is a decrease of \$2,634,709.48, in comparison with the prior year.
- At the end of the current year, unrestricted net position was a deficit of \$5,658,373.43, a decrease of \$4,004,706.39 from that of the prior year.
- At the end of the current year, net investment in capital assets, a component of net position, was a deficit of \$3,367,817.03, an increase of \$1,369,996.91 from that of the prior year.
- The Authority began construction on a new parking garage during the current year for a cost of \$390,872.57. In addition, the Authority disposed of various furniture and equipment, with a historical cost of \$101,725.01, and several vehicles, with a historical cost of \$23,282.00.
- At the end of the current year, the Authority's net pension liability was \$8,378,443.00, an increase of \$2,466,930.00 from that of the prior year.
- During the current year, the Authority reduced its obligations for debt service by \$640,000.00 for outstanding revenue bonds.
- The Authority completed two bond financing totaling \$82,850,000.00 on behalf of other governmental entities.

FINANCIAL POSITION SUMMARY

During 2016, the Authority's net position decreased by \$2,634,709.48, decreasing from a deficit of \$6,391,480.98 in 2015 to a deficit of \$9,026,190.46. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

FINANCIAL POSITION SUMMARY (CONT'D)

TABLE 1		
NET POSITION		
AS OF DECEMBER 31,		
	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets:		
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$ 2,408,811.08	\$ 4,788,757.97
Financing and Project Management		
Accounts Receivable	1,526,319.77	654,656.46
Parking Fees Receivable	428,091.07	633,640.21
Other Accounts Receivable		7,991.98
Prepaid Expenses	40,491.67	21,823.99
Total Unrestricted Current Assets	<u>4,403,713.59</u>	<u>6,106,870.61</u>
Restricted Current Assets:		
Cash and Cash Equivalents	187,157.82	481,690.75
Federal and State Grants Receivable	501,573.64	70,608.55
Total Restricted Current Assets	<u>688,731.46</u>	<u>552,299.30</u>
Total Current Assets	<u>5,092,445.05</u>	<u>6,659,169.91</u>
Noncurrent Assets:		
Capital Assets, net of Accumulated		
Depreciation	25,083,611.24	25,806,366.21
Loans Receivable	504,849.00	504,849.00
Total Noncurrent Assets	<u>25,588,460.24</u>	<u>26,311,215.21</u>
Total Assets	<u>30,680,905.29</u>	<u>32,970,385.12</u>
Deferred Outflows of Resources:		
Related to Pensions	4,065,038.00	2,698,938.00
Liabilities:		
Current Liabilities:		
Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Liabilities	685,204.49	669,385.74
Accounts Payable - Related to Pensions	251,317.00	226,404.00
Compensated Absences Payable	92,473.00	
Unearned Revenue	404,782.05	139,423.00
Total Current Liabilities from Unrestricted Assets	<u>1,433,776.54</u>	<u>1,035,212.74</u>
Liabilities Payable from Restricted Assets:		
Accounts Payable		23,304.10
Accrued Interest Payable	49,729.17	86,365.70
Revenue Bonds Payable	835,000.00	640,000.00
Total Current Liabilities from Restricted Assets	<u>884,729.17</u>	<u>749,669.80</u>
Total Current Liabilities	<u>2,318,505.71</u>	<u>1,784,882.54</u>
Long Term Liabilities:		
Accrued Liabilities - Related to Pension	125,659.00	113,202.00
Compensated Absences Payable	19,677.04	115,682.67
Net Pension Liability	8,378,443.00	5,911,513.00
Revenue Bonds Payable	32,425,000.00	33,260,000.00
Total Long Term Liabilities	<u>40,948,779.04</u>	<u>39,400,397.67</u>
Total Liabilities	<u>43,267,284.75</u>	<u>41,185,280.21</u>
Deferred Inflows of Resources:		
Deferred Federal and State Grant Revenue		275,628.89
Deferred Loan Revenue	504,849.00	504,849.00
Related to Pensions		95,046.00
Total Deferred Inflows of Resources	<u>504,849.00</u>	<u>875,523.89</u>
Net Investment in Capital Assets	(3,367,817.03)	(4,737,813.94)
Unrestricted (Deficit)	<u>(5,658,373.43)</u>	<u>(1,653,667.04)</u>
Total Net Position (Deficit)	<u>\$ (9,026,190.46)</u>	<u>\$ (6,391,480.98)</u>

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

FINANCIAL POSITION SUMMARY (CONT'D)

In total, assets decreased by \$2,289,479.83, deferred outflows of resources increased by \$1,366,100.00, liabilities increased by \$2,082,004.54, and deferred inflows of resources decreased by \$370,674.89. The decrease in assets was primarily attributable to the decrease in cash and cash equivalents.

The increases in deferred outflows of resources, liabilities, and decrease in deferred inflows of resources, are mainly attributable to the change in Authority's proportionate share of its liability associated with the Public Employees' Retirement System (see note 8 of the notes to financial statements).

(\$3,367,817.03) of the Authority's net position at the end of the current year reflects its net investment in capital assets (i.e., land, construction in progress, buildings and improvements, equipment and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

The Authority uses these assets to run their general operations, the parking center, and the baseball stadium; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The final component of net position is unrestricted. The unrestricted net position at year-end is a deficit of \$5,658,373.43. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions, in which the Authority is not required to fund in accordance with State budgetary rules and regulations, but instead funds on a pay-as-you-go basis via contractual contributions.

Table 2 that follows illustrates the changes in net position of the Authority.

TABLE 2 CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,		
	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Parking Center	\$ 4,222,314.98	\$ 4,171,508.23
Financing and Related Fees	345,238.04	659,757.75
Project Management Fees	1,404,377.95	1,384,213.61
Federal Financial Assistance	2,182,511.97	1,998,497.92
Lease Income	308,123.88	234,060.95
Miscellaneous	212,077.34	82,992.85
Total Operating Revenues	8,674,644.16	8,531,031.31
Operating Expenses:		
Administration:		
Salaries and Wages	1,392,379.19	1,504,995.85
Management Company - Salaries and Wages	277,570.68	
Employee Benefits	1,745,320.10	1,012,562.04
Management Company - Employee Benefits	93,107.91	
Other Expenses	1,158,574.17	1,382,945.87
Cost of Providing Services:		
Salaries and Wages	766,427.90	760,490.00
Employee Benefits	188,840.93	440,683.00
Other Expenses	2,544,552.01	1,784,717.10
Depreciation	1,143,195.50	1,228,309.42
Total Operating Expenses	9,309,968.39	8,114,703.28
Operating Income (Loss)	(635,324.23)	416,328.03

(continued)

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

FINANCIAL POSITION SUMMARY (CONT'D)

TABLE 2 (CONT'D)		
CHANGES IN NET POSITION		
FOR THE YEARS ENDED DECEMBER 31,		
	<u>2016</u>	<u>2015</u>
Nonoperating Revenues (Expenses):		
Investment Income	\$ 9,743.23	\$ 9,330.91
Contribution to Camden County (per NJSA 40:5A-1)		(188,720.00)
Interest Expense	(1,909,130.69)	(1,861,734.49)
Debt Issuance Costs	(14,044.75)	(159,439.20)
Loss on Disposal of Capital Assets	(85,953.04)	
	<u>(1,999,385.25)</u>	<u>(2,200,562.78)</u>
Total Nonoperating Revenues (Expenses)		
Change in Net Position	(2,634,709.48)	(1,784,234.75)
Net Position (Deficit), January 1	<u>(6,391,480.98)</u>	<u>(4,607,246.23)</u>
Net Position (Deficit), December 31	<u><u>\$ (9,026,190.46)</u></u>	<u><u>\$ (6,391,480.98)</u></u>

During 2016, the Authority's revenues increased by \$143,612.85, increasing from \$8,531,031.31 in 2015 to \$8,674,644.16 in 2016. The net increase in revenues is largely attributable to the following:

- parking center revenue for 2016 increased from 2015 by \$50,806.75, or 1%
- financing and related fees revenue for 2016 decreased from 2015 by \$314,519.71, or 48%
- and, federal financial assistance increased by \$184,014.05, or 9%

Other revenues of the Authority increased from 2015 but by only marginal amounts.

Parking center revenue constituted approximately forty-nine percent (49%) of total revenues and federal financial assistance constituted approximately twenty-five percent (25%) of total revenues for the Authority for the year 2016. In addition, financing and related fees, lease income, and miscellaneous revenues, constituted approximately twenty-six percent (26%) of total revenues.

During 2016, the Authority's operating expenses increased by \$1,195,265.11, increasing from \$8,114,703.28 in 2015 to \$9,309,968.39 in 2016. The increase is largely attributable to the recognition of pension expense of \$1,271,208.56 for administration and \$2,990.40 for cost of providing services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority's net investment in capital assets as of December 31, 2016 amounts to a historical cost of \$35,107,117.12, or \$25,083,611.24 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, construction in progress, buildings and improvements, various types of equipment and vehicles. The net change in capital assets was attributable to the following:

- the Authority began to incur costs on a new parking garage for a cost of \$390,872.57
- the Authority purchased a new parking revenue system with a total cost of \$192,535.00
- and, depreciation expense for the current year was \$1,143,195.50

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

TABLE 3		
CAPITAL ASSETS		
(NET OF ACCUMULATED DEPRECIATION)		
AS OF DECEMBER 31,		
	<u>2016</u>	<u>2015</u>
Land	\$ 2,053,200.00	\$ 2,053,200.00
Construction in Progress	390,872.57	77,014.00
Buildings and Improvements	22,422,265.24	23,531,850.68
Various Types of Equipment	<u>217,273.43</u>	<u>144,301.53</u>
Total	<u><u>\$ 25,083,611.24</u></u>	<u><u>\$ 25,806,366.21</u></u>

Additional information on the Authority's capital assets can be found in note 4 of the notes to financial statements.

Debt Administration

Revenue Bonds Payable. At the end of the current year, the Authority had total bonds outstanding of \$33,260,000.00. On April 1, 2006, the Authority issued \$33,300,000.00 of tax exempt Camden Parking Facility Project 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 bonds carry a variable interest rate based on the 30-day LIBOR Index Rate with a final maturity in 2038.

In addition, on August 7, 2015, the Authority issued \$5,000,000.00 of tax exempt Camden Baseball Stadium Project Revenue Bonds, Series 2015 for the purchase of the Camden Baseball Stadium (the "Stadium"). The Stadium was purchased through a troubled debt restructuring for \$3,500,000.00 in order to prevent it from closing as the tenant was unable to meet the then current debt obligations. The debt restructuring included debt forgiveness of \$10,765,048.00. The Stadium was previously owned by Rutgers University and operated by Camden Baseball, LLC. BKK Sports, LLC was the managing member of Camden Baseball, LLC and BKK Sports, LLC also owned and operated the River Sharks baseball team who played at the Stadium. As a result of the purchase, the Authority now owns both the land and the Stadium.

The bonds were issued with a fixed interest rate of 4.340% for 240 months (20 years) and are fully held by TD Bank, N.A. The remainder of the bond proceeds are intended to be utilized to renovate the Stadium in order to entice a new minor league baseball team to the Stadium. The Stadium currently is utilized by the Rutgers Camden University's baseball team as its home stadium.

Refer to audit exhibit Schedule 4, schedule of revenue bonds payable, for more detail.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt Administration (Cont'd)

Net Pension Liability. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis. For additional details on the net pension liability, see note 8 to the financial statements.

Compensated Absences. At the end of the current year, the liability for compensated absences was \$112,150.04. Compensated absences are those absences for which employees will be paid, such as vacation. Additional information on compensated absences can be found in note 5.

Additional information on the Authority's debt can be found in note 5 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2016 year, the Authority was able to sustain its budget through parking center revenues, financing and related fees, project management fees, federal financial assistance, lease income, and other miscellaneous revenue sources. Approximately forty-nine percent (49%) of total revenue is from parking center revenues. The 2017 budget was adopted on December 15, 2016 by the Commissioners.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Camden County Improvement Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Debra DiMattia, Chief Financial Officer, at the Camden County Improvement Authority, 2220 Voorhees Town Center, Voorhees, New Jersey 08043, or email at Debra.DiMattia@camdencounty.com.

BASIC FINANCIAL STATEMENTS

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Statement of Net Position
December 31, 2016

ASSETS:

Current Assets:

Unrestricted Assets:

Cash and Cash Equivalents	\$ 2,408,811.08
Financing and Project Management Accounts Receivable	1,526,319.77
Parking Fees Receivable	428,091.07
Prepaid Expenses	<u>40,491.67</u>
Total Unrestricted Current Assets	<u>4,403,713.59</u>

Restricted Assets:

Cash and Cash Equivalents	187,157.82
Federal and State Grants Receivable	<u>501,573.64</u>
Total Restricted Current Assets	<u>688,731.46</u>

Total Current Assets	<u>5,092,445.05</u>
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Noncurrent Assets:

Capital Assets, net of accumulated depreciation	25,083,611.24
Loans Receivable	<u>504,849.00</u>

Total Noncurrent Assets	<u>25,588,460.24</u>
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Total Assets	<u>30,680,905.29</u>
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DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	<u>4,065,038.00</u>
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(Continued)

CAMDEN COUNTY IMPROVEMENT AUTHORITY

Statement of Net Position

December 31, 2016

LIABILITIES:

Current Liabilities:

Liabilities Payable from Unrestricted Assets:

Accounts Payable and Accrued Liabilities	\$ 685,204.49
Accounts Payable - Related to Pensions	251,317.00
Compensated Absences Payable	92,473.00
Unearned Revenue	404,782.05

Total Current Liabilities Payable from Unrestricted Assets	<u>1,433,776.54</u>
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Liabilities Payable from Restricted Assets:

Accrued Interest Payable	49,729.17
Revenue Bonds Payable	835,000.00

Total Current Liabilities Payable from Restricted Assets	<u>884,729.17</u>
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Total Current Liabilities	<u>2,318,505.71</u>
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Long-Term Liabilities:

Accrued Liabilities - Related to Pension	125,659.00
Compensated Absences Payable	19,677.04
Net Pension Liability	8,378,443.00
Revenue Bonds Payable	32,425,000.00

Total Long-Term Liabilities	<u>40,948,779.04</u>
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Total Liabilities	<u>43,267,284.75</u>
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DEFERRED INFLOWS OF RESOURCES:

Deferred Loan Revenue	<u>504,849.00</u>
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NET POSITION:

Net Investment in Capital Assets (Deficit)	(3,367,817.03)
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Unrestricted (Deficit)	<u>(5,658,373.43)</u>
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Total Net Position (Deficit)	<u>\$ (9,026,190.46)</u>
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The accompanying notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2016

OPERATING REVENUES:

Parking Center	\$ 4,222,314.98
Financing and Related Fees	345,238.04
Project Management Fees	1,404,377.95
Federal Financial Assistance	2,182,511.97
Lease Income	308,123.88
Miscellaneous	212,077.34
	<hr/>
Total Operating Revenues	8,674,644.16

OPERATING EXPENSES:

Administration:	
Salaries and Wages	1,392,379.19
Management Company - Salaries and Wages	277,570.68
Employee Benefits	1,745,320.10
Management Company - Employee Benefits	93,107.91
Other Expenses	1,158,574.17
Cost of Providing Services:	
Salaries and Wages	766,427.90
Employee Benefits	188,840.93
Other Expenses	2,544,552.01
Depreciation	1,143,195.50
	<hr/>
Total Operating Expenses	9,309,968.39
	<hr/>
Operating Income (Loss)	(635,324.23)

NONOPERATING REVENUES (EXPENSES):

Investment Income	9,743.23
Interest Expense	(1,909,130.69)
Debt Issuance Costs	(14,044.75)
Loss on Disposal of Capital Assets	(85,953.04)
	<hr/>
Total Nonoperating Revenues (Expenses)	(1,999,385.25)
	<hr/>
Change in Net Position	(2,634,709.48)
	<hr/>
Net Position (Deficit), January 1 (Restated)	(6,391,480.98)
	<hr/>
Net Position (Deficit), December 31	\$ (9,026,190.46)

The accompanying notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY IMPROVEMENT AUTHORITY

Statement of Cash Flows
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers	\$ 5,696,536.66
Receipts from Other Operating Activities	1,960,260.68
Payments to Other Suppliers of Goods and / or Services	(4,181,468.10)
Payments to Employees	<u>(3,053,346.75)</u>
Net Cash Provided by (Used by) Operating Activities	<u>421,982.49</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Conduit Debt Issuance Costs	<u>(14,044.75)</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	(506,393.57)
Principal Paid on Revenue Bonds	(640,000.00)
Interest Paid on Revenue Bonds	<u>(1,945,767.22)</u>
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>(3,092,160.79)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Received	<u>9,743.23</u>
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Net Increase (Decrease) in Cash and Cash Equivalents

(2,674,479.82)

Cash and Cash Equivalents, January 1

(including \$481,690.75 reported as restricted)

5,270,448.72**Cash and Cash Equivalents, December 31**

(including \$187,157.82 reported as restricted)

\$ 2,595,968.90

(Continued)

CAMDEN COUNTY IMPROVEMENT AUTHORITY

Statement of Cash Flows
For the Year Ended December 31, 2016

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ (635,324.23)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	1,143,195.50
(Increase) Decrease in Financing and Project Management Accounts Receivable	(797,059.31)
(Increase) Decrease in Parking Fees Receivable	205,549.14
(Increase) Decrease in Other Accounts Receivable	7,991.98
(Increase) Decrease in Prepaid Expenses	(18,667.68)
(Increase) Decrease in Federal and State Grants Receivable	(430,965.09)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(58,785.25)
Increase (Decrease) in Accounts Payable - Related to Pensions	24,913.00
Increase (Decrease) in Unearned Revenue	(3,363.54)
Increase (Decrease) in Accounts Payable	(30,210.40)
Increase (Decrease) in Accrued Liabilities - Related to Pension	12,457.00
Increase (Decrease) in Compensated Absences Payable	(3,532.63)
Increase (Decrease) in Net Pension Liability	<u>1,005,784.00</u>
Net Cash Provided by Operating Activities	<u><u>\$ 421,982.49</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden County Improvement Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

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 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 constituents.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 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 three separate activities (general operations, parking center, and baseball stadium) 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 expenses.

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.

Revenue - 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. Parking center fees, financing and related fees, project management fees, lease income, and miscellaneous 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 federal financial assistance (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 - On the accrual basis of accounting, expenses are recognized at the time the related liability is 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 year and to adopt not later than the beginning of the Authority's 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 is 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.

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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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.

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. 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.

Prepaid Expenses

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

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

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at actual cost. Donated capital assets are recorded at acquisition value at the time received. The Authority has no infrastructure capital assets.

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 a capital asset are recorded as construction in progress. In the year that the project is completed, these costs are then subject to depreciation. Interest costs incurred during construction are not capitalized.

It is the Authority's policy to capitalize expenditures when they meet the following requirements: (1) cost of \$5,000.00 or more; and (2) have a useful life of five (5) years or more.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 30 Years
Furniture and Equipment	5 - 10 Years
Major Moveable Equipment	10 Years
Vehicles	5 Years

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

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

Deferred Loan Revenue - The Authority is a sub-recipient of certain federal grants that allow the Authority to issue loans to first time home buyers and for home improvements. Some loans contain provisions that if met, the loan will be forgiven. The loans that are issued 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 re-utilized by the Authority for additional grant projects. When the grantor formally approves the use of the funds received through loan repayments, the Authority will recognize the revenue. The deferred loan revenue as of December 31, 2016 was \$504,849.00.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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.

The Authority uses the vesting to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the financial statements. The current portion is the amount estimated to be used in the following year.

Unearned Revenue

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS"), and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from the parking center, financing, project management, federal financial assistance, leases, and other miscellaneous revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the administration and operation of the Authority, including the parking center and baseball stadium. Non-operating expenses primarily include expenses attributable to the Authority's interest on debt and costs associated with the issuance of debt.

Income Taxes

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

Accounting 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.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The Authority implemented the following GASB Statements for the year ended December 31, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the Authority.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the Authority.

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

The GASB has issued the following Statements during the year ended December 31, 2016 that will become effective for the Authority in future years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Authority in the year ending December 31, 2018. Management has determined that this Statement will have an impact on the basic financial statements of the Authority.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Authority in the year ending December 31, 2017. Management has determined that this Statement will not have an impact on the basic financial statements of the Authority.

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.

On April 1, 2006, the Authority issued \$33,300,000.00 Camden Parking Facility Project bonds to finance a parking facility located at Cooper Hospital in Camden, New Jersey. The bonds are 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. A calculation of the Authority's debt service coverage ratio at December 31, 2016 yielded 132%, thus resulting in an additional \$175,772.55 liability owed to Cooper Hospital.

Note 3: 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 agency funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2016, all of the Authority's bank balances of \$2,999,633.28 were fully insured either by FDIC or GUDPA.

Note 3: CASH AND CASH EQUIVALENTS (CONT'D)

Restricted Cash and Cash Equivalents - At December 31, 2016, the financial statements reported restricted cash and cash equivalents in the amount of \$157,157.82. This amount represents cash and cash equivalents held on deposit for employees' flexible spending healthcare accounts and for the operation of the federal Home Investment Partnership and Community Development Block Grant Programs.

Note 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 is as follows:

	(Restated) Balance Jan. 1, 2016	Increases	Transfers	Decreases	Balance Dec. 31, 2016
Capital Assets that are not being Depreciated:					
Land	\$ 2,053,200.00				\$ 2,053,200.00
Construction in Progress	77,014.00	\$ 390,872.57	\$ (77,014.00)		390,872.57
Total Capital Assets not being Depreciated	2,130,214.00	390,872.57	(77,014.00)	-	2,444,072.57
Capital Assets that are being Depreciated:					
Buildings and Improvements	32,166,498.07				32,166,498.07
Furniture and Equipment	114,799.49			\$ (101,725.01)	13,074.48
Vehicles	23,282.00			(23,282.00)	
Major Moveable Equipment	290,937.00	115,521.00	77,014.00		483,472.00
Total Capital Assets being Depreciated	32,595,516.56	115,521.00	77,014.00	(125,007.01)	32,663,044.55
Total Capital Assets, Cost	34,725,730.56	506,393.57	-	(125,007.01)	35,107,117.12
Less Accumulated Depreciation for:					
Buildings and Improvements	(8,634,647.39)	(1,109,585.44)			(9,744,232.83)
Furniture and Equipment	(28,353.40)	(1,307.45)		25,084.77	(4,576.08)
Vehicles	(13,969.20)			13,969.20	
Major Moveable Equipment	(242,394.36)	(32,302.61)			(274,696.97)
Total Accumulated Depreciation	(8,919,364.35)	(1,143,195.50)*	-	39,053.97	(10,023,505.88)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	23,676,152.21	(1,027,674.50)	77,014.00	(85,953.04)	22,639,538.67
Capital Assets, Net	\$ 25,806,366.21	\$ (636,801.93)	-	\$ (85,953.04)	\$ 25,083,611.24

* represents depreciation expense

Note 5: LONG-TERM LIABILITIES

During the year ended December 31, 2016, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>Jan. 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Due within</u> <u>One Year</u>
Bonds Payable:					
Revenue Bonds	\$ 33,900,000.00	-	\$ (640,000.00)	\$ 33,260,000.00	\$ 835,000.00
Other Liabilities:					
Accrued Liabilities - Related to Pension	113,202.00	\$ 125,659.00	(113,202.00)	125,659.00	-
Compensated Absences Payable	115,682.67	173,621.07	(177,153.70)	112,150.04	92,473.00
Net Pension Liability	5,911,513.00	5,303,983.00	(2,837,053.00)	8,378,443.00	-
Total Other Liabilities	6,140,397.67	5,603,263.07	(3,127,408.70)	8,616,252.04	92,473.00
Total Long-Term Liabilities	<u>\$ 40,040,397.67</u>	<u>\$ 5,603,263.07</u>	<u>\$ (3,767,408.70)</u>	<u>\$ 41,876,252.04</u>	<u>\$ 927,473.00</u>

Revenue Bonds Payable

On April 1, 2006, the Authority issued \$33,300,000.00 of tax exempt Camden Parking Facility Project 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 bonds carry a variable interest rate based on the 30-day LIBOR Index Rate with a final maturity in 2038.

The following schedule reflects the debt requirements of the Camden Parking Facility Project Revenue Bonds, Series 2006 until maturity:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest *</u>	<u>Total</u>
2017	\$ 685,000.00	\$ 530,300.93	\$ 1,215,300.93
2018	720,000.00	516,989.46	1,236,989.46
2019	755,000.00	502,887.52	1,257,887.52
2020	805,000.00	488,184.82	1,293,184.82
2021	860,000.00	472,486.14	1,332,486.14
2022-2026	5,140,000.00	2,090,051.40	7,230,051.40
2027-2031	6,935,000.00	1,522,922.59	8,457,922.59
2032-2036	9,335,000.00	759,496.98	10,094,496.98
2037-2038	3,025,000.00	40,914.60	3,065,914.60
Total	<u>\$ 28,260,000.00</u>	<u>\$ 6,924,234.44</u>	<u>\$ 35,184,234.44</u>

* interest rate of 1.897122% utilized for variable rate debt

In addition, on August 7, 2015, the Authority issued \$5,000,000.00 of tax exempt Camden Baseball Stadium Project Revenue Bonds, Series 2015 for the purchase of the Camden Baseball Stadium (the "Stadium"). The Stadium was purchased through a troubled debt restructuring for \$3,500,000.00 in order to prevent it from closing as the tenant was unable to meet the then current debt obligations. The debt restructuring included debt forgiveness of \$10,765,048.00. The Stadium was previously owned by Rutgers University and operated by Camden Baseball, LLC. BKK Sports, LLC was the managing member of Camden Baseball, LLC and BKK Sports, LLC also owned and operated the River Sharks baseball team who played at the Stadium. As a result of the purchase, the Authority now owns both the land and the Stadium.

Note 5: LONG-TERM LIABILITIES (CONT'D)**Revenue Bonds Payable (Cont'd)**

The bonds were issued with a fixed interest rate of 4.340% for 240 months (20 years) and are fully held by TD Bank, N.A. The remainder of the bond proceeds are intended to be utilized to renovate the Stadium in order to entice a new minor league baseball team to the Stadium. The Stadium currently is utilized by the Rutgers Camden University's baseball team as its home stadium.

As part of this purchase, the County of Camden has agreed to make payment on any and all debt payments in the event that the revenues generated from the operation of the Stadium are insufficient to make a debt service payment. As part of this agreement, in the event that the County is required to make any payments of principal of and/or interest on the Bonds, the Authority will be required to pay back the County, immediately upon demand by the County, an amount equal to all of the principal and/or interest on the Bonds paid by the County. The agreement states, however, that funds available for repayment by the Authority to the County shall be derived solely from and consist of only funds received by the Authority in connection with the ownership, use, operation, lease or license of the Stadium, or from proceeds derived from the sale or other disposition of the Stadium, and not from any other funds held by the Authority.

The following schedule reflects the debt requirements of the Camden Baseball Stadium Project Revenue Bonds, Series 2015 until maturity:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 150,000.00	\$ 217,000.00	\$ 367,000.00
2018	185,000.00	210,490.00	395,490.00
2019	190,000.00	202,461.00	392,461.00
2020	200,000.00	194,215.00	394,215.00
2021	210,000.00	185,535.00	395,535.00
2022-2026	1,185,000.00	783,587.00	1,968,587.00
2027-2031	1,470,000.00	502,789.00	1,972,789.00
2032-2036	1,410,000.00	156,240.00	1,566,240.00
Total	<u>\$ 5,000,000.00</u>	<u>\$ 2,452,317.00</u>	<u>\$ 7,452,317.00</u>

The following schedule reflects the total debt requirements of the Authority for the aforementioned two Revenue Bonds until maturity:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 835,000.00	\$ 747,300.93	\$ 1,582,300.93
2018	905,000.00	727,479.46	1,632,479.46
2019	945,000.00	705,348.52	1,650,348.52
2020	1,005,000.00	682,399.82	1,687,399.82
2021	1,070,000.00	658,021.14	1,728,021.14
2022-2026	6,325,000.00	2,873,638.40	9,198,638.40
2027-2031	8,405,000.00	2,025,711.59	10,430,711.59
2032-2036	10,745,000.00	915,736.98	11,660,736.98
2037-2038	3,025,000.00	40,914.60	3,065,914.60
Total	<u>\$ 33,260,000.00</u>	<u>\$ 9,376,551.44</u>	<u>\$ 42,636,551.44</u>

Note 5: LONG-TERM LIABILITIES (CONT'D)**Revenue Bonds Payable (Cont'd)**

Revenue Bonds Authorized but not Issued - As of December 31, 2016, the Authority had no authorizations to issue additional debt.

Accrued Liabilities - Related to Pension

The Authority's pension liability recorded as of December 31, 2016 was actuarially measured as of June 30, 2016, and is based on employer contributions due subsequent to year end on April 1, 2017. The accrued liability recorded by the Authority of \$125,659.00 represents an accrual of estimated employer contributions due subsequent to the measurement date of June 30, 2016, which is expected to be invoiced by the State of New Jersey in 2017 and payable as of April 1, 2018 (see note 8 for pension plan).

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, 2016 is estimated at \$112,150.04.

Net Pension Liability

For details on the net pension liability, refer to note 8. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Note 6: CONDUIT DEBT OBLIGATIONS

The Authority is authorized to provide within the County of Camden, 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. Utilizing this authorization, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental entities within the County. 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 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, 2016, there were forty-six (46) series of special revenue bonds (conduit debt obligations) outstanding with an aggregate principal amount due of \$849,233,850.94. The conduit debt is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board and accordingly is not included in the Authority's financial statements. More detail regarding these balances can be found in supplementary information schedule 5.

Note 7: OPERATING LEASES

At December 31, 2016, the Authority had operating lease agreements in effect for office space at the Voorhees Town Center and for land on which the parking center is located at Cooper Hospital. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Year Ending Dec. 31,	Amount
2017	\$ 268,311.22
2018	271,668.31
2019	275,119.60
2020	278,602.18
2021	282,194.59
2022-2026	1,462,318.28
2027-2031	855,196.44
2032-2036	500,000.00
2037-2038	<u>125,000.00</u>
Total	<u>\$ 4,318,410.62</u>

Rental payments under operating leases for the year ended December 31, 2016 were \$265,032.52.

Note 8: PENSION PLAN

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), which is a defined benefit pension plan administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plan**Plan Description**

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Note 8: PENSION PLAN (CONT'D)**General Information about the Pension Plan (Cont'd)****Vesting and Benefit Provisions**

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the year ended December 31, 2016 was 12.43% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$251,317.00, and is payable by April 1, 2017. Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$226,404.00, which was paid on April 1, 2016. Employee contributions to the Plan during the year ended December 31, 2016 were \$147,786.05.

Note 8: PENSION PLAN (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

At December 31, 2016, the Authority's proportionate share of the PERS net pension liability was \$8,378,443.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Authority's proportion was .0282891761%, which was an increase of .0019549171% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Authority's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2016 measurement date was \$1,269,544.00.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 155,814.00	
Changes of Assumptions	1,735,566.00	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	319,478.00	
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,728,521.00	
Authority Contributions Subsequent to the Measurement Date	125,659.00	
	<u>\$ 4,065,038.00</u>	<u>-</u>

Of the \$4,065,038.00 of deferred outflows of resources, \$125,659.00 will be included as a reduction of the net pension liability in the year ending December 31, 2017. This amount was based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Authority's year end of December 31, 2016.

Note 8: PENSION PLAN (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date <u>June 30, 2016</u>
Inflation	3.08%
Salary Increases:	
2012-2021	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on PERS plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 8: PENSION PLAN (CONT'D)**Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034; therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLAN (CONT'D)**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2016, the plan's measurement date, calculated using a discount rate of 3.98%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	December 31, 2016		
	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 10,266,804.00</u>	<u>\$ 8,378,443.00</u>	<u>\$ 6,819,437.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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 Authority 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.

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/.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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 funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits.

The Authority's contributions to SHBP for the years ended December 31, 2016, 2015, and 2014 were \$59,407.92, \$42,747.72, and \$39,777.79, respectively, which equaled the required contributions for each year. There were four (4) retired participants eligible at December 31, 2016.

Note 10: 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.

Note 11: RELATED PARTIES

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; approximately 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 12: CONTINGENCIES

Litigation - 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.

Note 13: RESTATEMENT OF NET POSITION

Net position as of December 31, 2015 has been restated as follows:

Beginning Net Position as Previously Reported at December 31, 2015		\$ (5,753,330.43)
Prior Period Adjustment:		
Write-off of Uncollectible Accounts Receivable:		
Financing and Project Management	\$	(47,390.31)
Parking Fees		(235,218.44)
Other		(74,394.88)
Federal and State Grants		(552,511.33)
Write-off of Construction in Progress		(14,200.00)
Cancellation of Liabilities:		
Accounts Payable and Accrued Liabilities		165,803.06
Unearned Revenue		119,761.35
		<u> </u>
Total Prior Period Adjustment		<u>(638,150.55)</u>
Net Position as Restated, December 31, 2015		<u>\$ (6,391,480.98)</u>

Note 14: SUBSEQUENT EVENTS

Financing Agreements - On March 9, 2017, the Authority approved resolution no. 54-17 to provide financing from TD Bank, N.A. for a health sciences parking center project, contingent upon the authorization of Rowan University and Cooper University Hospital. The financing consists of a tax exempt non-bank qualified direct purchase bond, not to exceed \$35,000,000.00, for a term not to exceed twenty-seven (27) years. The purpose of the loan will be to construct a new 5 story, 1,000 space parking garage in the Lanning Square Redevelopment section of Camden City, New Jersey. The garage will support parking for the new Cooper Medical School of Rowan University.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Required Supplementary Information - Part II
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Years

	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0282891761%	0.0263342590%	0.0227052735%	0.0133446218%
Authority's Proportionate Share of the Net Pension Liability	\$ 8,378,443.00	\$ 5,911,513.00	\$ 4,251,048.00	\$ 2,550,422.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,719,156.00	\$ 1,736,108.00	\$ 1,202,844.00	\$ 920,536.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	487.36%	340.50%	353.42%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Required Supplementary Information - Part II
 Schedule of the Authority's Contributions
 Public Employees' Retirement System (PERS)
 Last Four Years

	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 251,317.00	\$ 226,404.00	\$ 187,179.00	\$ 100,549.00
Contributions in relation to the Contractually Required Contribution	<u>(251,317.00)</u>	<u>(226,404.00)</u>	<u>(187,179.00)</u>	<u>(100,549.00)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Authority's Covered Payroll (Calendar Year)	\$ 2,022,513.00	\$ 1,825,022.00	\$ 1,757,601.00	\$ 1,377,138.00
Contributions as a Percentage of Authority's Covered Payroll	12.43%	12.41%	10.65%	7.30%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Required Supplementary Information - Part II
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

OTHER SUPPLEMENTARY INFORMATION

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2016

	<u>General Operations</u>	<u>Parking Center</u>	<u>Baseball Stadium</u>	<u>Total</u>
OPERATING REVENUES:				
Parking Center		\$ 4,222,314.98		\$ 4,222,314.98
Financing and Related Fees	\$ 345,238.04			345,238.04
Project Management Fees	1,404,377.95			1,404,377.95
Federal Financial Assistance	2,182,511.97			2,182,511.97
Lease Income		205,373.88	\$ 102,750.00	308,123.88
Miscellaneous	212,077.34			212,077.34
	<u>4,144,205.30</u>	<u>4,427,688.86</u>	<u>102,750.00</u>	<u>8,674,644.16</u>
Total Operating Revenues				
OPERATING EXPENSES:				
Administration:				
Salaries and Wages	1,392,379.19			1,392,379.19
Management Company - Salaries and Wages		277,570.68		277,570.68
Employee Benefits	1,745,320.10			1,745,320.10
Management Company - Employee Benefits		93,107.91		93,107.91
Other Expenses	524,542.83	244,643.14	389,388.20	1,158,574.17
Cost of Providing Services:				
Salaries and Wages	766,427.90			766,427.90
Employee Benefits	188,840.93			188,840.93
Other Expenses	1,704,823.95	839,728.06		2,544,552.01
Depreciation	21,690.70	1,050,164.80	71,340.00	1,143,195.50
	<u>6,344,025.60</u>	<u>2,505,214.59</u>	<u>460,728.20</u>	<u>9,309,968.39</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(2,199,820.30)</u>	<u>1,922,474.27</u>	<u>(357,978.20)</u>	<u>(635,324.23)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income	2,339.05	4,896.34	2,507.84	9,743.23
Interest Expense		(1,742,028.33)	(167,102.36)	(1,909,130.69)
Debt Issuance Costs	(14,044.75)			(14,044.75)
Loss on Disposal of Capital Assets	(70,106.96)		(15,846.08)	(85,953.04)
	<u>(81,812.66)</u>	<u>(1,737,131.99)</u>	<u>(180,440.60)</u>	<u>(1,999,385.25)</u>
Total Nonoperating Revenues (Expenses)				
Change in Net Position	(2,281,632.96)	185,342.28	(538,418.80)	(2,634,709.48)
Net Position (Deficit), January 1	<u>(4,654,319.50)</u>	<u>(1,184,115.76)</u>	<u>(553,045.72)</u>	<u>(6,391,480.98)</u>
Net Position (Deficit), December 31	<u>\$ (6,935,952.46)</u>	<u>\$ (998,773.48)</u>	<u>\$ (1,091,464.52)</u>	<u>\$ (9,026,190.46)</u>

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of General Operations and Baseball Stadium Project Revenue and Expenses - Budget and Actual
 Budgetary Basis (Non-GAAP)
 For the Year Ended December 31, 2016

	<u>Adopted and Final Budget</u>				<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>General Operations</u>			<u>Total</u>		
	<u>Financing Operations</u>	<u>Community Development</u>	<u>Baseball Stadium</u>			
Operating Revenues:						
Bond Financing Fees	\$ 939,095.00			\$ 939,095.00	\$ 345,238.04	\$ (593,856.96)
Project & Grant Management	2,471,797.00			2,471,797.00	1,404,377.95	(1,067,419.05)
Other Revenue	45,864.00		\$ 262,000.00	307,864.00	314,827.34	6,963.34
Nonoperating Revenues:						
Grants & Entitlements:						
HUD, CDBG & HOME		\$ 2,410,507.00		2,410,507.00	2,182,511.97	(227,995.03)
SSA		200,000.00		200,000.00		(200,000.00)
Interest on Investments	2,750.00			2,750.00	4,846.89	2,096.89
Total Revenues	<u>3,459,506.00</u>	<u>2,610,507.00</u>	<u>262,000.00</u>	<u>6,332,013.00</u>	<u>4,251,802.19</u>	<u>(2,080,210.81)</u>
Operating Expenses:						
Administration:						
Salaries & Wages	519,827.00			519,827.00	1,392,379.19	(872,552.19)
Fringe Benefits	179,705.00			179,705.00	1,745,320.10	(1,565,615.10)
Other Expenses	552,889.00			552,889.00	524,542.83	28,346.17
Total Administration	<u>1,252,421.00</u>	<u>-</u>	<u>-</u>	<u>1,252,421.00</u>	<u>3,662,242.12</u>	<u>(2,409,821.12)</u>
Cost of Providing Services:						
Salaries & Wages	1,670,374.00			1,670,374.00	766,427.90	903,946.10
Fringe Benefits	595,353.00			595,353.00	578,229.13	17,123.87
Other Expenses	56,340.00		50,000.00	106,340.00	1,704,823.95	(1,598,483.95)
Total Cost of Providing Services	<u>2,322,067.00</u>	<u>-</u>	<u>50,000.00</u>	<u>2,372,067.00</u>	<u>3,049,480.98</u>	<u>(677,413.98)</u>
Total Operating Expenses	<u>3,574,488.00</u>	<u>-</u>	<u>50,000.00</u>	<u>3,624,488.00</u>	<u>6,711,723.10</u>	<u>(3,087,235.10)</u>
Nonoperating Appropriations:						
Total Interest Payments on Debt			212,000.00	212,000.00	167,102.36	44,897.64
Total Nonoperating Appropriations	<u>-</u>	<u>-</u>	<u>212,000.00</u>	<u>212,000.00</u>	<u>167,102.36</u>	<u>44,897.64</u>
Total Operating Expenses and Nonoperating Appropriations	<u>3,574,488.00</u>	<u>-</u>	<u>262,000.00</u>	<u>3,836,488.00</u>	<u>6,878,825.46</u>	<u>(3,042,337.46)</u>
Excess (Deficiency) Revenues over Expenses	<u>\$ (114,982.00)</u>	<u>\$ 2,610,507.00</u>	<u>-</u>	<u>\$ 2,495,525.00</u>	<u>\$ (2,627,023.27)</u>	<u>\$ 962,126.65</u>

Reconciliation to Operating Income (Loss) (Schedule 1)

Excess Revenues over Expenses	\$ (2,627,023.27)
Add:	
Interest Expense	167,102.36
Deduct:	
Investment Income	(4,846.89)
Depreciation	(93,030.70)
Operating Income (Loss)	<u>\$ (2,557,798.50)</u>

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Parking Center Revenue and Expenses - Budget and Actual
 Budgetary Basis (Non-GAAP)
 For the Year Ended December 31, 2016

	<u>Adopted and Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating Revenues:			
Parking Fees & Office Rental	\$ 4,388,378.00	\$ 4,427,688.86	\$ 39,310.86
Nonoperating Revenues:			
Interest on Investments		4,896.34	4,896.34
Total Revenues	<u>4,388,378.00</u>	<u>4,432,585.20</u>	<u>44,207.20</u>
Operating Expenses:			
Administration:			
Other Expenses	35,606.00	244,643.14	(209,037.14)
Total Administration	<u>35,606.00</u>	<u>244,643.14</u>	<u>(209,037.14)</u>
Cost of Providing Services:			
Salaries & Wages	242,249.00	277,570.68	(35,321.68)
Fringe Benefits	75,012.00	93,107.91	(18,095.91)
Other Expenses	1,057,977.00	839,728.06	218,248.94
Total Cost of Providing Services	<u>1,375,238.00</u>	<u>1,210,406.65</u>	<u>164,831.35</u>
Total Operating Expenses	<u>1,410,844.00</u>	<u>1,455,049.79</u>	<u>(44,205.79)</u>
Principal Payments on Debt in lieu of Depreciation	<u>640,000.00</u>	<u>640,000.00</u>	
Total Operating Appropriations	<u>2,050,844.00</u>	<u>2,095,049.79</u>	<u>(44,205.79)</u>
Nonoperating Appropriations:			
Total Interest Payments on Debt	1,742,028.00	1,742,028.33	(0.33)
Renewal & Replacement Reserves	150,325.00		150,325.00
Total Nonoperating Appropriations	<u>1,892,353.00</u>	<u>1,742,028.33</u>	<u>150,324.67</u>
Total Budget Appropriations	<u>3,943,197.00</u>	<u>3,837,078.12</u>	<u>106,118.88</u>
Excess Revenues over Expenses	<u>\$ 445,181.00</u>	<u>\$ 595,507.08</u>	<u>\$ (61,911.68)</u>
<u>Reconciliation to Operating Income (Loss) (Schedule 1)</u>			
Excess Revenues over Expenses		\$ 595,507.08	
Add:			
Interest Expense		1,742,028.33	
Principal Payments on Debt		640,000.00	
Deduct:			
Investment Income		(4,896.34)	
Depreciation		<u>(1,050,164.80)</u>	
Operating Income (Loss)		<u>\$ 1,922,474.27</u>	

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2016

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Year</u>	<u>Amount</u>					
Camden Parking Facility Project, 2006	04/01/06	\$ 33,300,000.00	2017	\$ 685,000.00	*				
			2018	720,000.00	*				
			2019	755,000.00	*				
			2020	805,000.00	*				
			2021	860,000.00	*				
			2022	915,000.00	*				
			2023	965,000.00	*				
			2024	1,020,000.00	*				
			2025	1,085,000.00	*				
			2026	1,155,000.00	*				
			2027	1,230,000.00	*				
			2028	1,305,000.00	*				
			2029	1,380,000.00	*				
			2030	1,460,000.00	*				
			2031	1,560,000.00	*				
			2032	1,650,000.00	*				
			2033	1,745,000.00	*				
			2034	1,860,000.00	*				
			2035	1,980,000.00	*				
			2036	2,100,000.00	*				
2037	2,225,000.00	*							
2038	800,000.00	*	\$ 28,900,000.00	\$ 640,000.00	\$ 28,260,000.00				
Camden Baseball Stadium Project, 2015	08/07/15	5,000,000.00	2017	150,000.00	4.34%				
			2018	185,000.00	4.34%				
			2019	190,000.00	4.34%				
			2020	200,000.00	4.34%				
			2021	210,000.00	4.34%				
			2022	220,000.00	4.34%				
			2023	225,000.00	4.34%				
			2024	235,000.00	4.34%				
			2025	245,000.00	4.34%				
			2026	260,000.00	4.34%				
			2027	270,000.00	4.34%				
			2028	280,000.00	4.34%				
			2029	295,000.00	4.34%				
			2030	305,000.00	4.34%				
			2031	320,000.00	4.34%				
2032	330,000.00	4.34%							
2033	345,000.00	4.34%							
2034	360,000.00	4.34%							
2035	375,000.00	4.34%	5,000,000.00		5,000,000.00				
						\$ 33,900,000.00	-	\$ 640,000.00	\$ 33,260,000.00

* variable interest rate

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Conduit Debt Obligations
 For the Year Ended December 31, 2016

<u>Issue</u>	<u>Issue Date</u>	<u>Issued Amount</u>	<u>Balance Jan. 1, 2016</u>	<u>Issued</u>	<u>Refunded</u>	<u>Principal Paid</u>	<u>Balance Dec. 31, 2016</u>
Guaranteed by Other Governmental Entities:							
Collingswood Senior Citizen Center Project	08/27/99	\$ 1,300,000.00	\$ 370,000.00			\$ (85,000.00)	\$ 285,000.00
Gloucester Township Public Works	04/18/02	5,000,000.00	2,345,000.00		\$ (2,060,000.00)	(285,000.00)	
Cherry Hill Library Project	05/21/02	20,770,000.00	9,375,000.00		(8,235,000.00)	(1,140,000.00)	
Lease Revenue Refunding Bonds, Series 2003A	07/14/03	44,075,000.00	4,920,000.00			(4,920,000.00)	
Camden County College Project, Series 2006	01/15/06	24,640,000.00	1,210,000.00			(1,210,000.00)	
Lease Revenue Bonds, Series 2006A	09/01/06	20,455,000.00	940,000.00			(940,000.00)	
Cherry Hill Recreation Facilities	04/13/07	4,500,000.00	2,520,000.00			(315,000.00)	2,205,000.00
DRPA Loan Agreement (Cooper River Boathouse)	05/01/07	1,000,000.00	658,996.55			(47,966.49)	611,030.06
Cherry Hill Library Project Refunding	09/07/07	12,950,000.00	9,690,000.00			(1,215,000.00)	8,475,000.00
Lease Revenue Bonds (County Capital), Series 2007	12/21/07	14,340,000.00	9,930,000.00			(650,000.00)	9,280,000.00
Camden County College Project, Series 2008	03/01/08	6,000,000.00	3,645,000.00			(395,000.00)	3,250,000.00
Loan Revenue Bonds (County Capital), Series 2008	11/17/08	32,070,000.00	23,590,000.00			(1,625,000.00)	21,965,000.00
Mount Ephraim Revenue Bonds	02/11/09	3,000,000.00	2,380,000.00			(125,000.00)	2,255,000.00
Loan Revenue Bonds, Series 2009 BABS	12/02/09	21,110,000.00	17,245,000.00			(1,180,000.00)	16,065,000.00
Loan Revenue Bonds, Series 2010	10/04/10	17,100,000.00	13,100,000.00			(1,145,000.00)	11,955,000.00
Camden County College Project, Series 2010A-2	11/24/10	5,830,000.00	5,285,000.00			(565,000.00)	4,720,000.00
Camden County College Project, Series 2010A-3	11/24/10	17,090,000.00	17,090,000.00				17,090,000.00
Loan Revenue Bonds, Series 2011A	09/01/11	5,905,000.00	2,735,000.00				2,735,000.00
Camden County College Parking Project, Series 2011	09/01/11	5,750,000.00	2,000,000.00			(990,000.00)	1,010,000.00
Gloucester Township Public Works Project, Series 2011	10/01/11	3,440,000.00	2,355,000.00			(305,000.00)	2,050,000.00
Loan Revenue Bonds (County Capital), Series 2011	12/15/11	26,565,000.00	23,300,000.00			(1,735,000.00)	21,565,000.00
Open Space Revenue Refunding Bonds, Series 2012	10/10/14	16,255,000.00	12,110,000.00			(1,370,000.00)	10,740,000.00
Lease Revenue Bonds (CCTS), Series 2012	08/02/12	7,830,000.00	6,725,000.00			(470,000.00)	6,255,000.00
Lease Revenue Refunding Bonds, Series 2012A	09/27/12	18,225,000.00	15,030,000.00			(2,165,000.00)	12,865,000.00
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	1,650,000.00			(400,000.00)	1,250,000.00
Camden County Open Space Revenue Bonds, Series 2012	11/05/12	7,265,000.00	6,105,000.00			(415,000.00)	5,690,000.00
Camden County College Revenue Bonds, Series 2013	03/27/13	12,795,000.00	11,875,000.00			(470,000.00)	11,405,000.00
Loan Revenue Bonds (County Capital), Series 2013	11/26/13	38,200,000.00	38,200,000.00			(1,280,000.00)	36,920,000.00
Loan Revenue Bonds (County Capital), Series 2014	12/10/14	14,605,000.00	14,605,000.00			(665,000.00)	13,940,000.00
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			(1,605,000.00)	17,375,000.00
Camden County College Lease Revenue Refunding Bonds, Series 2015	05/29/15	14,655,000.00	14,530,000.00				14,530,000.00
Camden County Lease Revenue Refunding Bonds, Series 2015A	05/29/15	12,895,000.00	12,790,000.00				12,790,000.00
Camden County Loan Revenue Bonds, Series 2015A	12/10/15	39,240,000.00	39,240,000.00				39,240,000.00
Camden County Loan Revenue Refunding Bonds, Series 2015B	12/10/15	17,375,000.00	17,375,000.00			(2,485,000.00)	14,890,000.00
County Guaranteed Loan Revenue Refunding Bonds, Series A of 2016	05/24/16	23,615,000.00		\$ 23,615,000.00		(280,000.00)	23,335,000.00
County Guaranteed Loan Revenue Bonds (County Capital Program), Series 2016	11/03/16	59,235,000.00		59,235,000.00			59,235,000.00
Subtotal Guaranteed by Other Governmental Entities			<u>390,383,996.55</u>	<u>82,850,000.00</u>	<u>(10,295,000.00)</u>	<u>(30,477,966.49)</u>	<u>432,461,030.06</u>
Other Series:							
Moorestown Ecumenical Neighborhood (MEND)	02/01/96	2,000,000.00	703,235.46			(120,483.63)	582,751.83
Ronald McDonald House	03/11/98	2,540,000.00	2,540,000.00				2,540,000.00
Congregation Beth El Project	06/21/01	4,925,000.00	2,695,000.00			(2,695,000.00)	
Temple Beth Shalom Project	12/12/02	3,000,000.00	1,343,456.05			(168,698.36)	1,174,757.69
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	2,102,246.26			(813,875.47)	1,288,370.79
VOADV 2009	05/01/09	5,500,000.00	4,364,241.93			(229,301.36)	4,134,940.57

(Continued)

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Conduit Debt Obligations
 For the Year Ended December 31, 2016

<u>Issue</u>	<u>Issue Date</u>	<u>Issued Amount</u>	<u>Balance Jan. 1, 2016</u>	<u>Issued</u>	<u>Refunded</u>	<u>Principal Paid</u>	<u>Balance Dec. 31, 2016</u>
Other Series (Cont'd):							
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	93,885,000.00				93,885,000.00
Cooper Medical School of Rowan University, Series 2010B	07/01/10	19,280,000.00	3,140,000.00			\$ (3,140,000.00)	
Rowan University School of Osteopathic Medicine Series 2013A	06/13/13	26,880,000.00	25,550,000.00			(810,000.00)	24,740,000.00
Rowan University School of Osteopathic Medicine Series 2013B	06/13/13	29,690,000.00	25,305,000.00			(1,520,000.00)	23,785,000.00
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			(4,275,000.00)	135,450,000.00
Camden Pride Charter School Refunding Bonds	03/01/15	14,441,000.00	14,441,000.00			(564,000.00)	13,877,000.00
			431,109,179.70	-	-	(14,336,358.82)	416,772,820.88
			\$ 821,493,176.25	\$ 82,850,000.00	\$ (10,295,000.00)	\$ (44,814,325.31)	\$ 849,233,850.94

PART II
SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of
Camden County Improvement Authority
Voorhees, New Jersey 08043

Report on Compliance for Each Major Federal Program

We have audited the Camden County Improvement Authority's, a component unit of the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2016. The Authority's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Camden County Improvement 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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Major Federal Program

In our opinion, the Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Camden County Improvement 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 14, 2017

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2016

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Other Identification Number	Pass-Through Entity Identifying Number	Program or Award Amount	Program Income	Local Matching Contributions	Grant Period		Balance December 31, 2015	Cash Received	(Memorandum Only) Passed- Through to Subrecipients	Balance December 31, 2016		
							From	To				Total Federal Expenditures	Accounts Receivable	(Unearned Revenue)
U.S. Department of Housing and Urban Development:														
Passed through the County of Camden:														
CDBG - Entitlement Grants Cluster:														
Community Development Block Grants /														
Entitlement Grants:														
Community Development Block Grant (CDBG)	14.218	-	B-16-UC-34-0110	\$ 2,145,915.00	-	-	07/01/16	06/30/17	\$ 855,705.97	\$ (2,146,933.49)	\$ 1,072,267.79	\$ 1,553,575.88	\$ 367,803.76	\$ (105,455.40)
Total CDBG - Entitlement Grants Cluster									855,705.97	(2,146,933.49)	1,072,267.79	1,553,575.88	367,803.76	(105,455.40)
HOME Investment Partnership Act (HOME)	14.239	-	M-16-DC-34-0223	844,919.00	-	-	07/01/16	06/30/17	(457,635.73)	(304,369.83)	-	628,936.09	133,769.88	(266,839.35)
Total U.S. Department of Housing and Urban Development									398,070.24	(2,451,303.32)	1,072,267.79	2,182,511.97	501,573.64	(372,294.75)
Total Federal Awards									\$ 398,070.24	\$ (2,451,303.32)	\$ 1,072,267.79	\$ 2,182,511.97	\$ 501,573.64	\$ (372,294.75)

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, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the Camden County Improvement Authority (the "Authority"), a component unit of the County of Camden, State of New Jersey, under programs of the federal government for the year ended December 31, 2016. The Authority is defined in note 1 to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. This basis of accounting is described in note 1 to the basic financial statements. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The expenditures reflected in the schedule are presented at the federal participation level; thus, any matching portion is not included.

Note 3: INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's basic financial statements.

Note 5: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Note 6: MAJOR PROGRAMS

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

PART III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CAMDEN COUNTY IMPROVEMENT AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2016

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? X yes no

 Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes X 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 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

CDBG - Entitlement Grants Cluster:

Community Development Block Grants / Entitlement Grants

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee? yes X no

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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.

Finding No. 2016-001

Criteria or Specific Requirement

N.J.A.C. 5:31-7.2 and the establishment of an internal control structure over financial reporting that is effective in the prevention and / or identification of potential financial statement misstatement and misappropriation.

Condition

The general ledger and subsidiary financial records were not maintained in a manner in which financial statements could be prepared in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Context

Balances recorded in the general ledger were not periodically reviewed during the year, balances were not reconciled to subsidiary financial records, balances were not reconciled to subsequent activity, stale dated balances existed, and transactions were posted in a manner in which an audit trail was not always apparent.

Effect

By not maintaining the general ledger in a format whereby financial statements and other financial information, without material misstatement, could be generated, potential errors, irregularities, and factors which could have a negative impact on the Authority's financial position could develop and not be detected in a timely manner to enable the Authority to institute prompt corrective actions.

Cause

The Authority experienced a change in the positions of executive director and chief financial officer.

Recommendation

That the Authority establish an internal control structure over financial reporting which requires a general ledger and subsidiary financial records to be properly maintained in a manner in which financial statements can be prepared in conformity with generally accepted accounting principles.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and have already begun to address the matter as part of their corrective action plan. The Authority has hired a chief financial officer and has started the implementation of a new financial accounting software system.

CAMDEN COUNTY IMPROVEMENT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-002

Criteria or Specific Requirement

The establishment of an internal control structure over revenue recognition, and related account balances, that is effective in the prevention and / or identification of potential financial statement misstatement and misappropriation.

Condition

Several of the contracts related to the revenue (parking and rental) for the parking garage were not reconciled to the revenue recorded in the Authority's general ledger. Contracts were unavailable for inspection for two of the customers of the parking garage and the related revenue recorded by the Authority for such customers was unable to be reconciled to the monthly reports prepared by the third-party administrator that manages the parking garage. Lastly, the amount of cash sales generated at the parking garage that were recorded by the Authority was unable to be reconciled to the monthly reports prepared by the third-party administrator.

Context

After reviewing the contracts and monthly reports generated by the third-party administrator related to the parking garage revenue, a clear audit trail and reconciliation of revenue amounts recorded in the general ledger and subsidiary financial records was not evident.

Effect

The potential for improper revenue recognition and misstatement of related financial statement balances.

Cause

The Authority experienced a change in the positions of executive director and chief financial officer. In addition, the condition above was caused by the manner in which transactions between the Authority and the third-party administrator are executed and recorded (such transactions involving cash receipts and disbursements are often recorded at net amounts in the Authority's financial records as opposed to gross amounts).

Recommendation

That the Authority establish formal oversight procedures to ensure that executed contracts related to the parking garage reconcile to related revenue recognized in the general ledger and subsidiary financial records and to monthly reports prepared by the third-party management company.

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, 2016

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-003

Criteria or Specific Requirement

N.J.A.C. 5:31-4.1 and the establishment of an internal control structure over the processing of claims that is effective in the prevention and / or identification of potential financial statement misstatement and misappropriation.

Condition

The Authority was unable to provide detailed receipts and supporting documentation for sampled purchases made with the Authority's credit card.

Context

While examining credit card statements we noted through inquiry and observation that detailed receipts and supporting documentation were unavailable for inspection for transactions included in the credit card statements.

Effect

Noncompliance with N.J.A.C. 5:31-4.1 and ineffective oversight of internal controls related to the payment of claims that could lead to potential financial statement misstatement and misappropriation.

Cause

The regulations and internal controls related to the processing of claims were not adequately monitored.

Recommendation

That the Authority maintain detailed receipts and supporting documentation for all purchases made with the Authority's credit card.

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, 2016

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-004

Criteria or Specific Requirement

P.L. 2011 c. 78 and the establishment of an internal control structure over the processing of payroll and related functions that is effective in the prevention and / or identification of potential financial statement misstatement and misappropriation.

Condition

For several employees sampled, the following variances were noted for salaries and related payroll deductions: amounts withheld for employee health benefit and pension deductions were not properly calculated; we were unable to determine if the proper salary was paid in accordance with the authorized rate; and we were unable to determine if the proper amount was paid for health insurance waivers.

Context

Eighteen (18) employees had health care deductions withheld for an improper amount; twenty-six (26) employees had pension deductions withheld for an improper amount; we were unable to determine if the proper salary was paid for three (3) employees; and we were unable to determine if the proper health insurance waivers were paid for three (3) employees.

Effect

Noncompliance with P.L. 2011 c. 78 and ineffective oversight over the processing and payment of payroll salaries and related employee deductions.

Cause

Client oversight, failure to document effective dates for authorized salary increases, and lacking a more explicit policy for the payment of health insurance waivers.

Recommendation

That the Authority establish internal controls over the processing of payroll and related functions and over the compliance of P.L. 2011 c. 78 related to pension and health benefit reform.

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, 2016

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-005

Criteria or Specific Requirement

Public Law 114-113, Division Q, section 201, of the Internal Revenue Service

Condition

The Authority did not issue Internal Revenue Service Form 1099-MISC, *Miscellaneous Income*, to applicable vendors.

Context

No Internal Revenue Service Form 1099-MISC, *Miscellaneous Income*, were issued for the calendar year ended December 31, 2016.

Effect

Noncompliance with Internal Revenue Service publications.

Cause

The Authority experienced a change in the positions of executive director and chief financial officer.

Recommendation

That the Authority issue Internal Revenue Service Form 1099-MISC, *Miscellaneous Income*, to applicable vendors by January 31st of the subsequent year.

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, 2016

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-006

Criteria or Specific Requirement

The establishment of an internal control structure should require that all direct and indirect expenses be supported by documentation.

Condition

Documentation was not available for inspection to support the General Operations indirect costs that were allocated to the Parking Center.

Context

\$114,801.32 of General Operations indirect costs were allocated to the Parking Center.

Effect

The allocated indirect costs could not be substantiated.

Cause

The Authority experienced a change in the positions of executive director and chief financial officer.

Recommendation

That all indirect expenses allocated by the Authority be supported by documentation.

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, 2016

Section 3 - Schedule of Federal Award 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

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

This section identifies the status of prior year findings related to the combined financial statements and Federal Awards that are required to be reported in accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

31400

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

