camden county
Improvement Authority

# Report of Audit

## with
## Supplementary Information

## For the Years Ended
## December 31, 2018 and 2017

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Report of Audit
For the Years Ended December 31, 2018 and 2017

Table of Contents

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Report of Audit
For the Years Ended December 31, 2018 and 2017

Table of Contents (Cont'd)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**

Roster of Officials

| Members | Position |
| --- | --- |
| William R. Hosey | Chairman |
| Linda M. Rohrer | Vice-Chairman |
| Louis Cappelli, Jr. | Freeholder Director, Freeholder Liaison |
| Joseph P. Schooley | Member |
| William W. Spearman | Member |
| Reginald Stevenson | Member |

| Other Officials | |
| --- | --- |
| Christopher Orlando, Esq. | Interim Executive Director |
| Debra DiMattia | Treasurer |
| David Patterson, Maressa Patterson, LLC | General Counsel |

# FINANCIAL SECTION

# INDEPENDENT AUDITOR'S REPORT

To the Chairman and Commissioners of the
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 (the "Authority"), a component unit of the County of Camden, State of New Jersey, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, as of December 31, 2018 and 2017, and its changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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### ***Emphasis of Matter***

*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and Statement No. 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

*Restatement of Prior Period Financial Statements*

Because of the implementation of GASB Statement No. 75, the accompanying financial statements as of and for the year ended December 31, 2017 have been restated, as discussed in note 13 to the financial statements. 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 pension contributions, schedule of the Authority's proportionate share of the net opeb liability, and schedule of the Authority's opeb 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 Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are not a required part of the basic financial statements.

The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 3, 2019

# 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

To the Chairman and Commissioners of the
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, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Camden County Improvement Authority (the "Authority"), a component unit of the County of Camden, State of New Jersey, as of and for the year ended December 31, 2018, 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 3, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 Authority's internal control.

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

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

***Compliance and Other Matters***

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

**Purpose of this Report**

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 3, 2019

# REQUIRED SUPPLEMENTARY INFORMATION
# PART I

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Camden County Improvement Authority, a component unit of the County of Camden (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 years ended December 31, 2018 and 2017. 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 financial statements and financial statements to enhance their understanding of the Authority's financial performance.

## FINANCIAL HIGHLIGHTS

- During the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the retroactive restatement of presented prior period financial statements (those as of and for the year ended December 31, 2017). The notes to the financial statements provide a more thorough discussion of the implementation and the effects to the financial statements.

- 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 $19,564,840.92 at the close of the current year. This deficit is directly attributable to the recognition of certain long-term liabilities (pensions, other postemployment benefits (OPEB)), and compensated absences) that the Authority is not required to fully fund in accordance with State budgetary rules and regulations. The Authority, instead, funds these long-term obligations on a pay-as-you-go basis.

- As of the close of the current year, the Authority's deficit unrestricted net position of $15,763,005.40 increased by $2,448,437.66, or 18%, in comparison with the prior year restated unrestricted deficit of $13,314,567.74. This was primarily due to the recognition of the long-term liability for other postemployment benefits required by the implementation the aforementioned GASB Statement No. 75.

- In December 2018, the Authority demolished the baseball stadium that the now defunct Camden Riversharks baseball club once inhabited. As a result, the Authority removed $1,426,800.00 of capital assets (at historical cost) from their financial statements.

- The Authority realized $4,313,325.33 of parking center revenues during 2018, which represented a $184,151.93 increase, or 4% from those realized in 2017. Parking center revenues constituted 54% of the Authority's total operating revenues in 2018.

- During the current year, the Authority reduced its obligations for debt service by $905,000.00 for outstanding revenue bonds. This was accomplished by way of budget appropriations for required principal payments.

- The Authority completed a bond financing totaling $13,535,000.00 on behalf of another governmental entity.

## FINANCIAL POSITION SUMMARY

During 2018, the Authority's net position decreased by $2,916,311.17, decreasing from a deficit of $16,648,529.75 in 2017 to a deficit of $19,564,840.92. The analyses that follow focus on the net position (Table 1) and changes in net position (Table 2) of the Authority.

## FINANCIAL POSITION SUMMARY (CONT'D)

**TABLE 1**
**NET POSITION**
**AS OF DECEMBER 31,**

| | 2018 | (Restated) 2017 | (Restated) 2016 |
|---|---|---|---|
| Current and Other Assets | $ 5,827,909.50 | $ 6,412,941.47 | $ 5,597,294.05 |
| Capital Assets | 35,774,720.33 | 38,357,663.41 | 25,083,611.24 |
| Total Assets | 41,602,629.83 | 44,770,604.88 | 30,680,905.29 |
| Deferred Outflows of Resources | 2,435,872.00 | 3,361,077.00 | 4,065,038.00 |
| Long-Term Liabilities Outstanding | 41,511,163.20 | 60,977,956.64 | 47,582,596.04 |
| Other Liabilities | 17,797,237.55 | 1,714,248.99 | 2,318,505.71 |
| Total Liabilities | 59,308,400.75 | 62,692,205.63 | 49,901,101.75 |
| Deferred Inflows of Resources | 4,294,942.00 | 2,088,006.00 | 504,849.00 |
| Net Position: | | | |
| Net Investment in Capital Assets (Deficit) | (3,801,835.52) | (3,333,962.01) | (3,367,817.03) |
| Unrestricted (Deficit) | (15,763,005.40) | (13,314,567.74) | (12,292,190.43) |
| Total Net Position (Deficit) | $ (19,564,840.92) | $ (16,648,529.75) | $ (15,660,007.46) |

In total, assets decreased by $3,167,975.05, deferred outflows of resources decreased by $925,205.00, liabilities decreased by $3,383,804.88, and deferred inflows of resources increased by $2,206,936.00. The decrease in assets was primarily attributed to two different factors. The first factor was a $462,138.42 decrease in the Authority's restricted cash and cash equivalents balance at year end compared to the same balance at the end of the prior year, resulting from the Authority's mandatory interest payment of $330,090.53 on the 101 Haddon Avenue Project note payable in 2018. The second factor was the aforementioned demolition of the baseball stadium that the now defunct Camden Riversharks baseball club once inhabited. This resulted in the Authority removing $1,426,800.00 (historical cost) of building and improvements from their capital assets.

The decreases in deferred outflows of resources and the increase 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 for pension and the State Health Benefits Local Government Retired Employees Plan for other postemployment benefits (see notes 8 and 9 of the notes to financial statements, respectively).

The decrease in liabilities was attributed to the Authority's change in proportion share of its net pension liability (decrease of $947,030.00) and its other postemployment benefits liability (decrease of $1,580,754.00). These changes are actuarially determined on an annual basis.

$3,801,835.52 of the Authority's deficit 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.

## FINANCIAL POSITION SUMMARY (CONT'D)

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 $15,763,005.40. This component represents resources and uses that do not meet the criteria of any other component of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions and other postemployment benefits, 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,**

| | 2018 | (Restated) 2017 | 2016 |
|---|---|---|---|
| Operating Revenues: | | | |
| Parking Center | $ 4,313,325.33 | $ 4,129,173.40 | $ 4,222,314.98 |
| Financing and Related Fees | 241,276.75 | 349,324.55 | 345,238.04 |
| Project Management Fees | 2,068,428.44 | 2,157,536.30 | 1,404,377.95 |
| Other | 1,311,496.79 | 1,729,074.08 | 2,702,713.19 |
| Total Operating Revenues | 7,934,527.31 | 8,365,108.33 | 8,674,644.16 |
| Operating Expenses: | | | |
| Administration | 3,961,321.03 | 4,520,443.20 | 4,744,817.17 |
| Cost of Providing Services | 2,140,945.05 | 1,705,891.36 | 3,421,955.72 |
| Depreciation | 1,512,843.08 | 868,783.74 | 1,143,195.50 |
| Total Operating Expenses | 7,615,109.16 | 7,095,118.30 | 9,309,968.39 |
| Operating Income (Loss) | 319,418.15 | 1,269,990.03 | (635,324.23) |
| Nonoperating Revenues (Expenses): | | | |
| Investment Income | 30,992.35 | 8,375.83 | 9,743.23 |
| Interest Expense | (2,196,621.67) | (1,916,130.62) | (1,909,130.69) |
| Other | (1,070,100.00) | (350,757.53) | (99,997.79) |
| Total Nonoperating Revenues (Expenses) | (3,235,729.32) | (2,258,512.32) | (1,999,385.25) |
| Change in Net Position | (2,916,311.17) | (988,522.29) | (2,634,709.48) |
| Net Position (Deficit), January 1 | (16,648,529.75) | (15,660,007.46) | (6,391,480.98) |
| Net Position (Deficit), December 31 | $ (19,564,840.92) | $ (16,648,529.75) | (9,026,190.46) |
| Restatement for Recognition of Other Postemployment Benefits Liability (note 13) | | | (6,633,817.00) |
| Net Position (Deficit), December 31 (Restated) | | | $ (15,660,007.46) |

**FINANCIAL POSITION SUMMARY (CONT'D)**

During 2018, the Authority's operating revenues decreased by $430,581.02, decreasing from $8,365,108.33 in 2017 to $7,934,527.31 in 2018. The net decrease in operating revenues is largely attributable to the following:

- parking center revenues increased by $184,151.93, or 4%, in 2018;
- financing and project management fees both experienced a collective decrease of $197,155.66, 8%; these fees fluctuate annually as they are driven by the extent of capital project activity of other entities within Camden County;
- and other revenues, which consist of lease income and miscellaneous, collectively decreased by $417,577.29, or 24%; this decrease was attributable to a decrease in revenues derived from the baseball stadium lease and the cancellation of various stale balances related to the federal CDBG and HOME programs that were transferred to the County of Camden during the year ended December 31, 2017.

Overall in 2018, parking center fees constituted 54% of the Authority's operating revenues, while project management fees and other revenues constituted 17%.

In regards to operating expenses, the Authority experienced an increase of $519,990.86 compared to 2017. This net increase is largely attributable to the following:

- administration expenses decreased by $559,122.17, or 12%, primarily in the areas of fringe benefits and other non-salary type expenses;
- cost of providing services increased by $435,053.69, or 26%, primarily in the area of other non-salary type expenses, specifically in repairs and maintenance to the parking center (waterproofing restoration project);
- and depreciation increased by $644,059.34, or 74%, resulting in 2018 being the first full year of depreciation on the 101 Haddon Avenue property which was purchased late in 2017.

Overall in 2018, administration expenses constituted 52% of the Authority's operating expenses, while cost of providing services and depreciation constituted 28% and 20%, respectively.

In regards to nonoperating revenues and expenses, interest expense represents a significant amount. Interest expense increased from $1,916,130.62 in 2017 to $2,196,621.67 in 2018, a $280,491.05 increase, or 15%. Also, as a result of the demolition of the baseball stadium, the Authority incurred a loss on disposal of $1,070,100.00. Nonoperating revenues, which consist of investment income, totaled $30,992.35 in 2018, a $22,616.52 increase from 2017.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The Authority's net investment in capital assets as of December 31, 2018 amounts to a historical cost of $47,823,153.03, or $35,774,720.33 net of accumulated depreciation (see Table 3 that follows). This net investment in capital assets includes land, construction in progress, buildings and improvements, and various types of equipment. The net change in capital assets was attributable to the following:

- the Authority demolished the baseball stadium in Camden City, which had a cost of $1,426,800.00;
- and, depreciation expense for the current year was $1,512,843.08.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

**TABLE 3**
**CAPITAL ASSETS**
**(NET OF ACCUMULATED DEPRECIATION)**
**AS OF DECEMBER 31,**

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Land | $ 4,522,300.00 | $ 4,522,300.00 | $ 2,053,200.00 |
| Construction in Progress | 583,708.48 | 583,708.48 | 390,872.57 |
| Buildings and Improvements | 30,512,009.26 | 33,074,391.39 | 22,422,265.24 |
| Furniture and Equipment | 5,883.50 | 7,190.95 | 8,498.40 |
| Major Movable Equipment | 150,819.09 | 170,072.59 | 208,775.03 |
| Total | $ 35,774,720.33 | $ 38,357,663.41 | $ 25,083,611.24 |

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

Debt Administration

*Revenue Bonds and Notes Payable.* At the end of the current year, the Authority had total bonds and notes outstanding of $47,520,000.00. 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 now defunct River Sharks baseball team who played at the Stadium. As a result of the purchase, the Authority owns/owned 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.

Lastly, on November 21, 2017, the Authority issued $16,000,000.00 of tax exempt 101 Haddon Avenue Project Revenue Notes, Series 2017 for the purchase of the property located at 101 Haddon Avenue. This property was purchased as part of the Health Care Redevelopment Project and is leased to Cooper University Hospital for administrative office space. As a result of the purchase, the Authority owns both the land and the building. The note was issued with a fixed interest rate of 2.07% with a maturity on November 1, 2019.

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

*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.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt Administration (Cont'd)

*Other Postemployment Benefits Liability.* The Authority's annual required contributions to the state health benefit plan are budgeted and paid on a monthly basis. For additional details on the other postemployment benefits liability, see note 9 to the financial statements.

*Compensated Absences.* At the end of the current year, the liability for compensated absences was $81,808.57. 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 2018 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 54% of total revenue is from parking center revenues. The 2019 budget was adopted on December 13, 2018 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**
Comparative Statements of Net Position
December 31, 2018 and 2017

| | 2018 | (Restated) 2017 |
|---|---|---|
| **ASSETS:** | | |
| Current Assets: | | |
| Unrestricted Assets: | | |
| Cash and Cash Equivalents | $ 3,218,509.70 | $ 3,280,156.83 |
| Financing and Project Management Accounts Receivable | 1,140,859.64 | 1,095,020.12 |
| Parking Fees Receivable | 69,664.37 | 176,750.31 |
| Prepaid Expenses | 41,408.34 | 41,408.34 |
| Total Unrestricted Current Assets | 4,470,442.05 | 4,593,335.60 |
| Restricted Assets: | | |
| Cash and Cash Equivalents | 1,271,296.05 | 1,733,434.47 |
| Federal and State Grants Receivable | 86,171.40 | 86,171.40 |
| Total Restricted Current Assets | 1,357,467.45 | 1,819,605.87 |
| Total Current Assets | 5,827,909.50 | 6,412,941.47 |
| Noncurrent Assets: | | |
| Capital Assets, net of accumulated depreciation | 35,774,720.33 | 38,357,663.41 |
| Total Assets | 41,602,629.83 | 44,770,604.88 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | |
| Related to Pensions | 2,285,173.00 | 3,187,309.00 |
| Related to Other Postemployment Benefits (OPEB) | 150,699.00 | 173,768.00 |
| Total Deferred Outflows of Resources | 2,435,872.00 | 3,361,077.00 |

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Comparative Statements of Net Position
December 31, 2018 and 2017

| | 2018 | (Restated) 2017 |
|---|---|---|
| **LIABILITIES:** | | |
| Current Liabilities: | | |
| Liabilities Payable from Unrestricted Assets: | | |
| Accounts Payable and Accrued Liabilities | $ 435,066.57 | $ 422,207.66 |
| Accounts Payable - Related to Pensions | 298,279.00 | 272,661.00 |
| Compensated Absences Payable | 40,007.37 | 33,655.74 |
| Unearned Revenue | 32,487.30 | 32,487.30 |
| Total Current Liabilities Payable from Unrestricted Assets | 805,840.24 | 761,011.70 |
| Liabilities Payable from Restricted Assets: | | |
| Accrued Interest Payable | 46,397.31 | 48,237.29 |
| Revenue Bonds and Notes Payable | 16,945,000.00 | 905,000.00 |
| Total Current Liabilities Payable from Restricted Assets | 16,991,397.31 | 953,237.29 |
| Total Current Liabilities | 17,797,237.55 | 1,714,248.99 |
| Long-Term Liabilities: | | |
| Accrued Liabilities - Related to Pension | 149,140.00 | 136,331.00 |
| Compensated Absences Payable | 41,801.20 | 48,619.64 |
| Net Pension Liability | 5,904,394.00 | 6,851,424.00 |
| Other Postemployment Benefits Liability | 4,840,828.00 | 6,421,582.00 |
| Revenue Bonds and Notes Payable | 30,575,000.00 | 47,520,000.00 |
| Total Long-Term Liabilities | 41,511,163.20 | 60,977,956.64 |
| Total Liabilities | 59,308,400.75 | 62,692,205.63 |
| **DEFERRED INFLOWS OF RESOURCES:** | | |
| Related to Pensions | 1,973,739.00 | 1,375,265.00 |
| Related to Other Postemployment Benefits (OPEB) | 2,321,203.00 | 712,741.00 |
| Total Deferred Inflows of Resources | 4,294,942.00 | 2,088,006.00 |
| **NET POSITION:** | | |
| Net Investment in Capital Assets (Deficit) | (3,801,835.52) | (3,333,962.01) |
| Unrestricted (Deficit) | (15,763,005.40) | (13,314,567.74) |
| Total Net Position (Deficit) | $ (19,564,840.92) | $ (16,648,529.75) |

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

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

| | 2018 | (Restated) 2017 |
|---|---|---|
| **OPERATING REVENUES:** | | |
| Parking Center | $ 4,313,325.33 | $ 4,129,173.40 |
| Financing and Related Fees | 241,276.75 | 349,324.55 |
| Project Management Fees | 2,068,428.44 | 2,157,536.30 |
| Federal Financial Assistance | | 150.00 |
| Lease Income | 292,899.28 | 343,471.25 |
| Miscellaneous | 1,018,597.51 | 1,385,452.83 |
| Total Operating Revenues | 7,934,527.31 | 8,365,108.33 |
| **OPERATING EXPENSES:** | | |
| Administration: | | |
| Salaries and Wages | 1,377,147.27 | 1,298,905.89 |
| Management Company - Salaries and Wages | 306,352.99 | 263,264.69 |
| Employee Benefits | 1,242,683.36 | 1,759,795.76 |
| Management Company - Employee Benefits | 119,014.05 | 102,507.95 |
| Other Expenses | 916,123.36 | 1,095,968.91 |
| Cost of Providing Services: | | |
| Salaries and Wages | 782,931.42 | 791,344.78 |
| Employee Benefits | 266,534.94 | 177,573.60 |
| Other Expenses | 1,091,478.69 | 736,972.98 |
| Depreciation | 1,512,843.08 | 868,783.74 |
| Total Operating Expenses | 7,615,109.16 | 7,095,118.30 |
| Operating Income (Loss) | 319,418.15 | 1,269,990.03 |
| **NONOPERATING REVENUES (EXPENSES):** | | |
| Investment Income | 30,992.35 | 8,375.83 |
| Interest Expense | (2,196,621.67) | (1,916,130.62) |
| Debt Issuance Costs | | (350,757.53) |
| Loss on Disposal of Capital Assets | (1,070,100.00) | |
| Total Nonoperating Revenues (Expenses) | (3,235,729.32) | (2,258,512.32) |
| Change in Net Position | (2,916,311.17) | (988,522.29) |
| **Net Position (Deficit), January 1** | (16,648,529.75) | (15,660,007.46) |
| **Net Position (Deficit), December 31** | $ (19,564,840.92) | $ (16,648,529.75) |

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

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Comparative Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

| | 2018 | (Restated) 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Receipts from Customers | $ 6,977,176.22 | $ 7,662,145.91 |
| Receipts from Other Operating Activities | 1,018,597.51 | 1,428,710.32 |
| Payments for Other Goods or Services | (2,420,110.18) | (2,462,628.03) |
| Payments for Employees Services | (3,026,979.80) | (2,972,765.69) |
| Net Cash Provided by (Used by) Operating Activities | 2,548,683.75 | 3,655,462.51 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVTIES:** | | |
| Conduit Debt Issuance Costs | - | (350,757.53) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVTIES:** | | |
| Acquisition and Construction of Capital Assets | | (14,142,835.91) |
| Principal Paid on Revenue Bonds | (905,000.00) | 15,165,000.00 |
| Interest Paid on Revenue Bonds | (2,198,461.65) | (1,917,622.50) |
| Net Cash Provided by (Used by) Capital and Related Financing Activities | (3,103,461.65) | (895,458.41) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Interest Received | 30,992.35 | 8,375.83 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (523,785.55) | 2,417,622.40 |
| **Cash and Cash Equivalents, January 1** (including $1,733,434.47 and $187,157.82 reported as restricted) | 5,013,591.30 | 2,595,968.90 |
| **Cash and Cash Equivalents, December 31** (including $1,271,296.05 and $1,733,434.47 reported as restricted) | $ 4,489,805.75 | $ 5,013,591.30 |

(Continued)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Comparative Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

| | 2018 | (Restated) 2017 |
|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | | |
| Operating Income (Loss) | $ 319,418.15 | $ 1,269,990.03 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 1,512,843.08 | 868,783.74 |
| (Increase) Decrease in Financing and Project Management Accounts Receivable | (45,839.52) | 431,299.65 |
| (Increase) Decrease in Parking Fees Receivable | 107,085.94 | 251,340.76 |
| (Increase) Decrease in Prepaid Expenses | | (916.67) |
| (Increase) Decrease in Federal and State Grants Receivable | | 415,402.24 |
| (Increase) Decrease in Loans Receivable | | 504,849.00 |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 12,858.91 | (262,996.83) |
| Increase (Decrease) in Accounts Payable - Related to Pensions | 25,618.00 | 21,344.00 |
| Increase (Decrease) in Unearned Revenue | | (372,294.75) |
| Increase (Decrease) in Accrued Liabilities - Related to Pension | 12,809.00 | 10,672.00 |
| Increase (Decrease) in Compensated Absences Payable | (466.81) | (29,874.66) |
| Increase (Decrease) in Net Pension Liability | 553,580.00 | 725,975.00 |
| Increase (Decrease) in Other Postemployment Benefits Liability | 50,777.00 | 326,738.00 |
| Increase (Decrease) in Deferred Loan Revenue | | (504,849.00) |
| Net Cash Provided by Operating Activities | $ 2,548,683.75 | $ 3,655,462.51 |

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

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden County Improvement Authority, a component unit of the County of Camden, State of New Jersey, (hereafter referred to as 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,* and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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 inflows 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 they are incurred.

### Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current 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 comparative statements 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. The Authority did adopt amending budget resolutions during the year.

## 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 goods and 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:

| Description | Estimated Lives |
|---|---|
| Buildings and Improvements | 10 - 30 Years |
| Furniture and Equipment | 10 Years |
| Major Moveable Equipment | 10 Years |

### Deferred Outflows and Deferred Inflows of Resources

The comparative statements of net position report 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: amounts related to defined benefit pension plans and other postemployment benefit plans.

### 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.

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

### 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' fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

### Other Postemployment Benefits Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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.

### Income Taxes

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

### Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from 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.

### 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.

**Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>**

**<u>Impact of Recently Issued Accounting Principles</u>**

**Recently Issued and Adopted Accounting Pronouncements**

The Authority implemented the following GASB Statements during the year ended December 31, 2018:

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. As a result of adopting this Statement, the financial statements as of and for the year ended December 31, 2017 were restated (see note 13).

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the financial statements of the Authority.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements during the year ended December 31, 2018 that will become effective for the Authority in future years as shown below:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Authority's year ending December 31, 2020. Management is currently evaluating whether or not this Statement will have an impact on the financial statements of the Authority.

**Note 2: <u>STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</u>**

**<u>Compliance with Finance Related Legal and Contractual Provisions</u>**

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, 2018 and 2017 yielded 120% and 129%, respectively, thus resulting in no liability for 2018 and an additional liability of $90,546.83 for 2017 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, 2018 and 2017, all of the Authority's bank balances of $4,863,547.06 and $5,059,726.55, respectively, were fully insured either by FDIC or GUDPA.

**Restricted Cash and Cash Equivalents** - At December 31, 2018 and 2017, the financial statements reported restricted cash and cash equivalents in the amount of $1,271,296.05 and $1,733,434.47, respectively. These amounts represent funds held on deposit for employees' flexible spending healthcare accounts and from unspent proceeds from the issuance of debt held for purchased property.

## Note 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 is as follows:

| | Balance Jan. 1, 2018 | Increases | Decreases | Balance Dec. 31, 2018 |
|---|---|---|---|---|
| Capital Assets that are not being Depreciated: | | | | |
| Land | $ 4,522,300.00 | | | $ 4,522,300.00 |
| Construction in Progress | 583,708.48 | | | 583,708.48 |
| Total Capital Assets not being Depreciated | 5,106,008.48 | - | - | 5,106,008.48 |
| Capital Assets that are being Depreciated: | | | | |
| Buildings and Improvements | 43,647,398.07 | | $ (1,426,800.00) | 42,220,598.07 |
| Furniture and Equipment | 13,074.48 | | | 13,074.48 |
| Major Moveable Equipment | 483,472.00 | | | 483,472.00 |
| Total Capital Assets being Depreciated | 44,143,944.55 | - | (1,426,800.00) | 42,717,144.55 |
| Total Capital Assets, Cost | 49,249,953.03 | - | (1,426,800.00) | 47,823,153.03 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (10,573,006.68) | $ (1,492,282.13) | 356,700.00 | (11,708,588.81) |
| Furniture and Equipment | (5,883.53) | (1,307.45) | | (7,190.98) |
| Major Moveable Equipment | (313,399.41) | (19,253.50) | | (332,652.91) |
| Total Accumulated Depreciation | (10,892,289.62) | (1,512,843.08) * | 356,700.00 | (12,048,432.70) |
| Total Capital Assets being Depreciated, Net of Accumulated Depreciation | 33,251,654.93 | (1,512,843.08) | (1,070,100.00) | 30,668,711.85 |
| Capital Assets, Net | $ 38,357,663.41 | $ (1,512,843.08) | $ (1,070,100.00) | $ 35,774,720.33 |

* represents depreciation expense

## Note 4: CAPITAL ASSETS (CONT'D)

Capital asset activity for the year ended December 31, 2017 is as follows:

| | Balance Jan. 1, 2017 | Increases | Decreases | Balance Dec. 31, 2017 |
|---|---|---|---|---|
| Capital Assets that are not being Depreciated: | | | | |
| Land | $ 3,086,100.00 | $ 1,436,200.00 | | $ 4,522,300.00 |
| Construction in Progress | 390,872.57 | 192,835.91 | | 583,708.48 |
| Total Capital Assets not being Depreciated | 3,476,972.57 | 1,629,035.91 | - | 5,106,008.48 |
| Capital Assets that are being Depreciated: | | | | |
| Buildings and Improvements | 31,133,598.07 | 12,513,800.00 | | 43,647,398.07 |
| Furniture and Equipment | 13,074.48 | | | 13,074.48 |
| Major Moveable Equipment | 483,472.00 | | | 483,472.00 |
| Total Capital Assets being Depreciated | 31,630,144.55 | 12,513,800.00 | - | 44,143,944.55 |
| Total Capital Assets, Cost | 35,107,117.12 | 14,142,835.91 | - | 49,249,953.03 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (9,744,232.83) | (828,773.85) | | (10,573,006.68) |
| Furniture and Equipment | (4,576.08) | (1,307.45) | | (5,883.53) |
| Major Moveable Equipment | (274,696.97) | (38,702.44) | | (313,399.41) |
| Total Accumulated Depreciation | (10,023,505.88) | (868,783.74) * | - | (10,892,289.62) |
| Total Capital Assets being Depreciated, Net of Accumulated Depreciation | 21,606,638.67 | 11,645,016.26 | - | 33,251,654.93 |
| Capital Assets, Net | $ 25,083,611.24 | $ 13,274,052.17 | - | $ 38,357,663.41 |

* represents depreciation expense

## Note 5: LONG-TERM LIABILITIES

During the year ended December 31, 2018, the following changes occurred in long-term obligations:

| | Balance Jan. 1, 2018 | Additions | Deductions | Balance Dec. 31, 2018 | Due within One Year |
|---|---|---|---|---|---|
| Bonds and Notes Payable: | | | | | |
| Revenue Bonds and Notes | $ 48,425,000.00 | - | $ (905,000.00) | $ 47,520,000.00 | $ 16,945,000.00 |
| Other Liabilities: | | | | | |
| Accrued Liabilities - Related to Pension | 136,331.00 | $ 149,140.00 | (136,331.00) | 149,140.00 | - |
| Compensated Absences Payable | 82,275.38 | 140,594.40 | (141,061.21) | 81,808.57 | 40,007.37 |
| Net Pension Liability | 6,851,424.00 | 4,375,967.00 | (5,322,997.00) | 5,904,394.00 | - |
| Other Postemployment Benefits Liability | 6,421,582.00 | 1,060,908.00 | (2,641,662.00) | 4,840,828.00 | - |
| Total Other Liabilities | 13,491,612.38 | 5,726,609.40 | (8,242,051.21) | 10,976,170.57 | 40,007.37 |
| Total Long-Term Liabilities | $ 61,916,612.38 | $ 5,726,609.40 | $ (9,147,051.21) | $ 58,496,170.57 | $ 16,985,007.37 |

**Note 5: LONG-TERM LIABILITIES (CONT'D)**

During the year ended December 31, 2017, the following changes occurred in long-term obligations:

| | (Restated) Balance Jan. 1, 2017 | Additions | Deductions | Balance Dec. 31, 2017 | Due within One Year |
|---|---|---|---|---|---|
| Bonds Payable: | | | | | |
| Revenue Bonds and Notes | $ 33,260,000.00 | $ 16,000,000.00 | $ (835,000.00) | $ 48,425,000.00 | $ 905,000.00 |
| Other Liabilities: | | | | | |
| Accrued Liabilities - Related to Pension | 125,659.00 | 136,331.00 | (125,659.00) | 136,331.00 | - |
| Compensated Absences Payable | 112,150.04 | 136,262.08 | (166,136.74) | 82,275.38 | 33,655.74 |
| Net Pension Liability | 8,378,443.00 | 4,060,286.00 | (5,587,305.00) | 6,851,424.00 | - |
| Other Postemployment Benefits Liability | 6,633,817.00 | 637,293.00 | (849,528.00) | 6,421,582.00 | - |
| Total Other Liabilities | 15,250,069.04 | 4,970,172.08 | (6,728,628.74) | 13,491,612.38 | 33,655.74 |
| Total Long-Term Liabilities | $ 48,510,069.04 | $ 20,970,172.08 | $ (7,563,628.74) | $ 61,916,612.38 | $ 938,655.74 |

**Revenue Bonds and Notes 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 on March 1, 2038:

| Year Ending | Principal | Interest * | Total |
|---|---|---|---|
| 2019 | $ 755,000.00 | $ 835,849.22 | $ 1,590,849.22 |
| 2020 | 805,000.00 | 811,411.87 | 1,616,411.87 |
| 2021 | 860,000.00 | 785,319.09 | 1,645,319.09 |
| 2022 | 915,000.00 | 757,426.36 | 1,672,426.36 |
| 2023 | 965,000.00 | 727,878.19 | 1,692,878.19 |
| 2024-2028 | 5,795,000.00 | 3,130,358.39 | 8,925,358.39 |
| 2029-2033 | 7,795,000.00 | 2,068,319.20 | 9,863,319.20 |
| 2034-2038 | 8,965,000.00 | 651,504.91 | 9,616,504.91 |
| Total | $ 26,855,000.00 | $ 9,768,067.24 | $ 36,623,067.24 |

* interest rate of 3.153206% 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 now defunct Camden River Sharks baseball team who played at the Stadium. As a result of the purchase, the Authority took ownership of 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.

## Note 5: LONG-TERM LIABILITIES (CONT'D)

### Revenue Bonds and Notes Payable (Cont'd)

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 of July 15, 2035:

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 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 | 220,000.00 | 176,421.00 | 396,421.00 |
| 2023 | 225,000.00 | 166,873.00 | 391,873.00 |
| 2024-2028 | 1,290,000.00 | 678,559.00 | 1,968,559.00 |
| 2029-2033 | 1,595,000.00 | 372,589.00 | 1,967,589.00 |
| 2034-2035 | 735,000.00 | 48,174.00 | 783,174.00 |
| Total | $ 4,665,000.00 | $ 2,024,827.00 | $ 6,689,827.00 |

Lastly, on November 21, 2017, the Authority issued $16,000,000.00 a tax exempt 101 Haddon Avenue Project Revenue Note, Series 2017 for the purchase of the property located at 101 Haddon Avenue. This property was purchased as part of the Health Care Redevelopment Project and is leased to Cooper University Hospital for administrative office space. As a result of the purchase, the Authority now owns both the land and the building. The note was issued with a fixed interest rate of 2.07% with a maturity on November 1, 2019.

The following schedule reflects the debt requirements of the 101 Haddon Avenue Project Revenue Note, Series 2017 until maturity:

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 16,000,000.00 | $ 307,626.82 | $ 16,307,626.82 |

**Note 5: LONG-TERM LIABILITIES (CONT'D)**

**Revenue Bonds and Notes Payable (Cont'd)**

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

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 16,945,000.00 | $ 1,345,937.04 | $ 18,290,937.04 |
| 2020 | 1,005,000.00 | 1,005,626.87 | 2,010,626.87 |
| 2021 | 1,070,000.00 | 970,854.09 | 2,040,854.09 |
| 2022 | 1,135,000.00 | 933,847.36 | 2,068,847.36 |
| 2023 | 1,190,000.00 | 894,751.19 | 2,084,751.19 |
| 2024-2028 | 7,085,000.00 | 3,808,917.39 | 10,893,917.39 |
| 2029-2033 | 9,390,000.00 | 2,440,908.20 | 11,830,908.20 |
| 2034-2038 | 9,700,000.00 | 699,678.91 | 10,399,678.91 |
| Total | $ 47,520,000.00 | $ 12,100,521.06 | $ 59,620,521.06 |

**Revenue Bonds and Notes Authorized but not Issued** - On February 16, 2017, the Authority authorized the issuance of a revenue bond in an amount not to exceed $35,000,000.00 for the health sciences center parking faciltiy project (see note 14, subsequent events, for issuance of revenue bond).

**Accrued Liabilities - Related to Pension**

The Authority's pension liability recorded as of December 31, 2018 was actuarially measured as of June 30, 2018, and is based on employer contributions due subsequent to year end on April 1, 2019. The accrued liability recorded by the Authority of $149,140.00 represents an accrual of estimated employer contributions due subsequent to the measurement date of June 30, 2018, which is expected to be invoiced by the State of New Jersey in 2019 and payable as of April 1, 2020 (see note 8 for pension plan).

Likewise, the Authority's pension liability recorded as of December 31, 2017 was actuarially measured as of June 30, 2017, and is based on employer contributions due subsequent to year end on April 1, 2018. The accrued liability recorded by the Authority of $136,331.00 represents an accrual of estimated employer contributions due subsequent to the measurement date of June 30, 2017, which is expected to be invoiced by the State of New Jersey in 2018 and payable as of April 1, 2019 (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, and respective employer related taxes, at December 31, 2018 and 2017 is estimated at $81,808.57 and $82,275.38, respectively.

**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 5: LONG-TERM LIABILITIES (CONT'D)**

**Other Postemployment Benefits Liability**

For details on postemployment benefits, refer to note 9. The Authority's required contributions to the postemployment benefits plan are budgeted and paid on a monthly 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, 2018, there were forty-three (43) series of special revenue bonds (conduit debt obligations) outstanding with an aggregate principal amount due of $761,412,756.21. In addition, as of December 31, 2017, there were forty-five (45) series of special revenue bonds (conduit debt obligations) outstanding with an aggregate principal amount due of $792,081,584.03. This 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, 2018, 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 |
|---|---|
| 2019 | $ 190,824.01 |
| 2020 | 186,029.31 |
| 2021 | 181,398.32 |
| 2022 | 176,890.78 |
| 2023 | 172,400.53 |
| 2024-2028 | 766,314.42 |
| 2029-2033 | 180,622.16 |
| 2034-2038 | 127,901.18 |
| Total | $ 1,982,380.71 |

Rental payments under operating leases for the year ended December 31, 2018 were $271,668.31.

**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 Division"). The Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

**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' 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' Board of Trustees is primarily responsible for the administration of the PERS.

**Vesting and Benefit Provisions**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 1/55$^{th}$ 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 1/60$^{th}$ 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 with 25 years or more of service credit before age 62, 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.

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

**General Information about the Pension Plan (Cont'd)**

**Contributions**

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. 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 (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the years ended December 31, 2018 and 2017 were 14.84% and 13.86% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are 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, 2018, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2018 was $298,279.00, and is payable by April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2017 was $272,661.00, which was paid on April 1, 2018. Employee contributions to the Plan during the years ended December 31, 2018 and 2017 were $152,995.76 and $149,771.33, respectively.

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

At December 31, 2018, the Authority's proportionate share of the net pension liability was $5,904,394.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Authority's proportion was .0299875260%, which was an increase of .0005549913% from its proportion measured as of June 30, 2017.

At December 31, 2017, the Authority's proportionate share of the net pension liability was $6,851,424.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. 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, 2017 measurement date, the Authority's proportion was .0294325347%, which was an increase of .0011433586% from its proportion measured as of June 30, 2016.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of $864,669.00 and $1,009,305.00, respectively. These amounts were based on the Plan's June 30, 2018 and 2017 measurement dates, respectively.

**Deferred Outflows of Resources and Deferred Inflows of Resources -** At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | December 31, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | Measurement Date June 30, 2018 | | Measurement Date June 30, 2017 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between Expected and Actual Experience | $ 112,598.00 | $ 30,445.00 | $ 161,327.00 | $ - |
| Changes of Assumptions | 972,946.00 | 1,887,911.00 | 1,380,326.00 | 1,375,265.00 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 55,383.00 | 46,654.00 | - |
| Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions | 1,050,489.00 | - | 1,462,671.00 | - |
| Authority Contributions Subsequent to the Measurement Date | 149,140.00 | - | 136,331.00 | - |
| | $ 2,285,173.00 | $ 1,973,739.00 | $ 3,187,309.00 | $ 1,375,265.00 |

Of the total of deferred outflows of resources related to pensions of $2,285,173.00 and $3,187,309.00, $149,140.00 and $136,331.00 will be included as a reduction of the net pension liability in the years ending and ended December 31, 2019 and 2018, respectively. This amount is based on an estimated April 1, 2020 and April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2018 and June 30, 2017 to the Authority's year end of December 31, 2018 and 2017.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) -** The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | - | 5.63 |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | 5.00 | - |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | - | 5.00 |
| June 30, 2018 | - | 5.00 |
| Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |

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

| Year Ending December 31, | |
|---|---|
| 2019 | $ 578,338.00 |
| 2020 | 290,860.00 |
| 2021 | (299,389.00) |
| 2022 | (308,595.00) |
| 2023 | (98,920.00) |
| | $ 162,294.00 |

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

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2018 and 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016. 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, 2018 and 2017. This actuarial valuations of July 1, 2017 and 2016 used the following actuarial assumptions, applied to all periods included in the measurement periods of June 30, 2018 and 2017:

| | |
|---|---|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65% - 4.15% Based on Age |
| Thereafter | 2.65% - 5.15% Based on Age |
| Investment Rate of Return | 7.00% |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2011 - June 30, 2014 |

For the June 30, 2018 and 2017 measurement dates, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, 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 Plan investments (7.00% at June 30, 2018 and 2017) 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, 2018 and 2017 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Asset | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | 100.00% | |

**Discount Rate -** The discount rate used to measure the total pension liability at June 30, 2018 was 5.66%. The respective single blended discount rate was based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 rates 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 50% 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 2046; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046, 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)**

**Actuarial Assumptions (Cont'd)**

**Discount Rate (Cont'd) -** The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rates 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**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, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, 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:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|---|---|---|---|
| Authority's Proportionate Share of the Net Pension Liability | $ 7,424,096.00 | $ 5,904,394.00 | $ 4,629,462.00 |

The following presents the Authority's proportionate share of the net pension liability for PERS at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, 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:

| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
|---|---|---|---|
| Authority's Proportionate Share of the Net Pension Liability | $ 8,499,656.00 | $ 6,851,424.00 | $ 5,478,242.00 |

## Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

### General Information about the OPEB Plan

**Plan Description and Benefits Provided -** The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Contributions -** The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the years ended December 31, 2018 and 2017, the Authority paid $64,826.56 and $77,819.27, respectively. These amounts represent 3.23% and 3.95% of the Authority's covered payroll. Retiree contributions for the years ended December 31, 2018 and 2017 were $1,114.16 and $1,114.16, respectively.

### OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

**OPEB Liability -** At December 31, 2018, the Authority's proportionate share of the net OPEB liability was $4,840,828.00.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

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

### OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

**OPEB Liability (Cont'd) -** The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Authority's proportion was .030899% which was a decrease of .000555% from its proportion measured as of the June 30, 2017 measurement date.

At December 31, 2017, the Authority's proportionate share of the net OPEB liability was $6,421,582.00. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2016 through June 30, 2017. For the June 30, 2017 measurement date, the Authority's proportion was .031454% which was an increase of .000908% from its proportion measured as of the June 30, 2016 measurement date.

**OPEB Expense -** At December 31, 2018, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is $197,468.00. As previously mentioned, for the year ended December 31, 2018, the Authority made contributions to the Plan totaling $64,826.56.

At December 31, 2017, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2017 measurement date is $463,525.00. As previously mentioned, for the year ended December 31, 2017, the Authority made contributions to the Plan totaling $77,819.27.

**Deferred Outflows of Resources and Deferred Inflows of Resources -** At December 31, 2018 and 2017, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

| | December 31, 2018 Measurement Date June 30, 2018 | | December 31, 2017 Measurement Date June 30, 2017 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between Expected and Actual Experience | $ - | $ 982,861.00 | $ - | $ - |
| Changes of Assumptions | - | 1,227,940.00 | - | 712,741.00 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 2,558.00 | - | 1,100.00 | - |
| Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions | 148,141.00 | 110,402.00 | 172,668.00 | - |
| Authority Contributions Subsequent to the Measurement Date | - | - | - | - |
| | $ 150,699.00 | $ 2,321,203.00 | $ 173,768.00 | $ 712,741.00 |

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

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) -** The Authority reported no deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date. The Authority will amortize the deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of Assumptions | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | - | 8.04 |
| June 30, 2018 | - | 8.14 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | 8.04 | 8.04 |
| June 30, 2018 | 8.14 | 8.14 |

Amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

| Year Ending Dec. 31, | | |
|---|---|---|
| 2019 | $ | (315,186.00) |
| 2020 | | (315,186.00) |
| 2021 | | (315,186.00) |
| 2022 | | (315,456.00) |
| 2023 | | (315,893.00) |
| Thereafter | | (593,597.00) |
| | $ | (2,170,504.00) |

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

**Actuarial Assumptions**

The actuarial valuation at June 30, 2018 and 2017 used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---|---|
| Inflation Rate | 2.50% |
| | |
| Salary Increases * | |
| Through 2026 | 1.65% - 8.98% |
| Thereafter | 2.65% - 9.98% |

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plan's experience study for which the members are eligible for coverage under this Plan. The experience study was prepared for the period July 1, 2011 to June 30, 2014.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools.* The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of $1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate -** The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions -** For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability as of June 30, 2018, the Plan's measurement date, for the Authority calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | December 31, 2018 | | |
|---|---|---|---|
| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
| Authority's Proportionate Share of the Net OPEB Liability | $ 5,679,571.00 | $ 4,840,828.00 | $ 4,170,862.00 |

The net OPEB liability as of June 30, 2017, the Plan's measurement date, for the Authority calculated using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | December 31, 2017 | | |
|---|---|---|---|
| | 1% Decrease (2.58%) | Current Discount Rate (3.58%) | 1% Increase (4.58%) |
| Authority's Proportionate Share of the Net OPEB Liability | $ 7,574,447.00 | $ 6,421,582.00 | $ 5,506,803.00 |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Authority's proportionate share of the net OPEB Liability as of June 30, 2018, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

| | December 31, 2018 | | |
|---|---|---|---|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Authority's Proportionate Share of the Net OPEB Liability | $ 4,038,027.00 | $ 4,840,828.00 | $ 5,879,772.00 |

The Authority's proportionate share of the net OPEB Liability as of June 30, 2017, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

| | December 31, 2017 | | |
|---|---|---|---|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Authority's Proportionate Share of the Net OPEB Liability | $ 5,336,522.00 | $ 6,421,582.00 | $ 7,834,456.00 |

**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 Commissioners 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 25% 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 PRIOR PERIOD FINANICAL STATEMENTS**

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and Statement No. 85, *Omnibus 2017*. As a result of the implementation of GASB Statement No. 75, the financial statements as of and for the year ended December 31, 2017 were required to be restated as follows:

**Statement of Net Position as of December 31, 2017**

| | as Previously Reported | Adjustment | Restated Balance |
|---|---|---|---|
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | |
| Related to Other Postemployment Benefits (OPEB) | - | $ 173,768.00 | $ 173,768.00 |
| Total Deferred Outflows of Resources | $ 3,187,309.00 | 173,768.00 | 3,361,077.00 |
| **LIABILITIES:** | | | |
| Long-Term Liabilities: | | | |
| Other Postemployment Benefits Liability | - | 6,421,582.00 | 6,421,582.00 |
| Total Long-Term Liabilities | 54,556,374.64 | 6,421,582.00 | 60,977,956.64 |
| Total Liabilities | 56,270,623.63 | 6,421,582.00 | 62,692,205.63 |

**Note 13: RESTATEMENT OF PRIOR PERIOD FINANICAL STATEMENTS (CONT'D)**

**Statement of Net Position as of December 31, 2017 (Cont'd)**

| | as Previously Reported | Adjustment | Restated Balance |
|---|---|---|---|
| **DEFERRED INFLOWS OF RESOURCES:** | | | |
| Related to Other Postemployment Benefits (OPEB) | - | $ 712,741.00 | $ 712,741.00 |
| Total Deferred Inflows of Resources | $ 1,375,265.00 | 712,741.00 | 2,088,006.00 |
| **NET POSITION:** | | | |
| Unrestricted (Deficit) | (6,354,012.74) | (6,960,555.00) | (13,314,567.74) |
| Total Net Position (Deficit) | (9,687,974.75) | (6,960,555.00) | (16,648,529.75) |

**Statement of Revenues, Expenses and Changes in Net Position for the Year Ended December 31, 2017**

| | as Previously Reported | Adjustment | Restated Balance |
|---|---|---|---|
| **OPERATING EXPENSES:** | | | |
| Administration: | | | |
| Employee Benefits | $ 1,433,057.76 | $ 326,738.00 | $ 1,759,795.76 |
| Total Operating Expenses | 6,768,380.30 | 326,738.00 | 7,095,118.30 |
| Operating Income (Loss) | 1,596,728.03 | (326,738.00) | 1,269,990.03 |
| Change in Net Position | (661,784.29) | (326,738.00) | (988,522.29) |
| Net Position (Deficit), January 1 | (9,026,190.46) | (6,633,817.00) | (15,660,007.46) |
| Net Position (Deficit), December 31 | (9,687,974.75) | (6,960,555.00) | (16,648,529.75) |

**Statement of Cash Flows for the Year Ended December 31, 2017**

| | as Previously Reported | Adjustment | Restated Balance |
|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | | | |
| Operating Income (Loss) | $ 1,596,728.03 | $ (326,738.00) | $ 1,269,990.03 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Increase (Decrease) in Other Postemployment Benefits Liability | - | 326,738.00 | 326,738.00 |

## Note 14: SUBSEQUENT EVENTS

**Revenue Bond -** On May 1, 2019, the Authority issued a bond in the principal amount of $32,687,000.00 to provide funding for the health sciences center parking faciltiy project. The bond, Revenue Bond, Series 2019, was issued at an interest rate of 3.16% and matures on April 1, 2049.

# 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 Six Plan Years*

| | Measurement Date Ended June 30, | | |
|---|---|---|---|
| | **2018** | **2017** | **2016** |
| Authority's Proportion of the Net Pension Liability | 0.0299875260% | 0.0294325347% | 0.0282891761% |
| Authority's Proportionate Share of the Net Pension Liability | $ 5,904,394.00 | $ 6,851,424.00 | $ 8,378,443.00 |
| Authority's Covered Payroll (Plan Measurement Period) | $ 1,980,544.00 | $ 2,071,300.00 | $ 1,719,156.00 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 298.12% | 330.78% | 487.36% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.60% | 48.10% | 40.14% |
| | **2015** | **2014** | **2013** |
| Authority's Proportion of the Net Pension Liability | 0.0263342590% | 0.0227052735% | 0.0133446218% |
| Authority's Proportionate Share of the Net Pension Liability | $ 5,911,513.00 | $ 4,251,048.00 | $ 2,550,422.00 |
| Authority's Covered Payroll (Plan Measurement Period) | $ 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 | 340.50% | 353.42% | 277.06% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 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 Pension Contributions
Public Employees' Retirement System (PERS)
*Last Six Years*

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2018** | **2017** | **2016** |
| Contractually Required Contribution | $ 298,279.00 | $ 272,661.00 | $ 251,317.00 |
| Contributions in relation to the Contractually Required Contribution | (298,279.00) | (272,661.00) | (251,317.00) |
| Contribution Deficiency (Excess) | - | - | - |
| Authority's Covered Payroll (Calendar Year) | $ 2,009,454.00 | $ 1,967,805.00 | $ 2,022,513.00 |
| Contributions as a Percentage of Authority's Covered Payroll | 14.84% | 13.86% | 12.43% |
| | **2015** | **2014** | **2013** |
| Contractually Required Contribution | $ 226,404.00 | $ 187,179.00 | $ 100,549.00 |
| Contributions in relation to the Contractually Required Contribution | (226,404.00) | (187,179.00) | (100,549.00) |
| Contribution Deficiency (Excess) | - | - | - |
| Authority's Covered Payroll (Calendar Year) | $ 1,825,022.00 | $ 1,757,601.00 | $ 1,377,138.00 |
| Contributions as a Percentage of Authority's Covered Payroll | 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
Public Employees' Retirement System (PERS)
*Last Six Years*

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**Changes in Benefit Terms**

None

**Changes in Assumptions**

The discount rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, and 5.66% 2018.

The long-term expected rate of return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018

For 2016, 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 social security wage base was set at $118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

# REQUIRED SUPPLEMENTARY INFORMATION
# PART III

# SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Required Supplementary Information - Part III
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
*Last Two Plan Years*

| | Measurement Date Ended June 30, | |
|---|---|---|
| | **2018** | **2017** |
| Authority's Proportion of the Net OPEB Liability | 0.030899% | 0.0314540% |
| Authority's Proportionate Share of the Net OPEB Liability | $ 4,840,828.00 | $ 6,421,582.00 |
| Authority's Covered Payroll (Plan Measurement Period) | $ 2,011,678.00 | $ 1,966,208.00 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 240.64% | 326.60% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.97% | 1.03% |

*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 III
Schedule of the Authority's OPEB Contributions
*Last Two Years*

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Authority's Required Contributions | $ 64,826.56 | $ 77,819.27 |
| Authority's Contributions in relation to the Required Contribution | (64,826.56) | (77,819.27) |
| Authority's Contribution Deficiency (Excess) | - | - |
| Authority's Covered Payroll (Calendar Year) | $ 2,009,454.00 | $ 1,967,805.00 |
| Authority's Contributions as a Percentage of Covered Payroll | 3.23% | 3.95% |

*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 III
Notes to Required Supplementary Information
State Health Benefits Local Government Retired Employees Plan
*Last Two Years*

## Changes in Benefit Terms

None

## Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

# OTHER SUPPLEMENTARY INFORMATION

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018

| | General Operations | Parking Center | Baseball Stadium | Total |
|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | |
| Parking Center | | $ 4,313,325.33 | | $ 4,313,325.33 |
| Financing and Related Fees | $ 241,276.75 | | | 241,276.75 |
| Project Management Fees | 2,068,428.44 | | | 2,068,428.44 |
| Lease Income | | 263,279.28 | $ 29,620.00 | 292,899.28 |
| Miscellaneous | 1,018,597.51 | | | 1,018,597.51 |
| Total Operating Revenues | 3,328,302.70 | 4,576,604.61 | 29,620.00 | 7,934,527.31 |
| **OPERATING EXPENSES:** | | | | |
| Administration: | | | | |
| Salaries and Wages | 1,377,147.27 | | | 1,377,147.27 |
| Management Company - Salaries and Wages | | 306,352.99 | | 306,352.99 |
| Employee Benefits | 1,242,683.36 | | | 1,242,683.36 |
| Management Company - Employee Benefits | | 119,014.05 | | 119,014.05 |
| Other Expenses | 522,995.10 | 269,099.17 | 124,029.09 | 916,123.36 |
| Cost of Providing Services: | | | | |
| Salaries and Wages | 782,931.42 | | | 782,931.42 |
| Employee Benefits | 266,534.94 | | | 266,534.94 |
| Other Expenses | 43,245.64 | 1,048,233.05 | | 1,091,478.69 |
| Depreciation | 438,817.39 | 1,002,685.69 | 71,340.00 | 1,512,843.08 |
| Total Operating Expenses | 4,674,355.12 | 2,745,384.95 | 195,369.09 | 7,615,109.16 |
| Operating Income (Loss) | (1,346,052.42) | 1,831,219.66 | (165,749.09) | 319,418.15 |
| **NONOPERATING REVENUES (EXPENSES):** | | | | |
| Investment Income | 4,849.64 | 25,790.92 | 351.79 | 30,992.35 |
| Interest Expense | (330,090.53) | (1,654,993.82) | (211,537.32) | (2,196,621.67) |
| Loss on Disposal of Capital Assets | | | (1,070,100.00) | (1,070,100.00) |
| Total Nonoperating Revenues (Expenses) | (325,240.89) | (1,629,202.90) | (1,281,285.53) | (3,235,729.32) |
| Change in Net Position | (1,671,293.31) | 202,016.76 | (1,447,034.62) | (2,916,311.17) |
| **Net Position (Deficit), January 1** | (14,742,553.87) | (424,353.25) | (1,481,622.63) | (16,648,529.75) |
| **Net Position (Deficit), December 31** | $ (16,413,847.18) | $ (222,336.49) | $ (2,928,657.25) | $ (19,564,840.92) |
| **NET POSITION:** | | | | |
| Net Investment in Capital Assets (Deficit) | $ (399,231.29) | $ (3,540,168.63) | $ 137,564.40 | $ (3,801,835.52) |
| Unrestricted (Deficit) | (16,014,615.89) | 3,317,832.14 | (3,066,221.65) | (15,763,005.40) |
| Total Net Positon (Deficit) | $ (16,413,847.18) | $ (222,336.49) | $ (2,928,657.25) | $ (19,564,840.92) |

**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, 2018

| | Adopted and Final Budget | | | | |
|---|---|---|---|---|---|
| | General Operations Financing Operations | Baseball Stadium | Total | Actual | Variance - Favorable (Unfavorable) |
| **Operating Revenues:** | | | | | |
| Bond Financing Fees | $ 303,000.00 | | $ 303,000.00 | $ 241,276.75 | $ (61,723.25) |
| Project & Grant Management | 2,989,940.35 | | 2,989,940.35 | 2,068,428.44 | (921,511.91) |
| Parking Fees & Office Rental | | $ 125,000.00 | 125,000.00 | 29,620.00 | (95,380.00) |
| Other Revenue | 552,000.00 | 572,039.00 | 1,124,039.00 | 1,018,597.51 | (105,441.49) |
| **Nonoperating Revenues:** | | | | | |
| Interest on Investments | 1,500.00 | | 1,500.00 | 5,201.43 | 3,701.43 |
| **Total Revenues** | 3,846,440.35 | 697,039.00 | 4,543,479.35 | 3,363,124.13 | (1,180,355.22) |
| **Operating Expenses:** | | | | | |
| Administration: | | | | | |
| Salaries & Wages | 499,538.25 | | 499,538.25 | 1,377,147.27 | (877,609.02) |
| Fringe Benefits | 193,538.00 | | 193,538.00 | 1,242,683.36 | (1,049,145.36) |
| Other Expenses | 495,906.00 | 10,000.00 | 505,906.00 | 647,024.19 | (141,118.19) |
| Total Administration | 1,188,982.25 | 10,000.00 | 1,198,982.25 | 3,266,854.82 | (2,067,872.57) |
| Cost of Providing Services: | | | | | |
| Salaries & Wages | 1,872,443.36 | | 1,872,443.36 | 782,931.42 | 1,089,511.94 |
| Fringe Benefits | 713,714.74 | | 713,714.74 | 266,534.94 | 447,179.80 |
| Other Expenses | 71,300.00 | 291,549.00 | 362,849.00 | 43,245.64 | 319,603.36 |
| Total Cost of Providing Services | 2,657,458.10 | 291,549.00 | 2,949,007.10 | 1,092,712.00 | 1,856,295.10 |
| **Total Operating Expenses** | 3,846,440.35 | 301,549.00 | 4,147,989.35 | 4,359,566.82 | (211,577.47) |
| Principal Payments on Debt in lieu of Depreciation | - | 185,000.00 | 185,000.00 | 185,000.00 | - |
| **Total Operating Appropriations** | 3,846,440.35 | 486,549.00 | 4,332,989.35 | 4,544,566.82 | (211,577.47) |
| **Nonoperating Appropriations:** | | | | | |
| Total Interest Payments on Debt | 330,000.00 | 210,490.00 | 540,490.00 | 541,627.85 | (1,137.85) |
| **Total Nonoperating Appropriations** | 330,000.00 | 210,490.00 | 540,490.00 | 541,627.85 | (1,137.85) |
| **Total Operating Expenses and Nonoperating Appropriations** | 4,176,440.35 | 697,039.00 | 4,873,479.35 | 5,086,194.67 | (212,715.32) |
| **Excess (Deficiency) Revenues over Expenses** | $ (330,000.00) | - | $ (330,000.00) | $ (1,723,070.54) | $ (967,639.90) |

**Reconciliation to Operating Income (Loss) (Schedule 1)**

| | |
|---|---|
| Excess Expenses over Revenues | $ (1,723,070.54) |
| Add: | |
| Interest Expense | 541,627.85 |
| Principal Payments on Debt | 185,000.00 |
| Deduct: | |
| Investment Income | (5,201.43) |
| Depreciation | (510,157.39) |
| Operating Income (Loss) | $ (1,511,801.51) |

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Schedule of Parking Center Revenue and Expenses - Budget and Actual
Budgetary Basis (Non-GAAP)
For the Year Ended December 31, 2018

| | Adopted and Final Budget | Actual | Variance - Favorable (Unfavorable) |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Parking Fees & Office Rental | $ 4,330,000.00 | $ 4,576,604.61 | $ 246,604.61 |
| **Nonoperating Revenues:** | | | |
| Interest on Investments | 2,500.00 | 25,790.92 | 23,290.92 |
| **Total Revenues** | 4,332,500.00 | 4,602,395.53 | 269,895.53 |
| **Operating Expenses:** | | | |
| Administration: | | | |
| Other Expenses | 5,500.00 | 269,099.17 | (263,599.17) |
| Total Administration | 5,500.00 | 269,099.17 | (263,599.17) |
| Cost of Providing Services: | | | |
| Salaries & Wages | 275,000.00 | 306,352.99 | (31,352.99) |
| Fringe Benefits | 102,000.00 | 119,014.05 | (17,014.05) |
| Other Expenses | 1,554,222.00 | 1,048,233.05 | 505,988.95 |
| Total Cost of Providing Services | 1,931,222.00 | 1,473,600.09 | 457,621.91 |
| **Total Operating Expenses** | 1,936,722.00 | 1,742,699.26 | 194,022.74 |
| Principal Payments on Debt in lieu of Depreciation | 720,000.00 | 720,000.00 | - |
| **Total Operating Appropriations** | 2,656,722.00 | 2,462,699.26 | 194,022.74 |
| **Nonoperating Appropriations:** | | | |
| Total Interest Payments on Debt | 1,740,000.28 | 1,654,993.82 | 85,006.46 |
| **Total Nonoperating Appropriations** | 1,740,000.28 | 1,654,993.82 | 85,006.46 |
| **Total Budget Appropriations** | 4,396,722.28 | 4,117,693.08 | 279,029.20 |
| **Excess Revenues over Expenses** | $ (64,222.28) | $ 484,702.45 | $ 548,924.73 |

**Reconciliation to Operating Income (Loss) (Schedule 1)**

| | |
|---|---|
| Excess Revenues over Expenses | $ 484,702.45 |
| Add: | |
| Interest Expense | 1,654,993.82 |
| Principal Payments on Debt | 720,000.00 |
| Deduct: | |
| Investment Income | (25,790.92) |
| Depreciation | (1,002,685.69) |
| Operating Income (Loss) | $ 1,831,219.66 |

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Schedule of Revenue Bonds and Notes Payable
For the Year Ended December 31, 2018

| Purpose | Date of Issue | Original Issue | Maturities of Bonds and Notes Year | Maturities of Bonds and Notes Amount | Interest Rate | Balance Jan. 1, 2018 | Increased | Decreased | Balance Dec. 31, 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Camden Parking Facility Project, 2006 | 04/01/06 | $ 33,300,000.00 | 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 | * | $ 27,575,000.00 | | $ 720,000.00 | $ 26,855,000.00 |
| Camden Baseball Stadium Project, 2015 | 08/07/15 | 5,000,000.00 | 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% | 4,850,000.00 | | 185,000.00 | 4,665,000.00 |
| 101 Haddon Avenue Project, 2017 | 11/21/17 | 16,000,000.00 | 2019 | 16,000,000.00 | 2.07% | 16,000,000.00 | | | 16,000,000.00 |
| | | | | | | $ 48,425,000.00 | - | $ 905,000.00 | $ 47,520,000.00 |

* variable interest rate

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Schedule of Conduit Debt Obligations
For the Year Ended December 31, 2018

| Issue | Issue Date | Issued Amount | Balance Jan. 1, 2018 | Issued | Refunded / Redeemed | Principal Paid | Balance Dec. 31, 2018 |
|---|---|---|---|---|---|---|---|
| Guaranteed by Other Governmental Entities: | | | | | | | |
| Collingswood Senior Citizen Center Project | 08/27/99 | $ 1,300,000.00 | $ 195,000.00 | | | $ (95,000.00) | $ 100,000.00 |
| Cherry Hill Recreation Facilities | 04/13/07 | 4,500,000.00 | 1,875,000.00 | | | (340,000.00) | 1,535,000.00 |
| DRPA Loan Agreement (Cooper River Boathouse) | 05/01/07 | 1,000,000.00 | 562,097.03 | | | (49,919.05) | 512,177.98 |
| Camden County College Project, Series 2008 | 03/01/08 | 6,000,000.00 | 2,840,000.00 | | $ (2,840,000.00) | | |
| Loan Revenue Bonds (County Capital), Series 2008 | 11/17/08 | 32,070,000.00 | 20,255,000.00 | | | (1,805,000.00) | 18,450,000.00 |
| Mount Ephraim Revenue Bonds | 02/11/09 | 3,000,000.00 | 2,125,000.00 | | | (140,000.00) | 1,985,000.00 |
| Loan Revenue Bonds, Series 2009 BABS | 12/02/09 | 21,110,000.00 | 14,850,000.00 | | | (1,255,000.00) | 13,595,000.00 |
| Loan Revenue Bonds, Series 2010 | 10/04/10 | 17,100,000.00 | 10,780,000.00 | | | (1,205,000.00) | 9,575,000.00 |
| Camden County College Project, Series 2010A-2 | 11/24/10 | 5,830,000.00 | 4,135,000.00 | | | (610,000.00) | 3,525,000.00 |
| 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 |
| Gloucester Township Public Works Project, Series 2011 | 10/01/11 | 3,440,000.00 | 1,740,000.00 | | | (315,000.00) | 1,425,000.00 |
| Loan Revenue Bonds (County Capital), Series 2011 | 12/15/11 | 26,565,000.00 | 19,775,000.00 | | | (1,850,000.00) | 17,925,000.00 |
| Open Space Revenue Refunding Bonds, Series 2012 | 10/10/14 | 16,255,000.00 | 9,330,000.00 | | | (1,455,000.00) | 7,875,000.00 |
| Lease Revenue Bonds (CCTS), Series 2012 | 08/02/12 | 7,830,000.00 | 5,750,000.00 | | | (530,000.00) | 5,220,000.00 |
| Lease Revenue Refunding Bonds, Series 2012A | 09/27/12 | 18,225,000.00 | 10,635,000.00 | | | (2,260,000.00) | 8,375,000.00 |
| 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 | 840,000.00 | | | (415,000.00) | 425,000.00 |
| Camden County Open Space Revenue Bonds, Series 2012 | 11/05/12 | 7,265,000.00 | 5,260,000.00 | | | (445,000.00) | 4,815,000.00 |
| Camden County College Revenue Bonds, Series 2013 | 03/27/13 | 12,795,000.00 | 10,920,000.00 | | | (505,000.00) | 10,415,000.00 |
| Loan Revenue Bonds (County Capital), Series 2013 | 11/26/13 | 38,200,000.00 | 35,485,000.00 | | | (1,785,000.00) | 33,700,000.00 |
| Loan Revenue Bonds (County Capital), Series 2014 | 12/10/14 | 14,605,000.00 | 13,255,000.00 | | | (710,000.00) | 12,545,000.00 |
| Loan Revenue Bonds (Crossroads), Series 2014 | 06/26/14 | 21,000,000.00 | 20,800,000.00 | | | (200,000.00) | 20,600,000.00 |
| Lease Revenue Refunding Bonds, Series 2014A | 07/17/14 | 18,980,000.00 | 15,720,000.00 | | | (1,705,000.00) | 14,015,000.00 |
| Camden County College Lease Revenue Refunding Bonds, Series 2015 | 05/29/15 | 14,655,000.00 | 13,340,000.00 | | | (1,240,000.00) | 12,100,000.00 |
| Camden County Lease Revenue Refunding Bonds, Series 2015A | 05/29/15 | 12,895,000.00 | 11,860,000.00 | | | (970,000.00) | 10,890,000.00 |
| Camden County Loan Revenue Bonds, Series 2015A | 12/10/15 | 39,240,000.00 | 38,375,000.00 | | | (910,000.00) | 37,465,000.00 |
| Camden County Loan Revenue Refunding Bonds, Series 2015B | 12/10/15 | 17,375,000.00 | 10,955,000.00 | | | (4,135,000.00) | 6,820,000.00 |
| County Guaranteed Loan Revenue Refunding Bonds, Series A of 2016 | 05/24/16 | 23,615,000.00 | 23,335,000.00 | | | (640,000.00) | 22,695,000.00 |
| County Guaranteed Loan Revenue Bonds (County Capital Program), Series 2016 | 11/03/16 | 59,235,000.00 | 59,235,000.00 | | | (1,875,000.00) | 57,360,000.00 |
| County Guaranteed Loan Revenue Bonds (County Capital Program), Series 2017A | 11/02/17 | 20,355,000.00 | 20,355,000.00 | | | (605,000.00) | 19,750,000.00 |
| County Guaranteed Loan Revenue Bonds (County Capital Program), Series 2017B | 11/02/17 | 24,510,000.00 | 24,510,000.00 | | | (340,000.00) | 24,170,000.00 |
| County Guaranteed Loan Revenue Bonds, Waterford Twp., Series 2017 | 02/02/17 | 3,750,000.00 | 3,615,000.00 | | | (100,000.00) | 3,515,000.00 |
| County Guaranteed Loan Revenue Bonds, City Hall, 2018 | 12/01/18 | 13,535,000.00 | | $ 13,535,000.00 | | | 13,535,000.00 |
| Subtotal Guaranteed by Other Governmental Entities | | | 438,017,097.03 | 13,535,000.00 | (2,840,000.00) | (28,489,919.05) | 420,222,177.98 |
| Other Series: | | | | | | | |
| Moorestown Ecumenical Neighborhood (MEND) | 02/01/96 | 2,000,000.00 | 454,109.66 | | | (454,109.66) | |
| Ronald McDonald House | 03/11/98 | 2,540,000.00 | 2,540,000.00 | | | | 2,540,000.00 |
| Temple Beth Shalom Project | 12/12/02 | 3,000,000.00 | 998,853.54 | | | (183,417.74) | 815,435.80 |
| Coriell Institute for Medical Research | 07/01/08 | 6,000,000.00 | 510,782.65 | | | (510,782.65) | |
| VOADV 2009 | 05/01/09 | 5,500,000.00 | 3,895,741.15 | | | (248,598.72) | 3,647,142.43 |
| Cooper Health Revenue Bond | 11/01/09 | 10,000,000.00 | 10,000,000.00 | | | | 10,000,000.00 |
| Cooper Medical School of Rowan University, Series 2010A | 07/01/10 | 93,885,000.00 | 90,590,000.00 | | | (3,405,000.00) | 87,185,000.00 |
| Rowan University School of Osteopathic Medicine Series 2013A | 06/13/13 | 26,880,000.00 | 23,905,000.00 | | | (865,000.00) | 23,040,000.00 |
| Rowan University School of Osteopathic Medicine Series 2013B | 06/13/13 | 29,690,000.00 | 22,235,000.00 | | | (1,595,000.00) | 20,640,000.00 |
| 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 | 130,950,000.00 | | | (4,775,000.00) | 126,175,000.00 |
| Camden Pride Charter School Refunding Bonds | 03/01/15 | 14,441,000.00 | 13,070,000.00 | | | (837,000.00) | 12,233,000.00 |
| | | | 354,064,487.00 | - | - | (12,873,908.77) | 341,190,578.23 |
| | | | $ 792,081,584.03 | $ 13,535,000.00 | $ (2,840,000.00) | $ (41,363,827.82) | $ 761,412,756.21 |

# SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**CAMDEN COUNTY IMPROVEMENT AUTHORITY**
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

## *Schedule of Financial Statement Findings*

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

None.

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

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

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