

**City of Camden  
County of Camden  
State of New Jersey  
Annual Report  
for the fiscal year ended June 30, 2017**  
[as required by Securities and Exchange Commission)  
Under Rule 15c 2-12 (b)(5)]

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## **INFORMATION REGARDING THE CITY<sup>1</sup>**

The following material presents certain economic and demographic information of the City of Camden (the "City"), in the County of Camden (the "County"), State of New Jersey (the "State").

### **General Information**

The City, a municipal corporation, is located directly across the Delaware River from Philadelphia in Southwest New Jersey. The City was incorporated in 1828, covers a land area of approximately 10 square miles and is the county seat of Camden County. It is part of the Philadelphia Standard Metropolitan Statistical Area ("SMSA"). The Philadelphia SMSA includes 9 counties in New Jersey and Pennsylvania, as follows: New Jersey - Burlington, Camden, Gloucester; Pennsylvania - Bucks, Chester, Delaware, Mercer, Montgomery, Philadelphia.

### **Government**

The City operates under a Mayor-Council form of government. All legislative power of the City is exercised by the City Council, including final adoption of spending legislation such as budgets and bond authorizations. The Mayor is chief executive and administrative officer of the City and, as such, is responsible for administering local laws and policy development. Since 2002 the City has operated under the Municipal Rehabilitation and Economic Recovery Act (MRERA) that was passed to stabilize the City financially and economically. The City believes this partnership with the State has been and continues to be beneficial.

The Mayor is elected to a four-year term without limitation as to the number of terms that may be served. The City Council consists of seven (7) persons, elected biennially, for staggered four-year terms.

The specific powers of the Mayor include various appointments, preparation of the City's budget, and approval or veto (which may be overridden by a 2/3 vote of the City Council) of ordinances adopted by the City Council. With the advice and consent of the City Council, the Mayor appoints the Business Administrator, the City Attorney and the Directors of the various City departments. The Mayor also has the power to appoint members of several authorities under the City's jurisdiction.

The eight (8) departments within the municipal government are presently Administration, Finance, Public Works, Human Services, Fire, Code Enforcement, Planning and Development and Law. Principal services provided by the municipal government include fire protection, street maintenance and cleaning, parks, water and sewers.

### **Public Safety**

The police department of the City was contracted with the County on April 30, 2013 in favor of a newly created Metro Division of the Camden County Police Department. Under the new policing regime the number of law enforcement officers patrolling the neighborhoods and

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<sup>1</sup> Source: The City, unless otherwise indicated.

business corridors has nearly doubled. High tech video, sensor equipment and GPS devices in cars and radios have improved efficiency and response time. Recent statistics show crime has decreased dramatically.

### **Anchor Institutions**

The City's anchor institutions are important to its economic revival, civic pride, and increasing levels of employment. The State's Economic Opportunity Act of 2013 designated the City as one of four (4) target communities which receive enhanced economic development support. The pace of new development has been increased by this. New projects include Holtec and Subaru, housing for medical school students, and, notably, the recently constructed practice and training facility of the Philadelphia 76ers basketball organization (reported as the largest in the National Basketball Association) which also houses their corporate offices in the City.

Since 2002, many of the City's anchor institutions have worked collaboratively through the Camden Higher Education and Healthcare Task Force. This group, colloquially known as "Eds and Meds", has been at the core of many revitalization projects in the City. More recently, the Higher Education Reorganization Act of 2012 created a new institutional partnership between Rutgers-Camden and Rowan University which is expected to further Camden as a major center in health sciences education.

Among the City's anchor institutions are:

Cooper University Health Care – Southern New Jersey's level 1 regional trauma center provides comprehensive health service and clinical research. The hospital has expanded its facilities greatly over the past decade and now has nearly 6,000 full and part time employees. The hospital serves as the clinical campus of the newly opened Cooper Medical School of Rowan and Rutgers-Camden.

The University of Texas MD Anderson Cancer Center and Cooper University Health Care recently joined to open The MD Anderson Cancer Center at Cooper a new, state-of-the-art, \$100 million, four-story, 103,050 sq. ft. comprehensive cancer center on Cooper's Health Sciences Campus in Camden. The facility extends outstanding cancer care for residents of southern New Jersey and beyond.

Rutgers, The State University of New Jersey – Camden – A 40 acre campus is located in downtown Camden. The University offers 35 undergraduate majors, 27 graduate programs and educates approximately 6,500 students.

Rowan University at Camden – The Camden Urban Center Campus opened in 1991, in the University District of Camden, in a renovated five-story facility. The University shares facilities with Camden Community College on a campus which includes approximately 40 classrooms, community room, student and faculty lounges and computer labs. In 2009, the University acquired the historic First National Bank and Trust Company building and annex to accommodate additional students and programs.

Campbell's Soup Company – The City hosts the world headquarters of the Campbell's Soup Company. In addition to housing the Company's corporate offices, the facility includes a production facility to test new products and a test kitchen for developing new recipes. Approximately 1,200 employees are based in the City.

South Jersey Port Corporation – Serving the region and the nation for over 73 years as a major gateway of commerce and trade, the Port specializes in breakbulk and bulk cargo, shipping approximately 2.5 million tons per year and generates nearly 1,500 jobs for City residents.

Salvation Army Kroc Center – Located in the City's eastern Cramer Hill Section this regional facility serves as the hub for Salvation Army services in Camden, Burlington, Gloucester and Salem Counties. Constructed on a 24 acres site, this 120,000 square foot complex provides a broad range of social, health, recreational, educational and training services.

## **Education**

The City's public school system is a State operated Type I school district that has a total of 23 schools, educating students in grades pre-K through twelfth grade. The State of New Jersey recently assumed control of the School District. Initiatives have been undertaken to improve the efficiency and effectiveness of the School District.

The City has an active and growing charter school community with a total of 8 charter schools. Total enrollment approximates 2,900 students. There are also several other new charter schools approved to open.

The KIPP Cooper Norcross Academy at Lanning Square, adjacent to the Cooper Medical Campus, is the State's first privately run and publicly financed Renaissance school project. The Knowledge Is Power Program is a nationally recognized network of free, open-enrollment, college-preparatory public charter schools. The Camden campus has the capacity for 1,023 students consisting of: (i) a full elementary school - pre-K3 through fourth grade, and (ii) a middle school - fifth through eighth grades.

## **Transportation**

The City is a gateway to New Jersey directly connected to the City of Philadelphia by the Ben Franklin and Walt Whitman Bridges and the Port Authority Transit Corporation ("PATCO") high speed line. The City is the third busiest transportation hub in the State providing public transportation via NJ Transit RiverLINE, NJ Transit Buses, RiverLink Ferry and PATCO. There is commutation access to Philadelphia via the Walt Whitman and Benjamin Franklin Bridges and the PATCO, which connects the City to employment opportunities in other parts of the County.

The City is served by a comprehensive network of highways including I-676, I-295, U.S. 30 and U.S. 130. Conrail operates its rail service out of the Pavonia yard, the main classification yard for Southern New Jersey, connecting Camden to all areas of the Northeast Corridor.

Access to international markets is provided via the South Jersey Port Authority and the nearby Philadelphia International Airport.

**Retirement Systems**

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

**Pension Information (1)**

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The City's share of pension costs in 2017, which is based upon the annual billings received from the State, amounted to \$2,431,061.00 for PERS and \$4,619,602.00 for PFRS.

**Population (2)**

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	77,344	-2.49%	513,657	0.93%	8,791,894	4.49%
2000	79,318	-9.34	508,932	1.21	8,414,350	8.85
1990	87,492	3.04	502,824	6.61	7,730,188	4.96
1980	84,910	-17.20	471,650	3.37	7,365,001	2.75
1970	102,551	-12.47	456,291	16.39	7,168,164	18.15

**Selected Census 2010 Data (2)**

	<u>City</u>	<u>County</u>	<u>State</u>
Median household income	\$26,705	\$60,976	\$71,180
Median family income	29,248	74,385	86,779
Per capita income	12,869	29,478	35,768

(1) Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

(2) Source: U.S. Department of Commerce, Bureau of Census

**Labor Force(1)**

The following table discloses current labor force data for the City, County and State.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>City</b>					
Labor Force	26,692	27,250	27,033	25,708	26,455
Employment	24,183	24,550	23,917	22,300	22,221
Unemployment	2,525	2,700	3,125	3,392	4,234
Unemployment Rate	9.5%	9.9%	11.5%	13.2%	16.0%
<b>County</b>					
Labor Force	256,983	257,658	256,492	258,225	261,960
Employment	244,208	243,733	239,733	239,217	238,251
Unemployment	12,783	13,925	16,775	19,000	23,709
Unemployment Rate	5.0%	5.4%	6.5%	7.4%	9.1%
<b>State</b>					
Labor Force	4,510,975	4,559,375	4,543,817	4,506,492	4,537,800
Employment	4,306,708	4,336,358	4,277,317	4,204,625	4,166,000
Unemployment	204,292	222,983	266,525	301,867	371,800
Unemployment Rate	4.5%	4.9%	5.9%	6.7%	8.2%

**CERTAIN TAX INFORMATION****TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>
Campbell Soup Company	Office/Manufacturing Buildings	\$42,378,000
Camden Center Urban Renewal LP	Redevelopment	30,774,800
Verizon – New Jersey	Personal Property	27,992,609
Pollution Control Authority	Industrial Building	18,004,100
Camden 7 Realty, LLC	Apartments	8,000,000
Cooper Plaza Realty, LLC	Office Building	7,183,600
South Jersey Acquisition Co. LLC	Nursing Home	6,865,200
Harris Camden Realty LLC	Warehouse/Office Buildings	6,842,400
Reldon Enterprises	Neighborhood Shopping Center	6,162,900
2600 ME Holdings, LLC	Office Building	<u>5,200,000</u>
Totals		<u>\$159,403,609</u>

(1) Source: New Jersey Department of Labor

**CURRENT TAX COLLECTIONS(1)**

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding June 30</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2017	\$49,639,593	\$44,454,980	89.56%	\$129,887	0.26%
2016	47,917,602	42,847,365	89.42	195,169	0.41
2015	46,538,950	41,642,422	89.48	207,704	0.45
2014	47,459,218	42,971,156	90.54	302,891	0.64
2013	44,223,776	39,340,576	88.96	326,543	0.74

**DELINQUENT TAXES(1)**

<u>Fiscal Year</u>	<u>Outstanding Beginning</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits/ Adj.</u>	<u>Outstanding Year-End</u>
			<u>Amount</u>	<u>Percent</u>			
2017	\$476,321	---	\$121,639	25.54%	\$25,125	\$44,581	\$284,976
2016	528,335	\$368	143,862	27.21	61,950	41,739	281,152
2015	598,037	158	78,174	13.07	---	199,389	320,632
2014	563,095	42,750	175,342	28.94	---	135,357	295,146
2013	726,617	323,541	502,393	47.84	47,129	264,083	236,553

**TAX TITLE LIENS(1)**

<u>Fiscal Year</u>	<u>Balance Beginning</u>	<u>Added by Adjustment, Sales/Transfers</u>	<u>Transfers, Cancellations/ (Adjustments)</u>	<u>Collections</u>	<u>Balance Year-End</u>
2016	55,477,318	4,847,585	668,861	1,324,874	58,331,168
2015	52,066,090	4,441,469	51,766	978,475	55,477,318
2014	48,821,778	5,727,156	22,908	2,459,936	52,066,090
2013	47,126,625	4,127,020	948,820	1,483,047	48,821,778

**FORECLOSED PROPERTY (1) (2)**

<u>Fiscal Year</u>	<u>Balance Beginning</u>	<u>Added by Transfers/ Foreclosures</u>	<u>Adjustment to Assessed Valuation</u>	<u>Loss on Sale of Property</u>	<u>Cash Sales</u>	<u>Balance Year-End</u>
2016	50,714,900	37,004	\$13,596	---	---	50,765,500
2015	2,521,860	48,554,190	291,450	69,700	---	50,714,900
2014	2,515,260	6,946	346	---	---	2,521,860
2013	2,839,860	472,985	234,415	1,032,000	---	2,515,260

(1) Source: Annual Reports of Audit

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.



**NET ASSESSED VALUATIONS AND  
ANNUAL TAX RATES (1)**

**Tax Rate (2)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Library</u>	<u>County Open Space</u>	<u>Local School</u>
2017	\$1,697,364,582	\$2.955	\$1.587	\$0.863	\$0.055	\$0.021	\$0.429
2016	1,696,103,611	2.861	1.529	0.829	0.053	0.021	0.429
2015	1,704,835,808	2.754	1.472	0.787	0.049	0.020	0.426
2014	1,717,353,620	2.688	1.436	0.761	0.049	0.019	0.423
2013	1,728,812,148	2.667	1.414	0.764	0.048	0.020	0.421

**RATIO OF ASSESSED VALUATION TO TRUE VALUE  
AND TRUE VALUE PER CAPITA(3)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(4)</u>
2017	\$1,668,753,904	100.63%	\$1,658,306,573	\$21,441
2016	1,667,539,260	103.10	1,617,399,864	20,912
2015	1,676,843,199	103.10	1,626,424,053	21,028
2014	1,688,686,463	109.11	1,547,691,745	20,010
2013	1,701,156,637	110.08	1,545,382,119	19,981

**REAL PROPERTY CLASSIFICATION(5)**

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartments</u>	<u>Industrial</u>
2017	\$1,668,753,904	\$73,171,250	\$1,052,275,431	\$304,877,723	\$79,700,600	\$158,728,900
2016	1,667,539,260	63,049,250	1,056,141,631	309,454,979	79,426,000	159,467,400
2015	1,676,843,199	63,724,750	1,065,892,626	313,489,823	79,486,400	154,249,600
2014	1,688,686,463	63,329,738	1,068,898,602	317,864,723	84,459,500	154,133,900
2013	1,701,156,637	61,164,838	1,072,579,476	323,919,823	87,188,300	156,304,200

(1) Source: City Tax Collector

(2) Per \$100 of assessed valuation

(3) Source: State of New Jersey, Department of Treasury, Division of Taxation

(4) Based on Federal Census 2010 of 77,344

(5) Source: Camden County Assessment Board

## **Financial Operations**

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ending June 30. This summary should be used in conjunction with the tables from which is derived.

### **Summary of Current Fund Budget**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b><u>Anticipated Revenues</u></b>					
Fund Balance	\$ 15,899,999	\$ 14,228,483	\$ 11,691,100	\$ 14,179,978	\$ 15,000,000
Miscellaneous Revenues	140,286,548	136,758,056	149,689,950	150,439,220	149,808,869
Receipts from Delinquent Taxes	1,300,000	900,000	900,000	1,100,000	1,350,000
Amount to be Raised by Taxes for Support of Municipal Budget	24,254,004	24,980,621	25,729,494	26,501,375	27,296,415
	<hr/>				
Total Revenue	\$ 181,740,551	\$ 176,867,161	\$ 188,010,544	\$ 192,220,573	\$ 193,455,284
	<hr/>				
<b><u>Appropriations</u></b>					
General Appropriations	\$ 103,815,808	\$ 104,331,952	\$ 105,416,359	\$ 108,541,788	\$ 108,252,656
Other Operations	500,000	500,000	5,120,481	594,383	606,271
Shared Service Agreements	62,000,000	62,000,000	64,504,800	65,794,896	68,120,894
Private & Public Programs Offset by Revenues	2,669,869	1,140,177	2,588,427	9,046,940	8,120,622
Deferred Charges	1,956,750	400,000		572,197	
Capital Improvement Fund			200,000		
Municipal Debt Service	4,058,724	4,178,523	4,505,439	1,381,696	2,521,755
Reserve for Uncollected Taxes	6,739,400	4,316,509	5,675,038	6,288,673	5,833,087
	<hr/>				
Total Appropriations	\$ 181,740,551	\$ 176,867,161	\$ 188,010,544	\$ 192,220,573	\$ 193,455,284
	<hr/>				

**FUND BALANCE--CURRENT FUND(1)**

<u>Fiscal Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Fiscal Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$17,587,377	\$15,000,000	85.29%
2016	14,980,328	14,179,978	94.66
2015	11,692,075	11,691,100	99.99
2014	14,362,880	14,228,483	99.06
2013	24,014,470	15,899,999	66.21

**FUND BALANCE—WATER UTILITY OPERATING FUND(1)**

<u>Fiscal Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Fiscal Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$3,144,726	\$1,229,086	39.08%
2016	3,518,018	2,406,150	68.40
2015	7,692,739	5,726,380	74.44
2014	8,173,084	1,300,000	15.91
2013	6,983,476	2,573,400	36.85

**FUND BALANCE—SEWER UTILITY OPERATING FUND(1)**

<u>Fiscal Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Fiscal Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$1,616,256	---	0.00%
2016	4,309,949	\$3,318,258	76.99
2015	3,837,941	618,927	16.13
2014	4,999,346	2,950,000	59.01
2013	7,774,089	4,150,000	53.38

(1) Source: Annual Reports of Audit (as of June 30)

**CITY OF CAMDEN  
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the City in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility, and Sewer Utility. Deductions from gross debt to arrive at net debt include debt considered to be self-liquidating. The resulting net debt of \$28,196,195 represents 1.751% of the average of equalized valuations for the City for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds</u>	<u>Loans</u>			<u>School Debt</u>	<u>Self-Liquidating Debt</u>	
General	\$ 19,210,000	\$ 7,590,829	\$ 1,395,366	\$ 28,196,195			\$ 28,196,195
Water Utility		21,458,703	4,934,402	26,393,106		\$ 26,393,106	
Sewer Utility		19,943,824	949,535	20,893,360		20,893,360	
	<u>\$ 19,210,000</u>	<u>\$ 48,993,357</u>	<u>\$ 7,279,304</u>	<u>\$ 75,482,660</u>	<u>\$ -</u>	<u>\$ 47,286,466</u>	<u>\$ 28,196,195</u>

(1) As of June 30, 2017

Source: City Auditor

### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	\$1,610,405,110
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	1.75%
2017 Net Valuation Taxable	\$1,697,364,582
2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,686,917,251
Gross Debt (2):	
As a percentage of 2017 Net Valuation Taxable	4.45%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	4.47%
Net Debt (2):	
As a percentage of 2017 Net Valuation Taxable	1.66%
As a percentage of 2017 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.67%
Gross Debt Per Capita (3)	\$976
Net Debt Per Capita (3)	\$365

### CITY BORROWING CAPACITY(1)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$1,610,405,110)	\$56,364,179
Net Debt	<u>28,196,195</u>
Remaining Borrowing Capacity	<u><u>\$28,167,984</u></u>

### SCHOOL DISTRICT BORROWING CAPACITY(1)

4% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$1,610,405,110)	\$64,416,204
Net Debt	<u>0</u>
Remaining Borrowing Capacity	<u><u>\$64,416,204</u></u>

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(1) As of June 30, 2017

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 77,344

**CITY OF CAMDEN**  
**OVERLAPPING DEBT AS OF DECEMBER 31, 2017**

	<b>DEBT ISSUED</b>				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 36,125,000	\$ 8,342,385 (2)	\$ 27,782,615	\$ 1,316,896 (4)	\$ 11,960,225
Notes	35,461,125		35,461,125	1,680,857 (4)	
Loan Agreements	314,966,900		314,966,900	14,929,431 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	276,594,254	276,594,254 (3)			
	<u>\$ 663,147,279</u>	<u>\$ 284,936,639</u>	<u>\$ 378,210,640</u>	<u>\$ 17,927,184</u>	<u>\$ 11,960,225</u>

(1) Source: County of Camden.

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2017 Net Valuation on which County taxes are apportioned, which is 4.74%.

**CITY OF CAMDEN  
SCHEDULE OF OUTSTANDING DEBT SERVICE(1)  
LOANS AND BONDED DEBT ONLY**

Fiscal Year	General		General - Loans		Water Utility - Loans		Sewer Utility - Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 1,210,000	\$ 706,616	\$ 599,014	\$ 6,125	\$ 3,663,504	\$ 488,753	\$ 2,061,414	\$ 360,158	\$ 9,095,583
2019	1,375,000	683,900	750,379	4,787	3,759,781	392,175	2,088,846	321,119	9,375,987
2020	1,420,000	624,425	735,103	3,381	3,813,213	289,739	2,132,425	279,919	9,298,205
2021	1,455,000	563,000	722,194	2,434	3,575,323	184,669	2,163,396	236,519	8,902,535
2022	2,020,000	500,125	473,020	1,608	1,876,206	104,456	1,911,387	192,575	7,079,377
2023	2,040,000	409,225	473,863	766	1,024,007	64,263	1,049,185	159,188	5,220,495
2024	2,060,000	317,025	437,257	62	346,473	49,625	1,077,865	135,363	4,423,670
2025	2,080,000	252,775	350,000		351,473	44,600	881,327	115,825	4,076,001
2026	2,100,000	185,625	350,000		356,473	39,350	886,101	100,950	4,018,500
2027	2,125,000	114,250	350,000		361,473	34,038	909,368	85,775	3,979,904
2028	650,000	40,000	250,000		366,473	28,800	913,706	70,625	2,319,605
2029	675,000	13,500	250,000		371,473	23,500	828,998	55,250	2,217,722
2030			250,000		358,661	18,000	712,173	41,000	1,379,834
2031			250,000		253,036	13,800	473,421	31,400	1,021,657
2032			250,000		258,036	10,900	478,421	24,900	1,022,257
2033			250,000		258,036	7,900	488,421	18,100	1,022,457
2034			250,000		263,036	4,800	493,421	11,000	1,022,257
2035			150,000		202,024	1,600	393,948	3,700	751,272
2036			150,000						150,000
2037			150,000						150,000
2038			150,000						150,000
	<u>\$ 19,210,000</u>	<u>\$ 4,410,466</u>	<u>\$ 7,590,829</u>	<u>\$ 19,162</u>	<u>\$ 21,458,703</u>	<u>\$ 1,800,966</u>	<u>\$ 19,943,824</u>	<u>\$ 2,243,364</u>	<u>\$ 76,677,315</u>

(1) As of June 30, 2017.

Source: Township Auditor

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE  
CITY OF CAMDEN  
IN THE COUNTY OF CAMDEN, NEW JERSEY**



## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Camden  
Camden, New Jersey 08101

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the City'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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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 City'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.

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in note 1 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the fiscal years then ended.

**Basis for Qualified Opinions on the Water Utility Operating Fund and Sewer Utility Operating Fund - Regulatory Basis as of June 30 ,2016**

The City could not provide support for the recorded balance of consumer accounts receivable, by individual consumer account, for both the water utility operating fund and sewer utility operating fund as of June 30, 2016. As a result of not being able to obtain sufficient appropriate audit evidence about the recorded amounts of the City’s consumer accounts receivable and the related reserve for receivables as of June 30, 2016, we were unable to determine whether any adjustments were necessary to the aforementioned asset and liability balances recorded on the respective utility operating funds’ statement of assets, liabilities, reserves and fund balance - regulatory basis as of June 30, 2016.

**Qualified Opinions on the Water Utility Operating Fund and Sewer Utility Operating Fund - Regulatory Basis as of June 30, 2016**

In our opinion, as a result of the effects of the matter described in the “*Basis for Qualified Opinions on the Water Utility Operating Fund and Sewer Utility Operating Fund - Regulatory Basis as of June 30, 2016*” paragraph, the asset and liability balances recorded on the water utility operating fund’s and sewer utility operating fund’s statements of assets, liabilities, reserves and fund balance - regulatory basis, are not presented fairly, in all material respects, for the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2016, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to previously, except for the asset and liability balances recorded on the water utility operating fund’s and sewer utility operating fund’s statements of assets, liabilities, reserves and fund balance - regulatory basis as of June 30, 2016, present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Camden, in the County of Camden, State of New Jersey, as of June 30, 2017, 2016, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the fiscal years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

/s/ L. Jarred Corn  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
March 21, 2018

**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>				
<b>Regular Fund:</b>				
Cash	\$ 39,556,724.87	\$ 46,561,985.18	\$ 32,920,361.25	\$ 37,635,015.28
Cash - Change Fund	1,500.00	1,500.00	1,500.00	1,500.00
Cash - Petty Cash Fund	2,500.00	2,500.00	2,500.00	2,500.00
Investments	24,286.81	24,202.03	24,181.65	24,177.00
Investments - General Capital Fund		750,000.00		
Due from State of New Jersey:				
Senior Citizens' and Veterans' Deductions	174,511.43	154,552.86	128,725.79	63,739.32
Homestead Rebates	354,579.41			
	<u>40,114,102.52</u>	<u>47,494,740.07</u>	<u>33,077,268.69</u>	<u>37,726,931.60</u>
<b>Receivables and Other Assets with Full Reserves:</b>				
Delinquent Property Taxes Receivable	414,863.23	476,320.92	528,335.18	598,036.83
Tax Title Liens Receivable	60,976,284.61	58,331,168.16	55,477,318.02	52,066,090.13
Property Acquired for Taxes (at Assessed Valuation)	51,183,600.00	50,765,500.00	50,714,900.00	2,521,860.00
Special Assessments Receivable	5,094,263.64	3,996,142.29	3,905,235.88	3,701,644.23
Revenue Accounts Receivable	187,289.74	210,925.77	223,649.37	259,736.89
Due from Bank			147,884.44	100,534.87
Due from Local School District (Prepaid Taxes)	945,888.00	950,058.00	769,154.00	598,006.00
Due from Tax Lien Finance Corporation			8,144.35	8,144.35
Due from Federal and State Grant Fund			1,437,186.83	3,476,710.10
Due from Animal Control Fund	17,141.02	16,897.62	10,767.27	4,909.27
Due from General Capital Fund				540,538.61
Due from Water Utility Operating Fund	1,033,819.70		283,925.62	571,080.08
Due from Sewer Utility Operating Fund	1,605,921.11		4,528,940.04	4,807,479.46
Due from Public Trust Fund	4,456.51	4,456.51	4,456.51	4,456.51
	<u>121,463,527.56</u>	<u>114,751,469.27</u>	<u>118,039,897.51</u>	<u>69,259,227.33</u>
<b>Deferred Charges:</b>				
Emergency Authorizations (N.J.S.A. 40A:4-46)		193,805.00		
Emergency Authorizations (N.J.S.A. 40A:4-47)			10,724.00	
	<u>-</u>	<u>193,805.00</u>	<u>10,724.00</u>	<u>-</u>
<b>Total Regular Fund</b>	<u>161,577,630.08</u>	<u>162,440,014.34</u>	<u>151,127,890.20</u>	<u>106,986,158.93</u>
<b>Federal and State Grant Fund:</b>				
Cash	397,021.35	451,028.40	2,225,546.30	424,522.24
Federal and State Grants Receivable	16,461,513.28	11,405,002.70	16,744,127.83	36,196,966.91
Deferred Charges:				
Expenditure without Appropriation	126,656.94		732.00	732.00
Due from Current Fund	834,003.29	2,131,500.48		
Due from Water Utility Operating Fund		26,868.00		
<b>Total Federal and State Grant Fund</b>	<u>17,819,194.86</u>	<u>14,014,399.58</u>	<u>18,970,406.13</u>	<u>36,622,221.15</u>
<b>Total Assets</b>	<u>\$ 179,396,824.94</u>	<u>\$ 176,454,413.92</u>	<u>\$ 170,098,296.33</u>	<u>\$ 143,608,380.08</u>

(Continued)

**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>				
Regular Fund:				
Liabilities:				
Appropriations Reserves	\$ 8,823,705.03	\$ 11,189,357.26	\$ 4,784,419.39	\$ 9,670,784.28
Reserve for Encumbrances	5,758,357.66	6,692,037.41	6,326,783.70	6,662,017.86
Due to Third Party Administrator - Tax Sale		39,701.27		
Accounts Payable	2,041,726.68	1,401,747.66	1,479,146.63	1,196,836.94
Due to State of New Jersey:				
Marriage License Fees	2,900.00	3,400.00	3,000.00	25.00
Training Fees	46,244.00	28,965.00	110,840.00	
Burial Permits	45.00	30.00	145.00	85.00
Due to Camden County Clerk - Fees	72,015.54	62,202.39	91,251.94	192,786.44
Due to Camden County Municipal Utilities Authority	878,005.64	953,112.14	928,882.90	1,064,061.23
Prepaid Taxes	143,991.56	113,810.30	176,416.09	278,407.53
Tax Overpayments	145,987.46	2,185.42	142,385.98	1,331.23
Tax Deposits Payable	56,187.42	57,312.86	59,705.58	52,016.35
Shared Services Payable			4,600.00	4,600.00
Reserve for Tax Maps			210,000.00	210,000.00
Reserve for Revaluation			291,400.00	291,400.00
Due to Federal and State Grant Fund	834,003.29	2,131,500.48		
Due to Trust - Other Funds	1,326,801.34	4,192,402.35	6,293,693.94	3,739,699.86
Due to General Capital Fund	2,334,801.50	2,419,493.41	493,246.07	
Due to Water Utility Operating Fund		1,396,062.25		
Due to Sewer Utility Operating Fund		2,024,896.60		
Due to Sewer Utility Capital Fund	61,953.58			
	<u>22,526,725.70</u>	<u>32,708,216.80</u>	<u>21,395,917.22</u>	<u>23,364,051.72</u>
Reserves for Receivables and Other Assets	121,463,527.56	114,751,469.27	118,039,897.51	69,259,227.33
Fund Balance	<u>17,587,376.82</u>	<u>14,980,328.27</u>	<u>11,692,075.47</u>	<u>14,362,879.88</u>
<b>Total Regular Fund</b>	<u>161,577,630.08</u>	<u>162,440,014.34</u>	<u>151,127,890.20</u>	<u>106,986,158.93</u>
Federal and State Grant Fund:				
Due to Current Fund			1,437,186.83	3,476,710.10
Reserve for Federal, State, and Local Grants:				
Unappropriated	363,402.92	507,263.76	499,110.03	196,731.09
Appropriated	13,646,711.18	9,331,427.55	10,679,964.12	21,745,565.50
Reserve for Encumbrances	2,935,117.66	3,179,020.68	5,357,457.56	10,276,316.83
Due to Trust - Other Funds	873,963.10	996,687.59	996,687.59	926,897.63
<b>Total Federal and State Grant Fund</b>	<u>17,819,194.86</u>	<u>14,014,399.58</u>	<u>18,970,406.13</u>	<u>36,622,221.15</u>
<b>Total Liabilities, Reserves, and Fund Balance</b>	<u>\$ 179,396,824.94</u>	<u>\$ 176,454,413.92</u>	<u>\$ 170,098,296.33</u>	<u>\$ 143,608,380.08</u>

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

**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Revenue and Other Income Realized</u></b>				
Surplus Utilized	\$ 14,179,977.75	\$ 11,691,100.00	\$ 14,228,483.00	\$ 15,899,999.15
Miscellaneous Revenue Anticipated	153,371,908.32	151,970,722.54	143,179,736.53	143,177,863.32
Receipts from Delinquent Taxes	1,358,588.91	1,468,735.68	1,056,649.47	2,635,277.47
Receipts from Current Taxes	44,454,980.03	42,847,364.58	41,642,421.55	42,971,155.53
Non Budget Revenue	2,372,794.27	831,864.10	1,035,716.44	859,655.07
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	11,727,724.69	4,917,352.30	10,008,983.89	6,494,755.04
Statutory Excess in Animal Control Fund	243.40	6,130.35	5,858.00	3,063.27
Refund of Prior Years' Expenditures:				
Receipts	36,971.06			
2012 Business Personal Property Tax Replacement		180,904.00		
Liquidation of Reserves for:				
Due from Local School District (Prepaid Taxes)	4,170.00			
Due from Tax Lien Finance Corporation		8,144.35		
Due from Federal and State Grant Fund		0.83	2,039,523.27	
Due from General Capital Fund			540,538.61	
Due from Water Utility Operating Fund		0.62		
Due from Sewer Utility Operating Fund		0.04		
Cancellation of:				
Accounts Payable	686,262.78	1,384,085.92	857,442.21	785,805.55
Tax Overpayments			878,440.30	350,000.00
Due to State of New Jersey:				
Marriage Licenses		25.00		
Training Fees		343.00		
Burial Permits		120.00		
Shared Services Payable		4,600.00		
Reserve for Tax Maps		210,000.00		
Reserve for Revaluation		291,400.00		
Reserve for Federal, State, and Other Grants - Appropriated	1,850,542.25	3,891,673.11	11,786,168.12	2,286,848.34
Reserve for Federal, State, and Other Grants - Unappropriated	76,245.47			286,939.00
Due Trust - Other Funds:				
Cancellation of:				
Due to Bank		1,997.65		
Miscellaneous Trust Other Reserves		3,289,288.33		
<b>Total Income</b>	<b><u>230,120,408.93</u></b>	<b><u>222,995,852.40</u></b>	<b><u>227,259,961.39</u></b>	<b><u>215,751,361.74</u></b>
<b><u>Expenditures</u></b>				
<b>Budget and Emergency Appropriations:</b>				
<b>Operations Within "CAPS":</b>				
Salaries and Wages	43,530,999.98	44,004,512.50	40,859,625.01	42,637,953.42
Other Expenses	54,550,959.58	52,044,413.76	54,022,565.92	50,958,520.58
Deferred Charges and Statutory Expenditures	9,854,966.45	9,487,845.84	9,459,381.06	10,026,562.91
<b>Operations Excluded from "CAPS":</b>				
Salaries and Wages		481,680.00		
Other Expenses	76,033,356.32	72,901,969.79	65,626,303.09	66,765,794.77

(Continued)

**CITY OF CAMDEN**  
**CURRENT FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Expenditures (Cont'd)</u>				
Budget and Emergency Appropriations (Cont'd):				
Capital Improvements Excluded from "CAPS"		\$ 200,000.00		
Municipal Debt Service Excluded from "CAPS"	1,380,047.46	2,676,116.88	\$ 3,699,032.90	\$ 3,686,724.12
Deferred Charges Excluded from "CAPS"	193,805.00		400,000.00	1,956,750.11
Local District School Tax	7,282,027.00	7,277,857.00	7,277,861.00	7,269,436.00
County Taxes Payable	15,653,847.41	14,756,741.55	14,123,996.22	15,420,783.52
Due County for Added and Omitted Taxes	58,789.12	46,867.76	43,942.08	29,796.11
Cancellation of:				
Due from Tax Lien Finance Corporation		8,144.35		
Refund of Prior Years' Revenues	169.00	145,716.35	211,008.81	
Payment of 2014 Accounts Payable	37,131.30			
Prior Year Senior Citizen and Veteran Deductions Disallowed				16,750.00
Due Federal and State Grant Fund:				
Recapture of Prior Year Expenditures				783,644.71
Due Trust - Other Funds:				
Cancellation of:				
Due from Bank		695.44		
Creation of Reserves for:				
Due from Bank			47,349.57	63,224.79
Due from Local School District (Prepaid Taxes)		950,058.00	171,148.00	179,573.00
Due from Federal and State Grant Fund				3,784,865.19
Due from Animal Control Fund	243.40	6,130.35	5,858.00	3,063.27
Due from Trust - Other Fund				447,125.75
Due from General Capital Fund				360,538.61
Due from Water Utility Operating Fund	1,033,819.70		1,412,845.54	171,080.08
Due from Sewer Utility Operating Fund	1,605,921.11		3,474,271.35	2,354,668.46
Cancellation of:				
Due Federal and State Grant Fund:				
Federal, State, and Other Grants Receivable	2,117,299.80	3,221,555.03	14,877,818.25	1,325,349.57
<b>Total Expenditures</b>	<u>213,333,382.63</u>	<u>208,210,304.60</u>	<u>215,713,006.80</u>	<u>208,242,204.97</u>
Excess in Revenue	16,787,026.30	14,785,547.80	11,546,954.59	7,509,156.77
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		193,805.00	10,724.00	
Statutory Excess to Surplus	16,787,026.30	14,979,352.80	11,557,678.59	7,509,156.77
<u>Fund Balance</u>				
Balance July 1	<u>14,980,328.27</u>	<u>11,692,075.47</u>	<u>14,362,879.88</u>	<u>22,753,722.26</u>
	31,767,354.57	26,671,428.27	25,920,558.47	30,262,879.03
Decreased by:				
Utilization as Anticipated Revenue	<u>14,179,977.75</u>	<u>11,691,100.00</u>	<u>14,228,483.00</u>	<u>15,899,999.15</u>
Balance June 30	<u>\$ 17,587,376.82</u>	<u>\$ 14,980,328.27</u>	<u>\$ 11,692,075.47</u>	<u>\$ 14,362,879.88</u>

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

**CITY OF CAMDEN**  
**TRUST FUNDS**

Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>				
Animal Control Fund:				
Cash	\$ 26,662.67	\$ 23,181.17	\$ 18,848.07	\$ 13,721.92
Other Funds:				
Cash	25,614,537.49	17,221,600.22	12,349,679.90	10,747,120.21
Investments	663,156.87	654,852.46	646,649.56	591,351.27
United States Department of Housing and Urban Development:				
Community Development Block Grant Receivable	3,048,341.33	2,973,855.64	2,873,998.74	3,067,458.37
Emergency Shelter Grant Receivable	298,827.01	179,050.97	252,994.83	482,688.14
HOME Investment Partnership Receivable	1,656,274.00	1,751,056.53	1,499,797.17	1,532,413.78
Housing Opportunities for Persons with AIDS Receivable	1,013,960.62	962,242.73	1,107,984.67	1,097,820.47
Due from Current Fund	1,326,801.34	4,192,402.35	6,293,693.94	3,739,699.86
Due from Federal and State Grant Fund	873,963.10	996,687.59	996,687.59	926,897.63
Due from Water Utility Operating Fund		156,923.56		
Total Other Funds	34,495,861.76	29,088,672.05	26,021,486.40	22,185,449.73
Total Assets	<u>\$ 34,522,524.43</u>	<u>\$ 29,111,853.22</u>	<u>\$ 26,040,334.47</u>	<u>\$ 22,199,171.65</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCES</u></b>				
Animal Control Fund:				
Due to Current Fund	\$ 17,141.02	\$ 16,897.62	\$ 10,767.27	\$ 4,909.27
Due to State of New Jersey	58.20	96.00	142.80	100.20
Reserve for Animal Control Fund Expenditures	9,463.45	6,187.55	7,938.00	8,712.45
Total Animal Control Fund	26,662.67	23,181.17	18,848.07	13,721.92
Other Funds:				
Due to Current Fund				
Due to Bank			1,176.84	1,398.71
Reserve for Payroll Deductions Payable	648,317.27	576,623.20	507,509.37	1,099,431.03
Reserve for Unemployment Compensation Insurance	1,255,679.91	1,101,969.70	996,568.99	904,004.83
Reserve for Workmen's Compensation	2,289,369.18	1,333,688.99	686,488.92	358,353.29
Reserve for Health Benefits	9,917,854.22	7,559,887.29	4,885,086.87	1,791,794.76
Reserve for Self-Insurance	3,186,920.07	2,366,988.99	1,638,309.55	906,943.53
Reserve for Law Enforcement Trust Fund Seized Funds	293,247.03	293,247.03	308,610.70	347,948.45
Reserve for Local Law Enforcement Trust Fund--Forfeited Funds				4,574.00
Reserve for Federal Law Enforcement Trust Fund	4.08	4.08	4,662.80	31,000.69
Reserve for United States Department of Housing and Urban Development:				
Community Development Block Grant	4,995,881.67	4,965,863.53	3,971,247.20	4,094,751.96
Emergency Shelter Grant	220,806.58	104,892.95	173,148.37	489,998.01
HOME Investment Partnership Program	1,537,921.05	1,618,937.22	1,290,214.22	1,256,138.11
Housing Opportunities for Persons with AIDS	992,764.62	928,155.91	1,084,290.64	1,102,500.18
Miscellaneous Trust Other Reserves	8,627,148.90	8,129,115.71	10,361,547.11	9,683,987.36
Reserve for Local Law Enforcement Funds - Due Camden County Prosecutor	6,889.05	6,889.05	6,889.05	6,889.05

(Continued)

**CITY OF CAMDEN**  
**TRUST FUNDS**

Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES (CONT'D)</u>				
Other Funds (Cont'd):				
Due to General Capital Fund	\$ 484,202.16	\$ 80,752.16	\$ 81,465.26	\$ 81,465.26
Due to Sewer Utility Operating Fund	34,399.46	17,199.73	19,814.00	19,814.00
Due to Public Trust Fund	4,456.51	4,456.51	4,456.51	4,456.51
Total Other Funds	<u>34,495,861.76</u>	<u>29,088,672.05</u>	<u>26,021,486.40</u>	<u>22,185,449.73</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 34,522,524.43</u>	<u>\$ 29,111,853.22</u>	<u>\$ 26,040,334.47</u>	<u>\$ 22,199,171.65</u>

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



**CITY OF CAMDEN**  
**GENERAL CAPITAL FUND**  
Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>				
Cash	\$ 3,495,412.75	\$ 2,244,031.88	\$ 17,434,002.67	\$ 3,786,138.54
Loans Receivable:				
State of New Jersey - Demolition Loan	2,260,809.00	379,309.00	1,293,420.00	1,328,700.00
Rutgers University	210,606.01	269,409.61	328,213.21	387,016.81
Due from Trust - Other Funds	484,202.16	80,752.16	81,465.26	81,465.26
Deferred Charges to Future Taxation:				
Funded	26,800,829.07	12,318,504.69	13,885,968.49	6,379,946.34
Unfunded	1,395,365.82	13,925,365.82	10,125,365.82	13,405,365.82
Due from Current Fund	2,334,801.50	2,419,493.41	493,246.07	
Deferred Charge - Expenditure without Appropriation			232,330.75	
<b>Total Assets</b>	<b>\$ 36,982,026.31</b>	<b>\$ 31,636,866.57</b>	<b>\$ 43,874,012.27</b>	<b>\$ 25,368,632.77</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>				
Reserve for Loans Receivable:				
Rutgers University	\$ 210,606.01	\$ 269,409.61	\$ 328,213.21	\$ 387,016.81
Improvement Authorizations:				
Funded	6,590,441.32	2,836,765.77	8,293,093.30	293,462.72
Unfunded		3,974,689.09	4,102,859.35	10,524,768.83
Contracts Payable	2,411,207.92	3,636,411.32	6,271,595.43	878,751.32
New Jersey Department of Environmental Protection Loans Payable	323,129.07	389,704.69	454,968.49	518,946.34
Urban and Rural Centers Unsafe Building Demolition Program Loans Payable	7,267,700.00	4,798,800.00	5,861,000.00	5,861,000.00
Bond Anticipation Notes		8,280,000.00	8,730,000.00	4,010,000.00
General Obligation Bonds	19,210,000.00	7,130,000.00	7,570,000.00	
Reserve for Payment of New Jersey Department of Environmental Protection Loans	180,428.47	210,261.51	239,506.72	268,175.68
Due to Current Fund				540,538.61
Capital Improvement Fund				150,669.25
<b>Fund Balance</b>	<b>788,513.52</b>	<b>110,824.58</b>	<b>2,022,775.77</b>	<b>1,935,303.21</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 36,982,026.31</b>	<b>\$ 31,636,866.57</b>	<b>\$ 43,874,012.27</b>	<b>\$ 25,368,632.77</b>

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

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>				
Operating Fund:				
Cash	\$ 9,296,874.83	\$ 1,688,964.81	\$ 6,201,096.48	\$ 9,765,619.25
Due from Current Fund		1,396,062.25		
Due from Water Utility Capital Fund	300,000.00	3,871,094.95	3,071,094.95	271,094.95
	<u>9,596,874.83</u>	<u>6,956,122.01</u>	<u>9,272,191.43</u>	<u>10,036,714.20</u>
Receivables with Full Reserves:				
Consumer Accounts Receivable	2,504,662.68	1,996,817.16	3,007,745.72	3,557,433.26
Water Utility Liens Receivable	10,268,170.37	9,801,600.88	9,009,783.76	8,627,584.85
	<u>12,772,833.05</u>	<u>11,798,418.04</u>	<u>12,017,529.48</u>	<u>12,185,018.11</u>
Deferred Charges:				
Overexpenditure of Appropriation		48,215.69	48,215.69	
		<u>48,215.69</u>	<u>48,215.69</u>	
Total Operating Fund	<u>22,369,707.88</u>	<u>18,802,755.74</u>	<u>21,337,936.60</u>	<u>22,221,732.31</u>
Capital Fund:				
Cash	150,175.58	256,501.55	407,607.31	110,723.31
Fixed Capital	101,586,631.03	99,235,702.17	99,235,702.17	99,235,702.17
Fixed Capital Authorized and Uncompleted	9,060,000.00	12,560,000.00	12,560,000.00	12,560,000.00
Due from State of New Jersey:				
Environmental Infrastructure Trust Fund Receivable:				
Loan Proceeds	689,696.00	689,696.00	4,562,683.00	
Due from Sewer Utility Capital Fund		3,872,987.00		
		<u>3,872,987.00</u>		
Total Capital Fund	<u>111,486,502.61</u>	<u>116,614,886.72</u>	<u>116,765,992.48</u>	<u>111,906,425.48</u>
Total Assets	<u>\$ 133,856,210.49</u>	<u>\$ 135,417,642.46</u>	<u>\$ 138,103,929.08</u>	<u>\$ 134,128,157.79</u>

(Continued)

**CITY OF CAMDEN**  
**WATER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>				
<b>Operating Fund:</b>				
Appropriation Reserves	\$ 2,496,735.55	\$ 1,878,513.22	\$ 135,368.18	\$ 292.61
Reserve for Encumbrances	1,869,442.49	510,517.23	217,733.15	304,007.88
Accounts Payable	829.58		46,114.25	8,979.37
Accrued Interest on Loans	223,232.31	260,280.01	284,486.12	283,617.71
Prepaid Water Rents	149,278.00	313,812.58	312,925.44	423,509.41
Due to Current Fund	1,033,819.70		283,925.62	571,080.08
Due to Federal and State Grant Fund		26,868.00		
Due to Trust - Other Funds		156,923.56		
Due to Sewer Utility Operating Fund	678,810.94	339,405.47	347,115.81	272,142.78
	<u>6,452,148.57</u>	<u>3,486,320.07</u>	<u>1,627,668.57</u>	<u>1,863,629.84</u>
Reserve for Receivables	12,772,833.05	11,798,418.04	12,017,529.48	12,185,018.11
Fund Balance	3,144,726.26	3,518,017.63	7,692,738.55	8,173,084.36
	<u>22,369,707.88</u>	<u>18,802,755.74</u>	<u>21,337,936.60</u>	<u>22,221,732.31</u>
<b>Capital Fund:</b>				
Due to Water Utility Operating Fund	300,000.00	3,871,094.95	3,071,094.95	271,094.95
Improvement Authorizations:				
Funded	958,216.26	840,883.26	924,824.96	257,973.04
Unfunded	2,672,317.00	3,821,388.14	3,797,470.54	4,781,716.70
Contracts Payable		525,551.02	1,416,632.68	3,602,354.44
Reserve for Amortization	82,258,525.29	78,673,245.41	75,326,105.75	72,064,102.35
Deferred Reserve for Amortization	1,995,000.00	1,995,000.00	1,995,000.00	1,995,000.00
Due to State of New Jersey:				
Environmental Infrastructure Trust Loans Payable	21,458,703.42	25,043,983.30	28,391,122.96	27,090,443.36
Capital Improvement Fund	393,985.06	393,985.06	393,985.06	393,985.06
Reserve for Payment of New Jersey Environmental Infrastructure Loans	1,449,755.58	1,449,755.58	1,449,755.58	1,449,755.58
	<u>111,486,502.61</u>	<u>116,614,886.72</u>	<u>116,765,992.48</u>	<u>111,906,425.48</u>
<b>Total Liabilities, Reserves and Fund Balance</b>	<u>\$ 133,856,210.49</u>	<u>\$ 135,417,642.46</u>	<u>\$ 138,103,929.08</u>	<u>\$ 134,128,157.79</u>

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

**CITY OF CAMDEN**  
**WATER UTILITY OPERATING FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenue and Other</b>				
<b><u>Income Realized</u></b>				
Operating Surplus Anticipated	\$ 2,406,149.90	\$ 5,726,380.31	\$ 1,300,000.00	\$ 2,573,399.57
Water Utility Rents	10,586,174.79	10,430,140.82	9,946,856.74	12,678,145.72
Miscellaneous	923,028.95	913,753.52	954,544.47	808,442.33
Merchantville-Pennsauken Water Commission	163,509.12	179,582.48	179,582.48	196,049.32
Capacity Fees	208,046.64	889,187.40	401,604.35	144,991.50
Non-Budget Revenues			65,412.57	16,930.00
Other Credits to Income:				
Refund of Prior Years' Expenditures	1,067.21			
Unexpended Balance of Appropriation Reserves	1,873,375.95	153,481.33	292.61	5,824.57
Cancellation of:				
Accounts Payable			8,979.37	
Liquidation of Reserves for:				
Due from State of New Jersey				472,371.44
<b>Total Income</b>	<b>16,161,352.56</b>	<b>18,292,525.86</b>	<b>12,857,272.59</b>	<b>16,896,154.45</b>
<b><u>Expenditures</u></b>				
Operating	7,951,784.00	8,169,058.31	8,124,704.76	6,910,271.83
Debt Service	4,128,102.20	3,976,308.16	3,961,129.33	4,243,501.40
Deferred Charges	48,215.69			1,979,373.00
Statutory Expenditures	2,000,000.00	4,595,500.00		
Refund of Prior Years' Revenues	392.14			
<b>Total Expenditures</b>	<b>14,128,494.03</b>	<b>16,740,866.47</b>	<b>12,085,834.09</b>	<b>13,133,146.23</b>
Excess in Revenue	2,032,858.53	1,551,659.39	771,438.50	3,763,008.22
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute Deferred				
Charged to Budget of Succeeding Year	-	-	48,215.69	-
Statutory Excess to Surplus	2,032,858.53	1,551,659.39	819,654.19	3,763,008.22
<b><u>Fund Balance</u></b>				
Balance July 1	3,518,017.63	7,692,738.55	8,173,084.36	6,983,475.71
Decreased	5,550,876.16	9,244,397.94	8,992,738.55	10,746,483.93
Utilized as Revenue	2,406,149.90	5,726,380.31	1,300,000.00	2,573,399.57
Balance June 30	<b>\$ 3,144,726.26</b>	<b>\$ 3,518,017.63</b>	<b>\$ 7,692,738.55</b>	<b>\$ 8,173,084.36</b>

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

**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>				
Operating Fund:				
Cash	\$ 10,109,237.69	\$ 5,348,465.09	\$ 10,275,660.11	\$ 11,901,377.92
Due from Current Fund		2,024,896.60		
Due from Trust - Other Funds	34,399.46	17,199.73	19,814.00	19,814.00
Due from Water Utility Operating Fund	678,810.94	339,405.47	347,115.81	272,142.78
	<u>10,822,448.09</u>	<u>7,729,966.89</u>	<u>10,642,589.92</u>	<u>12,193,334.70</u>
Receivables with Full Reserves:				
Consumer Accounts Receivable	2,529,908.26	2,452,910.69	3,645,757.75	3,381,270.91
Sewer Utility Liens Receivable	6,490,629.31	6,301,326.47	5,928,785.97	5,708,354.61
	<u>9,020,537.57</u>	<u>8,754,237.16</u>	<u>9,574,543.72</u>	<u>9,089,625.52</u>
Deferred Charges:				
Overexpenditure of Appropriations		35,987.01	26,434.57	
Emergency Authorizations (N.J.S.A. 40A:4-47)				1,000,000.00
	<u>-</u>	<u>35,987.01</u>	<u>26,434.57</u>	<u>1,000,000.00</u>
Total Operating Fund	<u>19,842,985.66</u>	<u>16,520,191.06</u>	<u>20,243,568.21</u>	<u>22,282,960.22</u>
Capital Fund:				
Cash	338,848.49	5,451,156.93	2,338,393.77	113,086.87
Fixed Capital	64,956,700.00	64,956,700.00	64,956,700.00	64,956,700.00
Fixed Capital Authorized and Uncompleted	20,760,000.00	20,760,000.00	20,760,000.00	20,760,000.00
Due from State of New Jersey:				
Environmental Infrastructure Trust Fund Receivable		1,063,656.00	2,658,102.00	
Environmental Infrastructure Trust Fund Receivable - Principal Forgiveness		350,228.00	2,000,000.00	
Due from Current Fund	61,953.58			
Due from Sewer Utility Operating Fund	3,205,383.71	1,496,368.48	1,084,368.48	2,272,368.48
Total Capital Fund	<u>89,322,885.78</u>	<u>94,078,109.41</u>	<u>93,797,564.25</u>	<u>88,102,155.35</u>
Total Assets	<u>\$ 109,165,871.44</u>	<u>\$ 110,598,300.47</u>	<u>\$ 114,041,132.46</u>	<u>\$ 110,385,115.57</u>

(Continued)

**CITY OF CAMDEN**  
**SEWER UTILITY FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>				
Operating Fund:				
Liabilities:				
Appropriation Reserves	\$ 2,225,338.60	\$ 903,398.76	\$ 58,308.53	\$ 74,249.22
Reserve for Encumbrances	1,734,481.06	521,298.88	741,534.38	783,454.63
Accounts Payable	47,215.24	98,753.55	51,053.86	
Due to Current Fund	1,605,921.11		4,528,940.04	4,807,479.46
Due to Sewer Utility Capital Fund	3,205,383.71	1,496,368.48	1,084,368.48	2,272,368.48
Accrued Interest on Loans	158,011.46	173,073.97	163,521.53	152,448.96
Prepaid Sewer Rents	229,840.52	263,111.71	203,356.33	103,988.07
	<u>9,206,191.70</u>	<u>3,456,005.35</u>	<u>6,831,083.15</u>	<u>8,193,988.82</u>
Reserve for Receivables	9,020,537.57	8,754,237.16	9,574,543.72	9,089,625.52
Fund Balance	<u>1,616,256.39</u>	<u>4,309,948.55</u>	<u>3,837,941.34</u>	<u>4,999,345.88</u>
Total Operating Fund	<u>19,842,985.66</u>	<u>16,520,191.06</u>	<u>20,243,568.21</u>	<u>22,282,960.22</u>
Capital Fund:				
Reserve for New Jersey Environmental Infrastructure Trust				
Principal Forgiveness		350,228.00	2,000,000.00	
Contracts Payable	66,942.78	1,194,375.04	4,040,636.90	9,105,860.38
Improvement Authorizations:				
Funded	869,990.97	436,970.59	328,634.04	
Unfunded	695,657.10	1,467,147.85	2,733,664.38	3,148,666.04
Reserve for Amortization	58,413,255.24	55,977,380.77	53,861,463.17	51,875,436.42
Deferred Reserve for Amortization	6,410,085.00	6,059,857.00	4,410,085.00	4,410,085.00
New Jersey Environmental Infrastructure Trust				
Loans Payable	19,943,824.31	21,967,698.78	23,671,616.38	16,810,643.13
Due to Water Utility Capital Fund		3,872,987.00		
Capital Improvement Fund	1,308,553.53	1,308,553.53	1,308,553.53	1,308,553.53
Reserve for Payment of New Jersey Environmental Infrastructure Loans	171,666.00			
Capital Fund Balance	<u>1,442,910.85</u>	<u>1,442,910.85</u>	<u>1,442,910.85</u>	<u>1,442,910.85</u>
Total Capital Fund	<u>89,322,885.78</u>	<u>94,078,109.41</u>	<u>93,797,564.25</u>	<u>88,102,155.35</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 109,165,871.44</u>	<u>\$ 110,598,300.47</u>	<u>\$ 114,041,132.46</u>	<u>\$ 110,385,115.57</u>

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

**CITY OF CAMDEN**  
**SEWER UTILITY OPERATING FUND**  
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis

	For the Fiscal Years Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 3,318,257.98	\$ 618,927.01	\$ 2,950,000.00	\$ 4,150,000.00
Sewer Utility Rents	7,378,375.71	8,022,796.48	8,208,595.87	8,042,250.83
Miscellaneous	636,916.46	795,242.24	400,906.12	534,282.18
Capacity Fee	278,032.02	1,058,491.19	664,844.00	160,051.92
Other Credits to Income:				
Refund of Prior Years' Expenditures	574.65			
Unexpended Balance of Appropriation Reserves	903,398.76	61,953.58	74,249.22	5,963.37
Cancellation of Prepaid Sewer Rents	263,111.71	203,356.33		
<b>Total Income</b>	<u>12,778,667.29</u>	<u>10,760,766.83</u>	<u>12,298,595.21</u>	<u>12,892,548.30</u>
<u>Expenditures</u>				
Operating	7,000,000.00	7,150,000.43	7,188,832.50	6,440,072.01
Debt Service	2,406,114.46	2,117,384.62	1,935,601.82	1,912,408.68
Deferred Charges	447,987.01	412,000.00	1,412,000.00	4,164,810.77
Surplus (General Budget)	2,300,000.00			
<b>Total Expenditures</b>	<u>12,154,101.47</u>	<u>9,679,385.05</u>	<u>10,536,434.32</u>	<u>12,517,291.46</u>
Excess in Revenue	624,565.82	1,081,381.78	1,762,160.89	375,256.84
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute Deferred Charged to Budget of Succeeding Year		9,552.44	26,434.57	1,000,000.00
Statutory Excess to Surplus	624,565.82	1,090,934.22	1,788,595.46	1,375,256.84
<u>Fund Balance</u>				
Balance July 1	4,309,948.55	3,837,941.34	4,999,345.88	7,774,089.04
	4,934,514.37	4,928,875.56	6,787,941.34	9,149,345.88
Decreased Utilized as Revenue	3,318,257.98	618,927.01	2,950,000.00	4,150,000.00
<b>Balance June 30</b>	<u>\$ 1,616,256.39</u>	<u>\$ 4,309,948.55</u>	<u>\$ 3,837,941.34</u>	<u>\$ 4,999,345.88</u>

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

**CITY OF CAMDEN**  
**PUBLIC TRUST FUND**  
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

	As of June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>				
Due from Trust - Other Fund	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51
Total Assets	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>
<b><u>LIABILITIES AND RESERVES</u></b>				
Due to Current Fund	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51	\$ 4,456.51
Total Liabilities and Reserves	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>	<u>\$ 4,456.51</u>

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



**CITY OF CAMDEN**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2017

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

**Description of Financial Reporting Entity** - The City of Camden (hereafter referred to as the "City") was incorporated in 1828. It is the seventh largest city in the State of New Jersey, and covers a land area of 9.8 square miles in Camden County, in the southwest portion of the State. The City is the county seat. It is located directly across the Delaware River from Philadelphia, Pennsylvania, and is part of the Philadelphia Standard Metropolitan Statistical Area ("SMSA"). According to the 2010 census, the population is 77,344.

The City has a Mayor-Council form of government. In 1994, the City opted to modify the form of government. At that time, the City was divided into four districts instead of electing the entire Council at-large. One Council member is elected from each of the four districts and three Council members are elected at-large. The Mayor is separately elected. The executive and administrative responsibility rests with the Mayor, who is assisted by the City Clerk and the City Business Administrator.

**Component Units** - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, 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*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

City of Camden Free Public Library  
418 Federal Street  
Camden, New Jersey 08101

City of Camden Redevelopment Agency  
13<sup>th</sup> Floor City Hall  
Camden, New Jersey 08101

City of Camden Housing Authority  
2021 Watson Street  
Camden, New Jersey 08105

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)** - In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

**Current Fund** - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

**Water Utility Operating and Capital Funds** - The water utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water utility.

**Sewer Utility Operating and Capital Funds** - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

**Public Trust Fund** - The public trust fund was utilized to account for receipt, custodianship, and disbursement of monies in accordance with the purpose for which each reserve within the fund was created. This fund, however, is no longer utilized by the City; therefore, after the liquidation of outstanding interfund balances, the fund will no longer be reported.

**General Fixed Asset Group of Accounts** - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

**Budgets and Budgetary Accounting** - The City must adopt an annual budget for its current, water utility, and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than August 10 of each fiscal year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

**Cash, Cash Equivalents and Investments (Cont'd)** - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the fiscal year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the fiscal year, must be included in the City's basic financial statements.

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

**General Fixed Assets (Cont'd)** - The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Utility Fixed Assets** - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

**Foreclosed Property** - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding fiscal years.

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund balances included in the current fund, water utility operating fund, and sewer utility operating fund represent amounts available for anticipation as revenue in future fiscal years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Camden and the City of Camden School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The City is responsible for levying, collecting, and remitting school taxes for the City of Camden School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1, 2016 to June 30, 2017.

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

**County Taxes** - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each calendar year. In municipalities that which operate on a fiscal year (i.e. July 1 - June 30), such as the City, operations is charged for the full amount of taxes required to be paid during the calendar year 2016 less one-half of the calendar year 2015 taxes, plus one-half of the full amount of taxes required to be paid during 2017. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation on October 10 of the current fiscal year.

**Reserve for Uncollected Taxes** - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding fiscal year, with certain exceptions, is required to provide assurance that cash collected in the current fiscal year will provide sufficient cash flow to meet expected obligations.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At June 30, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at fiscal year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the fiscal year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**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 Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2: 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 City's deposits might not be recovered. Although the City 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 municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, the City's bank balances of \$88,424,427.65 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 66,264,094.83
Uninsured and Uncollateralized	<u>22,160,332.82</u>
Total	<u>\$ 88,424,427.65</u>

**New Jersey Cash Management Fund** - During the fiscal year, the City participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2017, the City's deposits with the New Jersey Cash Management Fund were \$1,000.68.

**Note 3: INVESTMENTS**

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that 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 districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, 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. The City has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

As of June 30, 2017, the City's balance of investments was \$687,443.68, which consisted of mutual funds. Mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City has no investment policy to limit its exposure to custodial credit risk.

**Note 3: INVESTMENTS (CONT'D)**

At June 30, 2017, the City's investments were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>	<u>Fair Value Hierarchy Level*</u>	<u>Fair Value</u>
Current Fund:				
T-Fund Inst'l Shares	daily	<u>\$ 24,286.81</u>	Level 1	<u>\$ 24,286.81</u>
Trust - Other Funds:				
Mutual Funds - Money Market	daily	22,442.00	Level 1	22,442.00
Mutual Funds - Fixed Income	daily	477,726.62	Level 1	490,691.02
ETF - Equities	daily	31,567.28	Level 1	39,197.10
Mutual Funds - Equity	daily	<u>131,420.97</u>	Level 1	<u>263,769.90</u>
Total Trust - Other Funds		<u>663,156.87</u>		<u>816,100.02</u>
Total		<u>\$ 687,443.68</u>		<u>\$ 840,386.83</u>

\* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City has no investment policy that would further limit its exposure to credit risk. As of June 30, 2017, the City's investments with BlackRock (\$24,286.81) were rated AAAM and Aaa-mf by Standard and Poor's and Moody's, respectively. Such ratings were not available for the City's investments with PNC Wealth Management (\$663,156.87).

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the City's investment policies place no limit on the amount the City may invest in any one issuer. Since all of the City's investments are in mutual funds, no disclosures are required for the concentration of credit risk as such investments are exempt from such disclosure.

**Note 4: PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar / fiscal years:

	<u>Calendar Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 2.955	\$ 2.861	\$ 2.754	\$ 2.688	\$ 2.667
Apportionment of Tax Rate:					
Municipal	\$ 1.587	\$ 1.529	\$ 1.472	\$ 1.436	\$ 1.414
County	.863	.829	.787	.761	.764
Library	.055	.053	.049	.049	.048
County Open Space Preservation Trust Fund	.021	.021	.020	.019	.020
District School	.429	.429	.426	.423	.421

**Assessed Valuation**

<u>Calendar Year</u>	<u>Amount</u>
2017	\$ 1,697,364,582.00
2016	1,696,103,611.00
2015	1,704,835,808.00
2014	1,717,353,620.00
2013	1,728,812,148.00

**Comparison of Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 49,639,592.90	\$ 44,454,980.03	89.56%
2016	47,917,602.14	42,847,364.58	89.42%
2015	46,538,949.65	41,642,421.55	89.48%
2014	47,459,218.04	42,971,155.53	90.54%
2013	44,223,776.00	39,340,576.00	88.96%

**Delinquent Taxes and Tax Title Liens**

<u>Fiscal Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 60,976,284.61	\$ 414,863.23	\$ 61,391,147.84	123.67%
2016	58,331,168.16	476,320.92	58,807,489.08	122.73%
2015	55,477,318.02	528,335.18	56,005,653.20	120.34%
2014	52,066,090.13	598,036.83	52,664,126.96	110.97%
2013	48,821,777.96	563,096.00	49,384,873.96	111.67%



**Note 4: PROPERTY TAXES (CONT'D)**

The following comparison is made of the number of tax title liens receivable on June 30 for the current and previous four fiscal years:

<u>Fiscal Year</u>	<u>Number</u>
2017	16,392
2016	16,008
2015	15,174
2014	14,466
2013	13,608

**Note 5: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties, for the current and previous four fiscal years was as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 51,183,600.00
2016	50,765,500.00
2015	50,714,900.00
2014	2,521,860.00
2013	2,515,259.73

**Note 6: WATER AND SEWER UTILITY SERVICE CHARGES**

The following is a five-year comparison of water and sewer utility service charges (rents) for the current and previous four fiscal years:

**Water**

<u>Fiscal Year</u>	<u>Balance Beginning of Year</u>				<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	
2017	\$ 1,996,817.16	\$ 9,801,600.88	\$ 11,245,033.91	\$ 23,043,451.95	\$ 10,586,174.79
2016	3,007,745.72	9,009,783.76	11,559,114.67	23,576,644.15	10,430,140.82
2015	3,557,433.26	8,627,584.85	9,816,331.77	22,001,349.88	9,946,856.74
2014	4,870,108.23	8,241,832.33	13,278,685.66	26,390,626.22	12,820,435.91
2013	3,292,919.24	7,693,087.05	13,689,785.00	24,675,791.29	11,614,678.00

**Sewer**

<u>Fiscal Year</u>	<u>Balance Beginning of Year</u>				<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	
2017	\$ 2,452,910.69	\$ 6,301,326.47	\$ 7,767,890.92	\$ 16,522,128.08	\$ 7,641,487.42
2016	3,645,757.75	5,928,785.97	8,026,468.23	17,601,011.95	8,022,796.48
2015	3,381,270.91	5,708,354.61	8,725,184.12	17,814,809.64	8,208,595.87
2014	3,546,245.10	5,637,431.73	8,119,714.96	17,303,391.79	7,097,055.52
2013	3,019,352.00	5,237,812.77	7,857,588.00	16,114,752.77	7,114,780.00

**Note 6: WATER AND SEWER UTILITY SERVICE CHARGES (CONT'D)**

There are a number of consumer accounts receivable accounts identified that have delinquent balances in excess of one hundred and twenty (120) days old for water and sewer utility charges. As a result, the collectability of the accounts is uncertain. As of June 30, 2017, the balance of such accounts was \$1,129,347.38 and \$1,722,493.76 for the water utility and sewer utility, respectively. During fiscal year 2018, the City will review the balances for proper disposition.

**Note 7: FUND BALANCES APPROPRIATED**

The following schedules detail the amount of fund balances available at the end of the current fiscal year and four previous fiscal years and the amounts utilized in the subsequent fiscal year's budgets:

<u>Fiscal Year</u>	<u>Balance June 30</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b><u>Current Fund</u></b>			
2017	\$ 17,587,376.82	\$ 15,000,000.00 <sup>(1)</sup>	85.29%
2016	14,980,328.27	14,179,977.75	94.66%
2015	11,692,075.47	11,691,100.00	99.99%
2014	14,362,879.88	14,228,483.00	99.06%
2013	24,014,469.50	15,899,999.15	66.21%
<b><u>Water Utility Operating Fund</u></b>			
2017	\$ 3,144,726.26	\$ 1,229,086.00 <sup>(1)</sup>	39.08%
2016	3,518,017.63	2,406,149.90	68.40%
2015	7,692,738.55	5,726,380.31	74.44%
2014	8,173,084.36	1,300,000.00	15.91%
2013	6,983,475.71	2,573,399.57	36.85%
<b><u>Sewer Utility Operating Fund</u></b>			
2017	\$ 1,616,256.39	- <sup>(1)</sup>	0.00%
2016	4,309,948.55	\$ 3,318,257.98	76.99%
2015	3,837,941.34	618,927.01	16.13%
2014	4,999,345.88	2,950,000.00	59.01%
2013	7,774,089.04	4,150,000.00	53.38%

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<sup>(1)</sup> as introduced

**Note 8: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of June 30, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 2,661,338.34	\$ 4,557,559.71
Federal and State Grant	834,003.29	873,963.10
Trust - Animal Control		17,141.02
Trust - Other	2,200,764.44	523,058.13
General Capital	2,819,003.66	
Water Utility Operating	300,000.00	1,712,630.64
Water Utility Capital		300,000.00
Sewer Utility Operating	713,210.40	4,811,304.82
Sewer Utility Capital	3,267,337.29	
Public Trust	4,456.51	4,456.51
	<u>\$ 12,800,113.93</u>	<u>\$ 12,800,113.93</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the fiscal year 2018, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 9: PENSION PLANS**

A substantial number of the City's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several City employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

**General Information about the Pension Plans**

**Plan Descriptions**

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

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the City. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 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<sup>th</sup> 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<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The City's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The City's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.24% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS pension billing, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 is \$2,372,530.00 and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$2,289,110.00, which was paid on April 1, 2017. Employee contributions to the plan during the fiscal year ended June 30, 2017 were \$1,299,402.36.

**Police and Firemen's Retirement System** - The contribution policy is set by N.J.S.A. 43:16A 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 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

*Special Funding Situation Component* - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The City's contractually required contribution rate for the fiscal year ended June 30, 2017 was 29.22% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS pension billing, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 is \$4,539,259.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the City's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$4,318,184.00, which was paid on April 1, 2017. Employee contributions to the plan during the fiscal year ended June 30, 2017 were \$1,553,420.70.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the fiscal year ended June 30, 2017 is not known; however, its contractually required contribution rate for the fiscal year ended June 30, 2016 was 1.99% of the City's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the City, to the pension plan for the fiscal year ended June 30, 2017 is \$325,535.00, and was paid by April 1, 2017.

**Note 9: PENSION PLANS (CONT'D)**

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

**Contributions (Cont'd)**

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2017, employee contributions totaled \$85,905.93, and the City's contributions were \$46,831.30. There were no forfeitures during the year.

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

**Public Employees' Retirement System** - At June 30, 2017, the City's proportionate share of the PERS net pension liability was \$76,314,681.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the City's proportion was .2576707343%, which was a decrease of .0137956683% from its proportion measured as of June 30, 2015.

At June 30, 2017, the City's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$7,857,458.00. This expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the fiscal year ended June 30, 2016, the City's contribution to PERS was \$2,289,110.00, and was paid on April 1, 2017.

**Police and Firemen's Retirement System** - At June 30, 2017, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$ 101,170,432.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	<u>8,495,807.00</u>
	<u><u>\$ 109,666,239.00</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the City's proportion was .5296171977%, which was an increase of .0028399874% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the City, was .5296171977%, which was an increase of .0028399874% from its proportion, on-behalf of the City, measured as of June 30, 2015.

**Note 9: PENSION PLANS (CONT'D)**

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

**Police and Firemen's Retirement System (Cont'd)** - At June 30, 2017, the City's proportionate share of the PFRS pension expense (income), calculated by the plan as of the June 30, 2016 measurement date is (\$4,185,325.00). This expense (income) is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the fiscal year ended June 30, 2017, the City's contribution to PFRS was \$4,318,184.00, and was paid on April 1, 2017.

At June 30, 2017, the State's proportionate share of the PFRS pension expense, associated with the City, calculated by the plan as of the June 30, 2016 measurement date is \$1,085,115.00. This on-behalf expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At June 30, 2017, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 1,419,222.00	\$ -	\$ 1,419,222.00	\$ -	\$ 663,187.00	\$ 663,187.00
Changes of Assumptions	15,808,326.00	14,012,936.00	29,821,262.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,909,948.00	7,088,809.00	9,998,757.00	-	-	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	3,794,561.00	1,434,888.00	5,229,449.00	2,248,232.00	50,245,078.00	52,493,310.00
City Contributions Subsequent to the Measurement Date	2,372,530.00	4,539,259.00	6,911,789.00	-	-	-
	<u>\$ 26,304,587.00</u>	<u>\$ 27,075,892.00</u>	<u>\$ 53,380,479.00</u>	<u>\$ 2,248,232.00</u>	<u>\$ 50,908,265.00</u>	<u>\$ 53,156,497.00</u>

\$2,372,530.00 and \$4,539,259.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. These amounts are based on the April 1, 2018 contractually required contribution.



**Note 9: PENSION PLANS (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 City will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58

**Note 9: PENSION PLANS (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)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2018	\$ 5,105,309.00	\$ (10,175,022.00)	\$ (5,069,713.00)
2019	5,105,309.00	(10,175,022.00)	(5,069,713.00)
2020	5,824,064.00	(8,475,411.00)	(2,651,347.00)
2021	4,525,036.00	249,138.00	4,774,174.00
2022	1,124,107.00	204,685.00	1,328,792.00
	<u>\$ 21,683,825.00</u>	<u>\$ (28,371,632.00)</u>	<u>\$ (6,687,807.00)</u>

**Actuarial Assumptions**

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

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation	3.08%	3.08%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

For PFRS, pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

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

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS and 5.55% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 9: PENSION PLANS (CONT'D)**

**Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the City's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the City'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:

	<b>PERS</b>		
	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
City's Proportionate Share of the Net Pension Liability	\$ 93,514,735.00	\$ 76,314,681.00	\$ 62,114,546.00

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the City's annual required contribution. As such, the net pension liability as of June 30, 2016, the plans measurement date, for the City and the State of New Jersey, calculated using a discount rate of 5.55%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease (4.55%)</b>	<b>Current Discount Rate (5.55%)</b>	<b>1% Increase (6.55%)</b>
City's Proportionate Share of the Net Pension Liability	\$ 130,451,854.00	\$ 101,170,432.00	\$ 77,293,194.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	10,954,720.17	8,495,807.00	6,490,711.21
	<u>\$ 141,406,574.17</u>	<u>\$ 109,666,239.00</u>	<u>\$ 83,783,905.21</u>

**Pension Plan Fiduciary Net Position**

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

**Note 9: PENSION PLANS (CONT'D)**

**Supplementary Pension Information**

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements 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.

***Schedule of the City's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Four Plan Fiscal Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.2576707343%	0.2714664026%	0.2570163840%	0.2375671563%
City's Proportionate Share of the Net Pension Liability	\$ 76,314,681.00	\$ 60,938,768.00	\$ 48,120,496.00	\$ 45,403,804.00
City's Covered Payroll (Plan Measurement Period)	\$ 17,522,248.00	\$ 18,480,656.00	\$ 17,500,524.00	\$ 16,293,304.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	435.53%	329.74%	274.97%	278.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

***Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Four Fiscal Years)***

	<u>Fiscal Year Ended June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Contractually Required Contribution	\$ 2,372,530.00	\$ 2,289,110.00	\$ 2,333,883.00	\$ 2,118,806.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(2,372,530.00)</u>	<u>(2,289,110.00)</u>	<u>(2,333,883.00)</u>	<u>(2,118,806.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	\$ 17,920,018.00	\$ 17,430,768.00	\$ 17,824,124.00	\$ 17,782,634.00
City's Contributions as a Percentage of Covered Payroll	13.24%	13.13%	13.09%	11.92%

**Note 9: PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

***Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Four Plan Fiscal Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.5296171977%	0.5267772103%	0.6583263455%	1.2131066290%
City's Proportionate Share of the Net Pension Liability	\$ 101,170,432.00	\$ 87,742,721.00	\$ 82,811,348.00	\$ 161,271,579.00
State's Proportionate Share of the Net Pension Liability associated with the City	8,495,807.00	7,694,742.00	8,917,390.00	15,032,470.00
<b>Total</b>	<b>\$ 109,666,239.00</b>	<b>\$ 95,437,463.00</b>	<b>\$ 91,728,738.00</b>	<b>\$ 176,304,049.00</b>
City's Covered Payroll (Plan Measurement Period)	\$ 16,657,396.00	\$ 16,657,396.00	\$ 18,493,440.00	\$ 37,204,872.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	607.36%	526.75%	447.79%	433.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

***Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Four Fiscal Years)***

	<u>Fiscal Year Ended June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Contractually Required Contribution	\$ 4,539,259.00	\$ 4,318,184.00	\$ 4,281,913.00	\$ 5,056,401.00
City's Contribution in Relation to the Contractually Required Contribution	(4,539,259.00)	(4,318,184.00)	(4,281,913.00)	(5,056,401.00)
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Fiscal Year)	\$ 15,534,207.00	\$ 16,390,126.00	\$ 16,898,676.00	\$ 16,898,676.00
City's Contributions as a Percentage of Covered Payroll	29.22%	26.35%	25.34%	29.92%

**Other Notes to Supplementary Pension Information**

***Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

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

**Note 9: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65%, and the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the City authorized participation in the SHBP's post-retirement benefit program through resolution number MC-12:2595. The City provides postemployment health care benefits, at its cost, to all City retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a state locally administered retirement system and have served at least twenty (20) years as an employee of the City of Camden.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The City's contributions to SHBP for the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015 were \$13,180,762.22, \$11,549,545.68, and \$10,998,881.52, respectively, which equaled the required contributions for each fiscal year. There were approximately 667 retired participants eligible at June 30, 2017.



**Note 11: COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward to the subsequent year, but must be scheduled by March 31<sup>st</sup> of that year and used by December 31<sup>st</sup>.

The City compensates all employees for unused sick leave upon termination or retirement. The current policy provides that the employee shall receive fifty percent (50%) of total accumulated sick time, but no more than \$15,000.00.

Full-time fire fighters are entitled to eighteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. A maximum of fifteen unused vacation days may be carried forward to the subsequent year.

The City compensates fire fighters for unused sick leave and accumulated vacation days upon retirement. The current policy provides that the employee shall receive compensation for each full vacation day at their full current daily rate and fifty percent (50%) of total accumulated sick time.

The City has established a compensated absences trust fund to set aside funds for future payments of compensated absences, which at June 30, 2017 had a balance of \$862,088.20. It is estimated that, at June 30, 2017, accrued benefits for compensated absences are valued at \$10,823,590.33.

**Note 12: DEFERRED COMPENSATION SALARY ACCOUNT**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements.

**Note 13: CAPITAL DEBT**

**General Obligation Bonds** - On July 15, 2014, the City issued \$8,000,000.00 of general obligation bonds, series 2014, at interest rates ranging from 3.0% to 4.0%. The bonds were issued for the purpose of permanently financing the costs of the demolition and removal of abandoned buildings and structures in the City. The final maturity of the bonds is November 15, 2028.

On April 11, 2017, the City issued \$12,530,000.00 of general obligation bonds, series 2017 at an interest rate of 3.01%. The bonds were issued for the purpose of refunding, on a current basis, \$7,530,000.00 in aggregate principal amount of outstanding bond anticipation notes and permanently financing the costs of the demolition and removal of abandoned buildings and structures in the City and for the purchase of vehicles and equipment in the amount of \$5,000,000.00. The final maturity of the bonds is April 1, 2027.

**Note 13: CAPITAL DEBT (CONT'D)**

**General Obligation Bonds (Cont'd)** - The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,210,000.00	\$ 706,615.97	\$ 1,916,615.97
2019	1,375,000.00	683,900.00	2,058,900.00
2020	1,420,000.00	624,425.00	2,044,425.00
2021	1,455,000.00	563,000.00	2,018,000.00
2022	2,020,000.00	500,125.00	2,520,125.00
2023-2027	10,405,000.00	1,278,900.00	11,683,900.00
2028-2029	1,325,000.00	53,500.00	1,378,500.00
	<u>\$ 19,210,000.00</u>	<u>\$ 4,410,465.97</u>	<u>\$ 23,620,465.97</u>

**New Jersey Department of Environmental Protection Loans** - The City has several New Jersey Department of Environmental Protection loans recorded in the general capital fund which have provided funding for the acquisition and renovations of various parks and recreational facilities within the City. The balance of the loans at June 30, 2017 is \$323,129.07. The interest rate on each loan is two percent (2.0%) with various maturities, with final maturity on July 1, 2024. Principal and interest payments for the issues are due semi-annually.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Department of Environmental Protection loans:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 67,913.78	\$ 6,124.70	\$ 74,038.48
2019	69,278.83	4,786.94	74,065.77
2020	54,003.11	3,381.12	57,384.23
2021	41,094.01	2,434.21	43,528.22
2022	41,920.01	1,608.23	43,528.24
2023-2024	48,919.33	827.21	49,746.54
	<u>\$ 323,129.07</u>	<u>\$ 19,162.41</u>	<u>\$ 342,291.48</u>

**Urban and Rural Centers Unsafe Building Demolition Program Loans** - The City has several Urban and Rural Centers Unsafe Building Demolition Program loans recorded in the general capital fund which have provided funding for the demolition of various structures in the City. The loans bear no interest rate and mature in various increments through fiscal year 2038.

**Note 13: CAPITAL DEBT (CONT'D)**

**Urban and Rural Centers Unsafe Building Demolition Program Loans (Cont'd)** - The following schedule represents the remaining debt service, through maturity, for the Urban and Rural Centers Unsafe Building Demolition Program loans:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 531,100.00		\$ 531,100.00
2019	681,100.00		681,100.00
2020	681,100.00		681,100.00
2021	681,100.00		681,100.00
2022	431,100.00		431,100.00
2023-2027	1,912,200.00		1,912,200.00
2028-2032	1,250,000.00		1,250,000.00
2033-2037	950,000.00		950,000.00
2038	150,000.00		150,000.00
	<u>\$ 7,267,700.00</u>	<u>-</u>	<u>\$ 7,267,700.00</u>

**New Jersey Environmental Infrastructure (Wastewater Treatment) Trust Loans** - Throughout the years, the City has applied for and received several loans from the State of New Jersey under the Environmental Infrastructure Trust ("NJEIT") Program, which provide funding for various water and sewer related projects in the City's water utility capital fund and sewer utility capital fund. The NJEIT issues debt in order to provide for the funding of such loans, which are awarded to governmental entities through an application process. The funds on hand at the NJEIT for loans committed to the City are recorded as debt in the financial records of the City. The NJEIT acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJEIT. The City's loans mature in various increments through fiscal year 2035.

The following schedules represent the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure (Wastewater Treatment) Trust loans:

**Water Utility - New Jersey Environmental Infrastructure Trust Loans**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,663,503.77	\$ 488,752.50	\$ 4,152,256.27
2019	3,759,781.20	392,175.00	4,151,956.20
2020	3,813,213.24	289,738.75	4,102,951.99
2021	3,575,322.72	184,668.75	3,759,991.47
2022	1,876,206.13	104,456.25	1,980,662.38
2023-2027	2,439,900.68	231,875.00	2,671,775.68
2028-2032	1,607,679.70	95,000.00	1,702,679.70
2033-2035	723,095.98	14,300.00	737,395.98
	<u>\$ 21,458,703.42</u>	<u>\$ 1,800,966.25</u>	<u>\$ 23,259,669.67</u>

**Note 13: CAPITAL DEBT (CONT'D)**

**New Jersey Environmental Infrastructure (Wastewater Treatment) Trust Loans (Cont'd)** - The following schedules represent the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure (Wastewater Treatment) Trust loans (cont'd):

	<b>Fiscal Year <u>2017</u></b>	<b>Fiscal Year <u>2016</u></b>	<b>Fiscal Year <u>2015</u></b>
<b><u>Deductions</u></b>			
Water Utility:			
Self-liquidating Debt	\$ 26,393,105.74	\$ 31,127,456.76	\$ 34,474,596.42
Sewer Utility:			
Cash held to Pay Loans			
Self-liquidating Debt	<u>20,893,359.76</u>	<u>23,679,462.23</u>	<u>27,445,151.83</u>
Total Deductions	<u>47,286,465.50</u>	<u>54,806,918.99</u>	<u>61,919,748.25</u>
<b>Net Debt</b>	<b><u>\$ 28,196,194.89</u></b>	<b><u>\$ 26,243,870.51</u></b>	<b><u>\$ 24,011,334.31</u></b>

The following schedule represents the City's summary of debt for the current and two previous fiscal years:

	<b>Fiscal Year <u>2017</u></b>	<b>Fiscal Year <u>2016</u></b>	<b>Fiscal Year <u>2015</u></b>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 26,800,829.07	\$ 20,598,504.69	\$ 22,615,968.49
Water Utility:			
Loans	21,458,703.42	25,043,983.30	28,391,122.96
Sewer Utility:			
Loans	<u>19,943,824.31</u>	<u>21,967,698.78</u>	<u>23,671,616.38</u>
Total Issued	<u>68,203,356.80</u>	<u>67,610,186.77</u>	<u>74,678,707.83</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	1,395,365.82	5,645,365.82	1,395,365.82
Water Utility:			
Loans	4,934,402.32	6,083,473.46	6,083,473.46
Sewer Utility:			
Loans	<u>949,535.45</u>	<u>1,711,763.45</u>	<u>3,773,535.45</u>
Total Authorized but not Issued	<u>7,279,303.59</u>	<u>13,440,602.73</u>	<u>11,252,374.73</u>
Total Issued and Authorized but not Issued	<u>75,482,660.39</u>	<u>81,050,789.50</u>	<u>85,931,082.56</u>

(Continued)

**Note 13: CAPITAL DEBT (CONT'D)**

The following schedule represents the City's summary of debt for the current and two previous fiscal years (Cont'd):

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
<b><u>Deductions</u></b>			
Water Utility:			
Self-liquidating Debt	\$ 26,393,105.74	\$ 31,127,456.76	\$ 34,474,596.42
Sewer Utility:			
Cash held to Pay Loans			
Self-liquidating Debt	<u>20,893,359.76</u>	<u>23,679,462.23</u>	<u>27,445,151.83</u>
Total Deductions	<u>47,286,465.50</u>	<u>54,806,918.99</u>	<u>61,919,748.25</u>
<b>Net Debt</b>	<u><u>\$ 28,196,194.89</u></u>	<u><u>\$ 26,243,870.51</u></u>	<u><u>\$ 24,011,334.31</u></u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.751%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Utility	\$ 26,393,105.74	\$ 26,393,105.74	
Sewer Utility	20,893,359.76	20,893,359.76	
General	<u>28,196,194.89</u>		<u>\$ 28,196,194.89</u>
	<u><u>\$ 75,482,660.39</u></u>	<u><u>\$ 47,286,465.50</u></u>	<u><u>\$ 28,196,194.89</u></u>

Net debt \$28,196,194.89 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,610,405,110.33, equals 1.751%.

**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 56,364,178.86
Net Debt	<u>28,196,194.89</u>
Remaining Borrowing Power	<u><u>\$ 28,167,983.97</u></u>

**Note 13: CAPITAL DEBT (CONT'D)**

**Calculation of "Self-Liquidating Purpose,"  
Water and Sewer Utility Per N.J.S.A. 40:2-45**

	<u>Water Utility</u>	<u>Sewer Utility</u>
Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 14,286,909.40	\$ 11,611,582.17
Deductions:		
Operating and Maintenance Costs	7,951,784.00	7,000,000.00
Debt Service	4,128,102.20	2,406,114.46
Total Deductions	12,079,886.20	9,406,114.46
Excess (Deficit) in Revenue	\$ 2,207,023.20	\$ 2,205,467.71

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

**Note 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding fiscal years. At June 30, 2017, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the federal and state grant fund:

<u>Description</u>	<u>Balance June 30, 2017</u>	<u>Fiscal Year 2018 Budget Appropriation</u>
Federal and State Grant Fund: Expenditure without Appropriation	\$ 126,656.94	\$ 126,656.94

**Note 15: RISK MANAGEMENT**

The City 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.

**Property and Liability Insurance** - The City maintains a level of self-insurance for property, liability, and vehicle insurance, and consequently, has established the reserve for self-insurance in the trust - other funds. The following is a summary of City contributions, interest earnings, settlements and refunds, claims paid, and the ending balance of the City's self-insurance trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Interest Earnings</u>	<u>Refunds</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 2,036,000.00	\$ 0.05	\$ 27,887.58	\$ 1,243,956.55	\$ 3,186,920.07
2016	2,000,000.00	1.54	281,053.52	1,552,375.62	2,366,988.99
2015	2,077,500.00	0.04	113,198.79	1,459,332.81	1,638,309.55

**Note 15: RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance** - The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "benefit reimbursement method". Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State.

The following is a summary of City contributions, claims paid to the State for benefits paid, and the ending balance of the City's trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 300,000.00	\$ 146,289.79	\$ 1,255,679.91
2016	300,000.00	194,599.29	1,101,969.70
2015	300,000.00	207,435.84	996,568.99

At June 30, 2017, it is estimated that unreimbursed claims exist in the amount of \$28,399.43.

**Workers' Compensation Insurance** - The City has adopted a plan of self-insurance for workers' compensation and has established the reserve for workers' compensation in the trust - other funds to account for and finance its related uninsured risks of loss, with no maximum per any one accident. Qual-Lynx acts as the third party administrator of the plan.

The following is a summary of City contributions, refunds, claims paid, and the ending balance of the City's trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>City Contributions</u>	<u>Refunds</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 2,148,195.00	\$ 396,530.20	\$ 1,589,045.01	\$ 2,289,369.18
2016	2,300,000.00	130,864.72	1,783,664.65	1,333,688.99
2015	2,300,000.00	137,348.53	2,109,212.90	686,488.92

At June 30, 2017, the balance of estimated workers' compensation payables was \$2,269,980.64, as provided by the third party administrator. None of the pending claims have been recorded as accounts payable and charged to the reserve for workers' compensation as of June 30, 2017. Any additional funding required for claims in excess of the aforementioned reserve will be paid and charged to future budgets.

**Note 16: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

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

**Note 17: CONCENTRATIONS**

The City depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 18: TAX ABATEMENTS**

As of June 30, 2017, the City provides tax abatements through three programs - the Dwelling Abatement / Exemption Program, the New Jersey Economic Opportunity Act of 2013, and the Urban Enterprise Zone Program:

- The Dwelling Abatement / Exemption Program provides property tax abatements and exemptions to encourage improvements to single-family and multiple-unit dwellings, under State Statute 40A:21-5. Abatements / exemptions are obtained through application by the property owner, including proof that the improvements have been made. Once approved by the City, in determining the value of the real property, the City regards the first \$15,000.00, as specified by ordinance, in the assessor's full and true value of such improvements for each dwelling unit more than twenty (20) years old as not increasing the value of the property for a period of five years. The amount of the abatement / exemption is deducted from the recipient's assessment.
- Under the New Jersey Economic Opportunity Act of 2013 ("EO13"), the City administers two tax exemption programs: the 5-Year Program and the 10-Year Program. In order to qualify under the 10-Year Program, an applicant must meet the eligibility requirements of the Grow New Jersey Assistance Program ("Grow"). The EO13 merged five of New Jersey's most prominent economic incentive programs into two programs, and provided added incentives for development and job creation in certain areas of the State. Specifically, the law phased out the Business Retention and Relocation Assistance Grant Program, the Business Employment Incentive Program, and the Urban Transit Hub Tax Credit Program on December 31, 2013, and expanded the Grow and the Economic Redevelopment and Growth Grant Program ("ERG"). The law sunsets the "new" Grow and ERG programs on July 1, 2019, and it prohibits the New Jersey Economic Development Authority from considering an application for eligibility for tax credits under Grow and ERG after June 30, 2019. The purpose of sunseting the program is to ascertain its effectiveness. The overall goals of the EO13 are enhancing business attraction, retention and job creation efforts, and strengthening New Jersey's competitive edge in the global economy.
- The Urban Enterprise Zone Program provides property tax abatements to encourage relocation and or expansion of private business operations and to encourage the construction of new single-family housing units to support business activity and stimulate neighborhood revitalization, under State Statute 54:4-3.139.

The following is a recapitulation of the total amount of taxes abated under the four aforementioned tax abatement programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Dwelling Abatement / Exemption Program	\$ 10,950.30
New Jersey Economic Opportunity Act:	
5-Year Program	372,757.73
10-Year Program	694,882.23
Urban Enterprise Zone Program	<u>17,105.00</u>
 Total	 <u>\$ 1,095,695.27</u>



**Note 19: SUBSEQUENT EVENTS**

**Tax Appeals** - As of June 30, 2017, several tax appeal were on file against the City. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the City, the estimated impact of the tax refunds could be material.

**Change in Service Provider** - The City entered into an agreement with the County of Camden, effective January 1, 2018, transferring all responsibility for the City's 9-1-1 police emergency call operations to the County.

**Shared Services Agreement** - On December 12, 2017, the City entered into a shared services agreement with the Camden County Municipal Utility Authority and Coopers Ferry Partnership for the preparation of an application for environmental infrastructure (EIT) and Green Acres funding for the Rutgers athletic complex project.

**Authorization of Debt** - Subsequent to June 30, the City authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Introduction</u>	<u>Authorization</u>
<b>General and Utility Improvements:</b>		
Water Utility Improvements	01/09/18	\$ 2,000,000.00
Sewer Utility Improvements	01/09/18	6,550,000.00
Traffic and Infrastructure Improvements	02/13/18	2,600,000.00