

South Jersey Economic Development District

Will Morey, Chairman
Cape May County

John Risley, Vice-Chair
Atlantic County

Douglass Painter, Secretary
Salem County

James Sauro, Treasurer
Cumberland County

January 10, 2017

Mr. Curt Harker, Clerk of the Board
County of Salem
110 Fifth Street
Salem, NJ 08079

SJEDD FY2016 Audit Report

Dear Mr. Harker:

Enclosed for your records is a copy of the most recent SJEDD audit report covering the term April 1, 2015 through March 31, 2016 (FY2015). This report is being provide pursuant to SJEDD policy and was distributed to the Board of Directors at the January 9, 2017 meeting.

Please feel free to contact me if you have any questions.

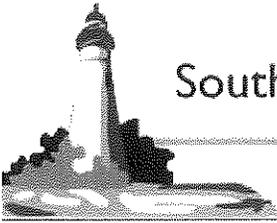
Louis C. Joyce,
Executive Director

LOUIS C. JOYCE
EXECUTIVE DIRECTOR
BOARD OF DIRECTORS

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CLERK OF THE BOARD

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(A NONPROFIT CORPORATION)
AUDIT REPORT
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015



South Jersey Economic Development District

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Louis C. Joyce,
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SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(A NONPROFIT CORPORATION)
AUDIT REPORT
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

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& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

November 7, 2016

To the Board of Directors
South Jersey Economic Development District, Inc.

We have audited the financial statements of the South Jersey Economic District, Inc. for the year ended March 31, 2016, and have issued our report thereon dated November 7, 2016. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our engagement letter dated May 16, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

OTHER INFORMATION CONTAINED IN AUDITED FINANCIAL STATEMENTS

Management is responsible for the information accompanying the financial statements. Our audit was for the purpose of forming an opinion on the financial statements as a whole. The supplemental information is presented in accordance with the requirements of the Department of Community Affairs in the State of New Jersey. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is not fairly stated in all material respects in relation to the financial statements taken as a whole.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 16, 2016.

SIGNIFICANT AUDIT FINDINGS

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by South Jersey Economic Development District, Inc. are described in Note 1 to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during 2016. There are no significant transactions that have been recognized in the financial statements during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No significant accounting estimates were identified in 2016.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the NexGen Aviation Research Park in Note 10 to the financial statements. Information in this disclosure was derived from the information received during the audit period. Accordingly an adjustment was proposed to conform with GAAP.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit other than obtaining sufficient documents to perform testing.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no known or likely misstatements identified during the audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the attached management representation letter dated November 7, 2016.

MANAGEMENT CONSULTATION WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to South Jersey Economic Development District Inc.'s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the South Jersey Economic Development District Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

This information is intended solely for the use of the Audit Committee and management of South Jersey Economic Development District Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C
CERTIFIED PUBLIC ACCOUNTANTS

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
REPORT ON AUDIT
FOR THE YEARS ENDED MARCH 31, 2016 and 2015

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Independent Auditor's Report

The Board of Directors
South Jersey Economic Development District, Inc.
Millville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of South Jersey Economic Development District, Inc. which comprise the statement of net assets as of March 31, 2016 and 2015 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Jersey Economic Development District, Inc. as of March 31, 2016 and 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C
CERTIFIED PUBLIC ACCOUNTANTS**

November 7, 2016

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
STATEMENTS OF NET ASSETS
AS OF MARCH 31,

	2016	2015
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 411,312	391,144
Grant Administration Receivable	7,000	7,500
Grants Receivable	22,500	22,500
Loans Receivable - Current Portion	162,068	134,658
Total Current Assets	602,880	555,802
Other Assets:		
Leasehold Improvements Held for Sale	-	375,000
Loans Receivable - Net of Current Portion	116,216	144,407
Loan Fees, net of accumulated amortization of \$71,315 and \$42,792	-	28,522
Total Other Assets	116,216	547,929
TOTAL ASSETS	\$ 719,096	1,103,731

The accompanying notes are an integral part of this statement

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
STATEMENTS OF NET ASSETS
AS OF MARCH 31,

	2016	2015
<u>LIABILITIES AND TOTAL NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 68,442	203,320
Accrued Interest Payable	926	926
Loans Payable - Current Portion	41,283	89,800
Total Current Liabilities	110,651	294,046
Long-Term Liabilities:		
Loans Payable - Net of Current Portion	377,076	630,728
Total Long-Term Liabilities	377,076	630,728
Total Liabilities	487,727	924,774
Net Assets:		
Unrestricted Assets	(677,701)	(750,200)
Temporarily Restricted Assets	909,070	929,157
Total Net Assets	231,369	178,957
TOTAL LIABILITIES AND NET ASSETS	\$ 719,096	1,103,731

The accompanying notes are an integral part of this statement

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31.

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Federal Sources	\$ 70,000		70,000	70,000		70,000
County Sources	116,000	10,000	126,000	407,346	10,000	417,346
Local Sources			-		30,000	30,000
Interest	18,508		18,508	235		235
Cancellation of Prior Accounts Payable			-	22,750		22,750
Miscellaneous	30,688		30,688	2,758		2,758
Net Assets Released from Restrictions	30,087	(30,087)	-			
Total Revenues	265,283	(20,087)	245,196	503,089	40,000	543,089
EXPENSES:						
Program Expenses	131,836		131,836	89,540		89,540
Management and General	60,948		60,948	49,822		49,822
Total Expenses	192,784		192,784	139,362		139,362
Impairment Loss on Assets Held for Sale				219,572		219,572
Change in Net Assets	72,499	(20,087)	52,412	144,155	40,000	184,155
Beginning Net Assets	(750,200)	929,157	178,957	(894,355)	889,157	(5,198)
Ending Net Assets	(677,701)	909,070	231,369	(750,200)	929,157	178,957

The accompanying notes are an integral part of this statement

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.

(a nonprofit corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED MARCH 31,

	Program Services	Management and General	Total 2016	Total 2015 (A)
Auto			-	5
Bank Service Charge		661	661	1,274
Employee Pension Costs		1,171	1,171	11,413
Filing Fees		25	25	-
Insurance		8,509	8,509	11,288
Interest		11,587	11,587	10,203
Legal and Professional	62,567		62,567	83,277
Miscellaneous		7,498	7,498	5,346
Office Supplies		95	95	94
Payroll			-	159
Postage	40		40	55
Project Costs	20,129		20,129	6,208
Rent		2,400	2,400	1,900
Amortization Expense		28,522	28,522	7,132
Telephone		480	480	1,008
Disposition of Held for Sale Assets	49,100		49,100	-
TOTAL	\$ 131,836	60,948	192,784	139,362

(A) - see next page for detail of 2015 expenses

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015

	Program Services	Management and General	Total
Auto	\$	5	5
Bank Service Charge		1,274	1,274
Employee Pension Costs		11,413	11,413
Insurance		11,288	11,288
Interest		10,203	10,203
Legal and Professional	83,277		83,277
Miscellaneous		5,346	5,346
Office Supplies		94	94
Payroll		159	159
Postage	55		55
Project Costs	6,208		6,208
Rent		1,900	1,900
Amortization Expense		7,132	7,132
Telephone		1,008	1,008
TOTAL	\$ 89,540	49,822	139,362

The accompanying notes are an integral part of this statement

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess revenues over expenses	\$ 52,412	184,155
Adjustments to Reconcile Excess of Revenues over Expenses to Net Cash Provided by/(Used in) Operating Activities:		
Amortization of loan fees	28,522	7,132
Decrease in accounts receivable	500	18,000
Increase in grants receivable	-	(22,500)
Decrease in accounts payable	(134,878)	(82,798)
Increase in amounts due back to funding sources	-	(255,171)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(53,444)</u>	<u>(151,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of property	375,000	219,572
Repayments of loans receivable	781	3,061
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>375,781</u>	<u>222,633</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of loans	-	275,442
Repayments on loans payable	(302,169)	(55,706)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	<u>(302,169)</u>	<u>219,736</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,168	291,187
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>391,144</u>	<u>99,957</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 411,312</u>	<u>391,144</u>
SUPPLEMENTAL DISCLOSURES:		
Operating activities reflect the following:		
Interest paid	<u>\$ 11,587</u>	<u>10,203</u>

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 and 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

South Jersey Economic Development District, Inc. was created to encourage well planned economic development in the member counties in ways that support the public's general welfare and planning.

The following is a summary of the more significant accounting policies:

B. Basis of Presentation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (US GAAP). The District reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

It is the policy of the District to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

C. Revenue Recognition

In accordance with US GAAP, revenue is recognized when earned rather than when cash is received. Grant revenue is recognized as income in the period that it is expended. Any excess expenses that are due from grant sources is recorded in grants receivable.

D. Allocation of Operating Expenses

The allocation of current operating expenses to the various funds is at the discretion of the District's management. These expenses are allocated between program and management and general on the statement of functional expenses.

E. Local Match

The District's member counties each provide from their annual budget a cash contribution to the District for their portion of the local match for its planning program grant.

F. Property, Plant and Equipment

It is the policy of the District to capitalize all items which have a unit cost greater than one thousand dollars (\$1,000). Items purchased with a value less than \$1,000 will be expensed in the period purchased.

As of March 31, 2016 and 2015 the district has no depreciable assets.

G. Grant Administration Receivable

The District carries its receivables under grant administration awards from cities and towns within its member counties at net realizable value. An allowance is not deemed necessary because a majority of its income comes from local grant funding, and all is expected to be received.

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

H. Cash and Cash Equivalents

The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Separate cash balances are maintained for operations and the revolving loan fund and restricted for expenses related to that particular account.

	2016	2015
Unrestricted	\$ 50,705	49,583
Restricted (Note 2)	360,607	341,561
Total Cash and Cash Equivalents	\$ 411,312	391,144

I. Capitalization of Loan Fees

It is the District's practice to capitalize loan costs and amortize these loan costs over the life of the loan. When the loan is paid in full any unamortized fees will be expensed in the year of retirement. Total amortization of loan fees for the years ended March 31, 2016 and 2015 is \$28,522 and \$7,132, respectively.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. REVOLVING LOAN FUND

In 1987, the Federal EDA awarded the District \$480,000 to implement a revolving loan fund within the District's geographical area. Seventy-five percent of each loan awarded is to be provided by the Federal Economic Development Authority (EDA) and the remaining twenty-five percent is to be provided by the county in which the organization receiving the loan is located. As of March 30, 1992, all \$480,000 was received.

On September 2, 1988, the Federal EDA approved an amendment to the funding previously awarded to the District. Additional financial assistance of up to \$200,000 was available to the District for loans in the geographical area of the District. \$37,939 was utilized under this amendment. The Federal EDA deobligated the undisbursed funds in the amount of \$162,061 from this project. Thus, the total disbursed under this agreement was \$517,939.

Based on loan activity under the original agreement \$517,939 was disbursed by the Federal EDA, which was to be matched 25% by the participating counties under the original program agreement. The District has experienced a total of \$7,500 in historical loan losses under the program. As a result total funds to be accounted for under the terms of the program were \$639,924. As of March 31, 2016 and 2015, there were \$278,284 and \$279,065 in Revolving Loan Fund (RLF) loans receivable and \$360,607 and \$341,561 segregated in the District's RLF bank account, respectively. Total balances accounted for are

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

\$618,891 and \$620,626 which creates a potential deficiency of \$1,033 and \$19,298 under the program as of March 31, 2016 and 2015, respectively.

The District received a \$275,422 ACIA loan to replenish the RLF account for prior deficiencies based on the Inspectors General Letter corrective action on September 22, 2014 as indicated in Note 8. The corrective action indicates five replenishments of \$45,907 starting March 31, 2015. As of March 31, 2016 the entire \$275,422 was used to replenish the RLF account.

The following schedule details the loans outstanding as of March 31, 2016 and 2015:

Inez McRae, Cumberland County Sixty monthly installments of \$1,226 inclusive of principal and interest at a rate of 5.5% based upon 15 years. The loan is due March 31, 2020.	08/07	\$ 150,000	\$ 111,819	108,318
Melon Entertainment, L.L.C., Salem County Sixty monthly installments of \$888 inclusive of principal and interest at a rate of 4% based upon 15 years. The loan is delinquent as of May 2014 and is in litigation.	03/09	120,000	95,787	95,787
Frank M. Schrier, Jr., Salem County Sixty monthly installments of \$710 inclusive of principal and interest at a rate of 5%. The loan was paid in full in January 2015.	12/09	37,600	-	3,379
Barbara Rak, Atlantic County Installments of \$207 inclusive of principal and interest at a rate of 4% until the loan is paid in full.	03/10	40,000	15,125	16,028
Pearl Giordano, Cumberland County Sixty monthly installments of \$760 inclusive of principal and interest at a rate of 5.50%. The loan is delinquent as of September 1, 2015 and is in litigation.	08/10	70,000	<u>55,553</u>	<u>55,553</u>
Current Portion			162,068	134,658
Long-Term Portion			<u>116,216</u>	<u>144,407</u>
TOTAL			<u><u>\$ 278,284</u></u>	<u><u>279,065</u></u>

The District has experienced loans with a history of habitual delinquency and is in the process of renegotiating the interest rate and term with the borrower. Management expects that all loans receivable will ultimately be collected from borrowers or that sufficient collateral exists to cover loan balances.

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 3. LOAN SETTLEMENT EXPENSES

Payments of expenses relating to the District lending activity under the Revolving Loan Fund are made by the borrower.

NOTE 4. LEASEHOLD IMPROVEMENTS

Leasehold improvement balances at March 31, 2016 and 2015 are as follows:

	2016	2015
Leasehold Improvements	\$ -	375,000

Leasehold improvements were not in-service during the years ended March 31, 2016 and 2015. On May 28, 2015 the District executed a lease assignment with Stockton ARTP for the purchase of the engineering fees related to the Next Gen Aviation Park.

NOTE 5. GRANT PERIODS

The District adopted a twelve month period ended March 31 to accommodate the grant revenue cycle of the Philadelphia Regional Office of the Economic Development Administration.

NOTE 6. U.S. DEPARTMENT OF COMMERCE

In 2008, the District was awarded a grant from the U.S. Department of Commerce's Economic Development Administration (EDA) in the amount of \$2,500,000. This award was to provide new infrastructure, roadway, sewer and water utilities for the development of the Aviation Research and Technology Park, on 58 acres of the 5,000 acre site of the William J. Hughes Technical Center. The total estimated cost of the project is \$7,500,000. Expenditures for the years ended March 31, 2016 and 2015 are \$0 and \$0, respectively.

On May 28, 2015, the district transferred the lease and infrastructure related to the aviation research park to Stockton Aviation Research and Technology Park, Inc.(SARTP). The District requested and filed the necessary documents to transfer the grant to the SARTP and the regional EDA office has issued the necessary grant amendment naming SARTP as grant recipient.

NOTE 7. DUE BACK TO FUNDING SOURCES

During the years ended March 31, 2012 and March 31, 2011, the District submitted identical bills for the NextGen Aviation Research Park across multiple grant agencies and received reimbursements in excess of the expenditure incurred for these bills. The District also received certain refunds on these previously submitted expenditures in the year ended March 31, 2012. The district received an Atlantic County Improvement Authority (ACIA) grant for the amount due and was used to repay the debt in full. The amount of cumulative excess reimbursements obtained as of March 31, 2016 and 2015 is \$0 and \$0, respectively.

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 8. LOANS PAYABLE

Loans outstanding as of March 31, 2016 and 2015 are as follows:

<u>Loan Terms</u>	<u>Outstanding Balance 2016</u>	<u>Outstanding Balance 2015</u>
Note payable maturing in 2017 at an annual interest rate of 3.25%. Monthly payments including interest are approximately \$3,551. The District's lease agreement for the NextGen Aviation Research Park is pledged as collateral.	\$ -	228,944
Note payable maturing in 2021 at an annual interest rate of 1%. Semi-annual payments including interest are approximately \$17,401.	166,936	216,142
Note payable maturing in 2025 at an annual interest rate of 3%. Quarterly payments including interest are approximately \$7,996.	<u>251,423</u>	<u>275,442</u>
Total	418,359	720,528
Less current portion of long-term debt	<u>41,283</u>	<u>89,800</u>
Long-Term Portion	<u>\$ 377,076</u>	<u>630,728</u>

The total amount of interest charged to operations for the years ended March 31, 2016 and 2015 was \$11,587 and \$10,203, respectively. The note maturing 2021 was re-amortized through the Rural Business and Cooperative Service on April 16, 2013, at that time no payments were due. The first payment was due and made April 16, 2014.

Maturities of long-term debt as of March 31, 2016:

<u>Year Ending March 31,</u>	<u>Amount</u>
2017	41,283
2018	58,848
2019	59,956
2020	61,090
2021	63,097
Thereafter	<u>134,085</u>
	<u>\$ 418,359</u>

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 9. LEASE

On October 31, 2008, a Master Lease Agreement was made and entered into between the United States of America, acting by and through the Federal Aviation Administration, William J. Hughes Technical Center (FAA, Center, or Lessor), and the South Jersey Economic Development District, Inc. (SJEDD or Lessee). This lease is for the premises of the construction of the NextGen Aviation Research Park. The initial twenty-five (25) year lease term equals or exceeds the anticipated useful life of the facilities and as such, at the end of the lease term will be of little or no intrinsic value to the Lessee. In December 2010, the Supplement Number 1 to the Master Lease was signed and agreed upon by all parties to extend the term of the lease from twenty-five (25) years to fifty (50) years. The lease agreement grants the District unlimited extensions not unreasonably withheld.

No monetary rent is payable during the lease term, including any lease extensions. Consideration for this lease is the Lessee's construction and maintenance of the facilities to support the development of the NextGen Aviation Research Park to be located on the premises. SJEDD is authorized to grant subleases of the premises to tenants of the NextGen Aviation Research Park. Premises are to be improved, in part, with funding from the United States Economic Development Administration (EDA), United States Department of Commerce. Improvements of the premises are subject to restrictive covenants such as real property or tangible personal property acquired or improved with EDA Investment Assistance consists of new infrastructure, roadway, sewer and water utilities, for the development of the NextGen Aviation Research Park on 58 acres of the 5,000 acre site of the William J. Hughes Technical Center.

On May 28, 2015 South Jersey Economic Development District entered into a lease assignment agreement with Stockton Aviation Research and Technology Park, Inc. a Not for Profit Corporation of the State of New Jersey to assign the master lease agreement date October 31, 2008 for consideration of \$10 including the sale of the related NextGen Aviation Research Park Assets.

NOTE 10. ATLANTIC COUNTY GRANT AWARD - NEXTGEN AVIATION RESEARCH PARK

During the year ended March 31, 2009, the County of Atlantic, New Jersey adopted Ordinance #01-2009, which appropriated \$2,500,000 and authorized the issuance of \$2,380,000 in bonds and notes of the County of Atlantic, New Jersey for infrastructure improvements in connection with the construction of the NextGen Aviation Research Park. The funds raised by Atlantic County on this bond issue were awarded to the District to be put towards costs for the NextGen Aviation Research Park. During the year ended March 31, 2010, Ordinance #5-2010 amended section 3(a) which explained the purpose for the financing of which the obligations were to be issued.

<u>County Loan Appropriated</u>	<u>Cumulative Amount Expended</u>	<u>Final Authorized Award Not Utilized</u>
\$2,500,000	\$2,500,000	\$0

As of March 31, 2016 the District has transferred the lease and related improvements with a cost basis of \$594,572 to Stockton ARTP. The transfer and sale was completed May 28, 2015.

SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT, INC.
(a nonprofit corporation)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 11. LITIGATION AND UNCERTAINTIES

The lawsuit between the District and the District's former Executive Director has been resolved as of March 31, 2016. The District's former Executive Director was terminated by the Board of Directors effective April 2, 2012. The former Executive Director had filed suit against the District regarding his termination. The litigation was resolved February 5, 2015 as identified in the Stipulation of Dismissal filed with the Superior Court of New Jersey with no cost to either party.

NOTE 12. ECONOMIC DEPENDENCE

The District receives support primarily from Cape May, Cumberland, Salem and Atlantic Counties. A significant reduction in the level of support, should this occur, would have an effect on the District's programs and activities.

NOTE 13. SUBSEQUENT EVENTS

The District has evaluated subsequent events for potential recognition and/or disclosure through November 7, 2016, the date the financial statements were available to be issued and the following was noted for disclosure:

On July 29, 2016 the district passed resolution 17-16 finding default of loan by Melon Entertainment, LLC and authorizing settlement. The resolution authorizes settlement of the delinquent loan in accordance with the Borrower's proposal to repay \$40,000 plus \$2,500 costs in exchange for full and complete compromise and release of the loan and discharge of the mortgages. The mortgage discharge and settlement agreement were executed September 21, 2016.

On August 19, 2016 the district filed a judgment against Pearl A. Giordano and Limpert Brothers, Inc. with the Superior Court of New Jersey for the Sum of \$69,368 due to defaulting under the terms of the Mortgage Note executed August 13, 2010.

Information from the EDA has come to the attention of management which could potentially change the amount of required matching funds to be maintained as restricted cash in the RLF account. As of November 7, 2016 the amount has not been determined.

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5. MINUTES

**DECEMBER 6, 2016
REGULAR MEETING**

**Prepared by:
CAREY BERGHOLZ**

**POLLUTION CONTROL FINANCING AUTHORITY
OF SALEM COUNTY
December 6, 2016 at 5:30p.m.
Old Court House, 2nd Floor,
Broadway and Market Streets
Salem, NJ 08079**

REGULAR MEETING MINUTES

Call to Order

The Pollution Control Financing Authority (“PCFA”) of Salem County’s December 6th, 2016 meeting was called to order by Fran Grenier as Chairman at 5:30 p.m. Flag Salute commenced.

Roll Call

The Authority members present were: Fran Grenier; Chairman, Joe Racite; Vice-Chairman, Marjorie Sperry; Secretary, Veronica Merriel; Treasurer and Gunar Bergholz; Asst. Secretary & Asst. Treasurer. Also present were; Carey Bergholz, Recording Secretary and Freeholder Robert Vanderslice.

Open Public Meetings Act

The Statement of the Open Public Meetings Act was read by Chairman Fran Grenier:

ADEQUATE NOTICE OF THE POLLUTION CONTROL FINANCING AUTHORITY OF SALEM COUNTY MEETING HAS BEEN PROVIDED AS REQUIRED N.J.S.A. 10:4-6, et.seq., THE “OPEN PUBLIC MEETINGS ACT” BY ADVANCE WRITTEN NOTICE TO TWO NEWSPAPERS, POSTING ON THE PUBLIC NOTICE BULLETIN BOARD IN THE COUNTY OFFICES, AND FILING WITH THE SALEM COUNTY CLERK.

Approval of Minutes

- i. A motion was made by Joe Racite to approve the minutes of the meeting held on November 1st, 2016, seconded by Veronica Merriel. The motion was carried 4/0. The Minutes were approved. Marjorie Sperry was absent for the vote.

Financial Report and Payment of Bills

- i. The Financial report was presented by Katie Coleman, CFO. The report showed some activity with cash balance of almost 400,000.00. A profit and loss detail from Feb. thru Nov. 2016 along with Feb 2015 thru Jan 2016 was distributed per request. There has been no other activity to report.
- ii. It was motioned by Veronica Merriel and seconded by Marjorie Sperry to accept the treasurer’s Financial Report. The motion was carried 5/0.
 - a. Niki Trunk 16-016 \$176.00
 - b. County of Salem 16-017 \$30,000.00
- iii. It was motioned by Veronica Merriel and seconded by Marjorie Sperry to accept the treasurer’s Financial Report. The motion was carried 5/0.

Old Business

- i. SCIA Methane Gas Project:
 - a. Fran Grenier announced Dave Sparks will be retiring effective December 31, 2016.
 - b. Marjorie Sperry questioned where the funds would go if this project does not have a start time. She also stated we should give no more than \$90,000.
 - c. Joe Racite stated the purpose of the PCFA is to help in situations such as this. He stated the PCFA should give half the cost of the project. Mr. Racite also questioned if Dave Sparks stated that there was an alternative if the PCFA could not help.
 - d. Fran Grenier stated that SCIA would have to pull from their CD's and what surplus they may have.
 - e. Joe Racite stated that if we do not help SCIA, the tipping fees may increase again which effects all the municipalities.
 - f. Marjorie asked why all the money was needed up front if the project was not going to begin for a few months.
 - g. Fran Grenier stated that a number given now will allow SCIA to place it as a line item in their 2017 budget. The PCFA can give half the money now and half when the project is complete. The project cannot be done in the winter.
 - h. Fran Grenier also stated that the total number for the project was around \$350,00.00 but unsure of exact numbers. The PCFA should give \$80,000 to them now and another \$80,000 in September.
 - i. All the PCFA members agreed to those terms.

Resolution No. 2016-19 – Resolution Authorizing The Award Of \$160,000 To The Salem County Improvement Authority For The Competition Of Its Methane Well Project

- ii. It was motioned by Veronica Merriel and seconded by Gunar Bergholz to adopt Resolution No. 2016-19. All were in favor. The motion was carried 5/0.
- iii. Carey Bergholz will work with Niki Trunk to revise the terms on the resolution and bring to the next meeting for signatures.

New Business

- i. RFP for 2017 Professional Services was reviewed and approved to be sent for publishing. RFPs will be reviewed at the next meeting

Public Portion

- i. The meeting was opened for public comment. No public was present.

Reminder: Next meeting is scheduled for Tuesday, January 10th, 2016.

Adjournment

- i. A motion was made by Marjorie Sperry with a second by Veronica Merriel to adjourn meeting. All were in favor. The motion was carried. Approximately 5:55 p.m. the meeting adjourned

Respectfully submitted by,

Carey Bergholz

PCFA_for_December_6_2016.docx



Board of Chosen Freeholders

YOUTH SERVICES COMMISSION & JUVENILE CRIME ENFORCEMENT COALITION

Administered By

Inter Agency Council of Human Services

98 Market Street, Salem, New Jersey 08079

Telephone: 856-935-7510 x 8314

Facsimile: 856-935-7747

Daffonie Moore
YSC Administrator

Rebekah Rosado
Administrative Assistant

December 07, 2016 Meeting Minutes

St. John's Parish House, 76 Market Street, Salem, NJ 08079

Present:

Armando Gonzalez	Becky Foraker	Lani Allen-Davis
Greg Wolf	Jim Whitt	Jerry Oglesby
Jean Kuhl	Lois Diamond	Nicki Botsford
Nicole Stemberger	Rebekah Rosado	Sarah Kuhl
Kiandra Anthony	Chuck Goldstein	Sharon Riley
Erin Klein	Kelly Bertozzi	Ron Hudak
Amanda Batiz	Karen Vann	

CALL TO ORDER—Meeting was called to order by **Nicki Botsford**, at **12:35 P.M.**, in accordance with the Open Public Meetings Act, Chapter 231: Public Law 1975. The Salem County Youth Services Commission (which also serves as the Juvenile Crime Enforcement Coalition) transmitted notice of this meeting, to be held at St. John's Parish House, 76 Market Street, Salem, New Jersey to South Jersey Times, the Clerk of the County of Salem and all members. A copy of the meeting schedule is also posted on the bulletin board in the basement hallway of the Courthouse and the Salem County web page.

Introductions were made around the room.

APPROVAL OF THE MINUTES

A motion to approve the October 05, 2016 minutes was made by **Chuck Goldstein (M)** and seconded by **Erin Klein (S)**, **Motion Carried.**

COMMITTEE REPORTS

- **Planning/Allocation Committee:** Had a meeting December 6th, working on filing the gap in services and putting a small proposal together. Providers are attending the meetings and giving presentations.
- **Quality Assurance Committee (Monitoring/Site Visits):** Armando Gonzalez and Karen Vann met with Daffonie Moore on Wednesday November 30th Provider's will receive an email of what will be needed from them.
- **Juvenile Expediting Team: Greg Wolf, Chair.** JETS met on December 6th at St. John's Parish House. Communication is key and if an agency is directed to do something it needs to be done.

EXPENDITURE REPORT— A hand-out was provided to the members.

ADMINISTRATOR'S REPORT—Safiya will be at the IAC December 8th for an audit

JJC LIAISON REPORT— Absent, No Report

PROVIDERS REPORT– YAP/Rodriguez- Excused Absent, 5 active youth, 1 referral pending contract with family
Robin’s Nest/ Caruso –Saint, going well, ; **Connect II,** 6 open, 2 waiting; **Grounded,** 0; **Strengthening Family Bonds,** 2 open and 2 waiting.

Mid-Atlantic/Allen-Davis-There is no change of the number of students at Ranch Hope and still working with them and probations to get Salem County residents in the program also; working with the MASCEC staff to complete the reporting.

Ranch Hope/Whitt–Camp Edge no reporting in 1st and 2nd quarter and approximately 10-12 to start in March 2017.

RAP- Ron Hudak reported that George Worrell no longer works for RAP and the contact person is CEO Prajakta Harshe, LPC, LCADC,
GPS/Wolf- Detention has 5 juveniles and 2 juveniles on the ankle bracelet.

SODAT- Daffonie Moore reported that there are 2-3 referrals for March.

Penns Grove HS/Riley-Currently has 29 kids and they meet weekly, program is going well.

OLD BUSINESS– No Report

NEW BUSINESS–No Report

ANNOUNCEMENTS– Robins’ Nest/ Klein- Having a Santa Workshop and collecting new unwrapped toys.

FSO/Anthony- Partnered with One Village Alliance for Nutrition classes, there are 15 kids in attendance. The Nutrition classes are every Thursday from 4:00pm to 6:00pm and there will be a break between Christmas and New Years.

Bertonazzi/BBBS- A Holiday Party for about 150 Salem County and Cumberland Big Brothers and Big Sisters and there is a toy drive at the Volkswagen in Elmer, NJ.

Ranch Hope/Whitt- On December 17th Santa will be at Camp Edge, there’s free lunch, arts and crafts.

Mental Health Administrator/Foraker- December 13th at 4:00pm is a mental health meeting.

DCP&P/Oglesby- DCP&P and the Advisory Board had a Holiday Party for the resource parents about 45-50 were in attendance. On December 13th is a Holiday Party for in home kids from 4:00pm to 6:30pm and December 15th for Out of Home kids, Mr. and Mrs. Claus will be present for the Holiday Parties.

Community Member/Kuhl, J.- Gateway has partnered with Penns Gove Family Success Center for Nutrition and Health Eating classes.

CGS/Goldstein- Hanukah starts December 24th and there will be a service review in January or February in the West Deptford Office.

HCI/Botsford- Thanked everyone who donated for the Thanksgiving baskets HCI was able to provide approximately 20 baskets and in December Partial Care is adopt a client \$12.00 each client you can adopt an adult a child or both.

ADJOURNMENT-There being no further business, the meeting was adjourned at 2:00 PM, **Nicki Botsford (M)** and **Karen Vann (S)**, motion to adjourn carried.

The Juvenile Expediting Team (JET)–The JET will meet in confidential session on Tuesday, January 3rd at 12:00 pm to discuss the status of and how to best assist juveniles currently in detention using a Multi-Disciplinary Team process.

Respectfully Submitted,

Rebekah Rosado

Rebekah Rosado

Administrative Assistant

RR/DM

NEXT REGULAR MEETING: January 04, 2017