

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2020

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Atlantic County Improvement Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Atlantic County Improvement Authority, a component unit of the County of Atlantic, State of New Jersey (the "Authority") as of and for the years ended December 31, 2020 and 2019, and the Authority's discretely presented component unit as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2020 and 2019, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements of the discretely presented component unit referred to above present fairly, in all material respects, the financial position of the component unit, as of December 31, 2019, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions to public employees' retirement system and schedule of proportionate share of the net OPEB liability and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the part marked "unaudited," has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for the part marked "unaudited," the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercedien, P.C.

Certified Public Accountants

May 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Financial Highlights

The following are key financial highlights:

- Total assets and deferred outflows of resources at year-end were \$24,582,566 and greater than the liabilities and deferred inflows of resources resulting in the net position amount of \$609,867.
- Operating revenues were \$3,487,039 a decrease from year 2019 in the amount of \$800,945. This primarily resulted from a decrease in grants compared to 2019.
- Operating expenses totaled \$3,839,360, an increase from 2019 in the amount of \$235,604, which was primarily the result of the net impact from an increase in employee benefits, professional fees and depreciation less decreases in project costs and grant related expenses.

Overview of Annual Financial Report

Management's Discussion and Analysis ("MD&A") serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's budget, bond resolutions and other management tools were used for this analysis.

The financial statements present information about the Authority using full accrual accounting methods as utilized by similar business-type activities in the private sector. The financial statements include the Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; Statements of Net Position - Agency Funds; Statement of Net Position – Barlinvis Apartments Project; Statement of Revenues, Expenses, and Changes in Net Position – Barlinvis Apartments Project; and Notes to the Financial Statements.

The Statements of Net Position present the financial position of the Authority on a full accrual basis. The Statements of Net Position present information on all of the Authority's assets and liabilities with the difference reported as net position. Over time, increases and decreases in net position are indicators of whether the financial position of the Authority is improving or deteriorating.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses, and Changes in Net Position present the results of the business type activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Overview of Annual Financial Report (continued)

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary Information comparing the budget to actual expenses, as well as combining statements are included to provide additional information to the user of the financial statements.

Summary of the Organization and Business

The Authority was created pursuant to a resolution adopted by the Board of Chosen Freeholders of the County of Atlantic on February 8, 1961. The Authority is a component unit of the County of Atlantic.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

The Authority has no taxing power. Operational costs are funded from fees charged for Project Management, grant administration, financing activities, mortgages and agency funds.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in each section by the name of the statement or account.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Financial Analysis (Continued)

Condensed Statements of Net Position

	<u>December 31,</u>			<u>2020-2019</u>	
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Cash	\$ 6,611,133	\$ 5,316,078	\$ 4,841,564	\$ 1,295,055	24.36%
Other Current Assets and Capital Assets, Net	16,643,790	15,873,877	15,757,669	769,913	4.85%
Net Mortgage and Note Receivable	-	-	-	-	0.00%
Deferred Outflows of Resources	1,327,643	1,312,591	1,580,532	15,052	1.15%
Total Assets and Deferred Outflows of Resources	<u>\$ 24,582,566</u>	<u>\$ 22,502,546</u>	<u>\$ 22,179,765</u>	<u>\$ 2,080,021</u>	<u>9.24%</u>
Current Liabilities	\$ 15,950,862	\$ 16,410,853	\$ 16,237,792	\$ (459,991)	-2.80%
Long Term Liabilities:					
Other	149,381	151,360	146,794	(1,979)	-1.31%
Bonds & Notes Payable	98,691	127,179	154,827	(28,488)	0.00%
Net Pension Liability	2,216,162	2,445,550	2,722,151	(229,388)	-9.38%
Net OPEB Liability	2,755,702	2,059,138	3,086,271	696,564	33.83%
Deferred Inflows of Resources	2,801,901	3,130,824	2,394,600	(328,923)	-10.51%
Total Liabilities and Deferred Inflows of Resources	<u>23,972,699</u>	<u>24,324,904</u>	<u>24,742,435</u>	<u>(352,205)</u>	<u>-1.45%</u>
Net Position:					
Restricted and Invested in Capital Assets Net of Related Debt	1,338,768	1,869,747	1,831,277	(530,979)	-28.40%
Unrestricted (Deficit)	(728,901)	(3,692,105)	(4,393,947)	2,963,204	-80.26%
Total Net Position	<u>609,867</u>	<u>(1,822,358)</u>	<u>(2,562,670)</u>	<u>2,432,225</u>	<u>-133.47%</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 24,582,566</u>	<u>\$ 22,502,546</u>	<u>\$ 22,179,765</u>	<u>\$ 2,080,020</u>	<u>9.24%</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>December 31,</u>			<u>2020-2019</u>	
	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Revenues:					
Fees	\$ 1,279,070	\$ 1,315,870	\$ 1,457,379	\$ (36,800)	-2.80%
Grants	688,748	1,718,543	840,665	(1,029,795)	-59.92%
Other Revenues	1,519,220	1,253,571	1,150,670	265,649	21.19%
Total Operating Revenues	<u>3,487,039</u>	<u>4,287,984</u>	<u>3,448,714</u>	<u>(800,945)</u>	<u>-18.68%</u>
Expenses:					
Project Costs	688,748	1,718,543	840,665	(1,029,795)	-59.92%
Depreciation	426,377	65,596	61,556	360,781	550.00%
General and Administrative	2,724,235	1,819,617	2,656,369	904,618	49.71%
Total Operating Expenses	<u>3,839,361</u>	<u>3,603,756</u>	<u>3,558,590</u>	<u>235,605</u>	<u>6.54%</u>
Operating Income (Loss)	<u>(352,322)</u>	<u>684,228</u>	<u>(109,876)</u>	<u>(1,036,550)</u>	<u>459.36%</u>
Non-Operating Revenues	2,784,548	56,084	(39,731)	2,728,464	4864.96%
Changes in Net Position	<u>\$ 2,432,226</u>	<u>\$ 740,312</u>	<u>\$ (149,607)</u>	<u>\$ 1,691,914</u>	<u>594.84%</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

General Trends and Significant Events

In January of 2015, the Authority assumed ownership of the 68 unit Barlinvis Apartment Complex in Atlantic City and entered into an agreement with the Pleasantville Community Development Corporation for its operation which continued through 2019. The Complex was sold on April 20, 2020 and resulted in a gain on the disposal for the Authority.

On January 19, 2016, the Authority closed on a \$12,000,000 loan from the Casino Reinvestment Development Authority. The proceeds of the loan funded the Authority's Boardwalk Improvement Project. One phase of the project consists of safety and security components which include lighting improvements and security cameras. The second phase consists of a 3-D Light Show component and operation of the Boardwalk Hall Light Show. The revenue dedicated to paying the debt service for the loan is limited to the rent payments due to Atlantic City from the privately funded Atlantic City Matrix Project. This loan is a nonrecourse loan to the Authority. Although the revenue was not sufficient in 2020 to meet the amortization schedule the Authority has no obligation to make the payments.

In 2019, the 66,000 square foot (sq/ft) building of the National Aviation Research and Technology Park (NARTP) was completed. The building is the first of seven, which are to be leased to private companies and educational institutions doing Aviation related activities, and is a key component in the Atlantic County's effort to diversify the economy. The Authority is the developer, owner and operator of the building, which is now 100% leased including 44,000(+) sq/ft to General Information Technologies, 4,000(+) sq/ft to Thunderbolt Software, 2,600(+) sq/ft to the Atlantic County Institute of Technology, 1,200 sq/ft to Woolpert Engineering, 7,000 sq/ft of lab and offices for FAA and approximately 4,000 sq/ft of Offices for the NARTP. In 2020, the Authority issued a note in the amount of \$15.5 million to refinance the 2019 note in the same amount and provided capital required for the construction of the project.

In 2019 the Authority advanced the development of the 20,000 (+) square foot first building of the Cape May Tech Village Project at the Cape May Airport on land owned by Cape May County. The project was initially financed by the \$6.2 million Atlantic County Improvement Authority Cape May County Secured Loan Revenue Project note issued on February 12, 2019. In 2020 Cape May County paid off the note. Upon completion of the project in 2020 the Authority is leasing the building from Cape May County for a 10-year period and sub-leasing it to private technology-based companies. The Authority has leases in place with three companies, Cellular Tracking Technologies D-Tech International USA and Aedicell for 100% of the building.

The Authority continued to implement other activities in 2019, including the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME) on behalf of Atlantic County, perform project management services for the County and other public entities, provide various services to other agencies, issue and administer bond financings, and undertake its other responsibilities, including management of two public Golf Courses and the administration of the Section 108 business Loan Program.

In 2020, the Authority continued to administer the Atlantic County Home Foreclosure Registry System. The creation of the registry website provides code enforcement officials with a tool to combat properties in foreclosure that have become problems due to lack of proper maintenance. Through a Shared Services Agreement with the Authority, 20 of Atlantic County's 23 municipalities

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

General Trends and Significant Events (Continued)

elected to participate in the program. Although the registration fee varies by municipality, the first \$100.00 goes to the vendor, the next \$100.00 to the municipality, the next \$100.00 to the Authority and any excess over that goes to the municipality. The program has been highly successful and well received by the participating municipalities.

The Stockton Atlantic City Project was completed and operational in the fall of 2019. The revenue required to repay the \$78,980,000 Tax-Exempt Debt – Master Lease (Series A Bonds) and \$48,025,000 Tax-Exempt Debt – Tax Credit Supported Debt (Series B Bonds) issued on September 2016 by the Authority but payable by Stockton University, will be generated from operations. The Authority receives an annual fee for each of the bonds in the amount of 12.5 basis points of the outstanding principal.

A. Tax-Exempt Debt (Master Lease Supported): The portion of development costs of the Residential Building and Garage portions of the Project are being financed through the issuance of the Series A Bonds by the ACIA secured by the Master Lease. The Master Lease will be a net lease, with fixed rent payments structured to match the debt service on the Series A Bonds. Student housing and parking fees will offset the rent payments to be made by Stockton University. The obligation to make lease payments will be a general obligation of Stockton University, and as a result, the Series A Bonds. The Series A Bonds will have a 30- year term, with approximately 2 years of capitalized interest. The Series A Bonds include a 10-year no-call provision, typical of the current municipal tax-exempt bond market.

B. Tax-Exempt Debt (Tax Credit Supported): In addition to the Series A Bonds supported by the Master Lease, the structure includes financing supported by tax credit revenue available through the NJEDA's residential ERG program. In order to qualify for the residential tax credits, a project must have a residential use as its predominant use (greater than 51% by size) together with evidence of need, location in a qualified community and, once operational, must maintain its residential use during the 10-year tax credit period. This portion is also guaranteed by Atlantic County in the event that the actual tax credit realized is insufficient to service the debt.

Financial Condition

The Authority's financial condition remained strong at year-end with adequate liquid assets and a reasonable level of cash. The current financial condition, support staff capabilities and operating plans are well balanced and under control. The following summarizes the Statement of Net Position with comparisons to the prior year:

Total assets increased by \$2,064,968 or 9.75%. The increase is primarily due to an increase of cash and capital assets, net of depreciation. The cash increased as a result of the operating activities of the Authority. Capital assets increased due to capital improvements to the Authority owned facilities.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Financial Condition (Continued)

Total liabilities decreased by \$23,282 or -.11%. The lack of change from the PY was primarily due to the renewal of the bond anticipation note payable for another year.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: administrative fees, grants, and other. Operating revenues increased as a result of the increase in grants revenue.

In comparison with the prior year, grants decreased by \$1,029,795 mostly due to a decrease in activity for CDBG in the current year.

Operating Expenses: Total operating expenses of the Authority increased by \$235,604 from the prior year due to an increase in employee benefit, professional fees and depreciation expenses net of project costs and grant expenses that decreased. The increase in these expenses were mostly due to the NARTP building and reimbursable expenses that were new or increased compared to the prior year. Employee benefits expense also increased as the prior year was a net credit, or revenue, for the GASB 68 and GASB 75 adjustments for pension and other postemployment benefits. The same entries in 2020 were net debit, or expense, entries. Excluding the GASB 68 and 75 adjustments, employee benefit expenses would have been \$496,022 and \$515,927 in 2020 and 2019, respectively.

The following chart provides changes in system expenses with and without project costs and service fees expenses.

	Year Ended December 31,			2020-2019	
	2020	2019	2018	\$	%
	Actual	Actual	Actual	Change	Change
Operating Expenses:					
Total	\$ 3,839	\$ 3,604	\$ 3,559	\$ 236	6.54%
Excluding Project Costs	3,151	1,885	2,718	1,265	67.12%
Excluding Project Costs and Depreciation	2,724	1,820	2,656	905	49.71%

The following table shows the composition of operating expenses by major classification of expense for the last two years:

	Actual Amounts		Actual Amounts	
	2020		2019	
Salaries	\$ 1,211,486	31.55%	\$ 1,168,757	32.43%
Fringe & Payroll Taxes	619,226	16.13%	79,200	2.20%
Professional Services	736,991	19.20%	461,010	12.79%
Insurance	87,215	2.27%	73,391	2.04%
Rent & Administrative & General	69,317	1.81%	37,259	1.03%
Project Costs	688,748	17.94%	1,718,543	47.69%
Depreciation	426,377	11.11%	65,596	1.82%
	<u>\$ 3,839,360</u>	<u>100.00%</u>	<u>\$ 3,603,756</u>	<u>100.00%</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Cash Flow Activity

The following table shows the Authority's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	Year Ended December 31,			2020-2019	
	2020	2019	2018	\$ Change	% Change
Total Operating Revenues	\$ 3,487,039	\$ 4,287,984	\$ 3,448,714	\$ (800,945)	-18.68%
Net Cash from Operations	4,568,289	73,357	462,728	4,494,932	6127.46%
Net Cash from Operations as a % of Operating Revenues	131.01%	1.71%	13.42%	N/A	129.30%

Capital Assets and Debt Administration

The Authority’s building at the Aviation Research and Technology Park opened in 2019. The 66,000 square foot building at a net cost of approximately \$15.5 million will be owned and operated by the Authority.

The Authority has financed housing projects by issuing bonds or notes, and financed public facilities through bonds or notes, certificates of participation, guaranteed notes, and mortgages.

In 2020, the Authority issued Atlantic County Guaranteed refunding note in the amount of \$15,500,000 for the Aviation Park Project. Also in 2020 Cape May County paid off the \$6,200,000 Cape May County Secured Loan Revenue Note for the Cape May Tech Village Project. The Authority continues to hold the Faith Baptist bonds that were issued to fund the community center and the ARC of Atlantic County for expenses related to the construction and move to their current location and the St. Augustine bonds which were issued for the construction of certain school facilities to include a multi-use facility containing a 1,500 seat gymnasium, swimming pool and other athletic facilities. In addition, the Authority had a Guaranteed Revenue Refunding Bond for the Egg Harbor Township Golf Course.

The debt service is paid solely from funds generated by the projects financed by the proceeds of the debt issued. The Aviation Park Bond is paid from rental revenues derived from the project, backed by a County Guarantee should there be a shortfall. The Egg Harbor Township Golf Corporation Guaranteed Refunding Bond is paid from the Egg Harbor Township Golf Corporation, plus interest on investments which is backed by a guarantee from Egg Harbor Township. The ARC, Faith Baptist and St. Augustine Bonds are paid by ARC, Faith Baptist and St. Augustine mortgage payments. No payments are made to the Authority; payments are made to the respective bond trustees. All investments are held by the bond trustees. The bond trustees also have the primary responsibility of ensuring that all bond requirements are met. The bond trustees also pay the interest and principal of the Authority's debt. The Authority is responsible for maintaining accounting records based on trust statements provided by the trustees.

Contacting the Authority's Financial Management

This financial report is designed to provide the citizens of Atlantic County, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have questions about this report or need additional financial information, contact Mr. John Lamey, Executive Director, 1333 Atlantic Ave, Suite 700 Atlantic City, New Jersey 08401 or at 609-343-2390.

BASIC FINANCIAL STATEMENTS

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit A

STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019		2020	2019
ASSETS			LIABILITIES		
Unrestricted Assets:			Unrestricted Liabilities:		
Current Assets:			Current Liabilities:		
Cash and Cash Equivalents	\$ 5,327,492	\$ 2,335,088	Accounts Payable	\$ 39,464	\$ 92,348
Interfund Receivable	-	159,861	Interfund Payable	-	159,861
Prepaid Expense	99,872	-	Unearned Program Income	289,660	477,963
Accounts Receivable	475,170	558,621	Pension Payable	360	7,367
Total Unrestricted Current Assets	<u>5,902,534</u>	<u>3,053,571</u>	Total Unrestricted Current Liabilities	<u>329,484</u>	<u>737,539</u>
Restricted Assets:			Restricted Liabilities:		
Current Assets:			Current Liabilities:		
Cash and Cash Equivalents	1,283,641	2,980,990	Accounts Payable	15,160	55,849
Interest Receivable	8,756	13,091	Interest Payable	8,756	13,091
Accounts Receivable	15,708	21,710	Notes Payable	28,488	27,649
Notes Receivable	127,179	154,827	Bond Anticipation Note Payable	15,500,000	15,500,000
Total Restricted Current Assets	<u>1,435,286</u>	<u>3,170,618</u>	Unamortized Bond Premium	68,975	76,725
Non-Current Assets:			Total Current Liabilities Payable from Restricted Assets	<u>15,621,379</u>	<u>15,673,314</u>
Mortgages Receivable	8,561,715	8,494,905	Long-Term Liabilities:		
Valuation Allowance for Loan Losses	<u>(8,561,715)</u>	<u>(8,494,905)</u>	Accrued Sick and Vacation	149,381	151,360
Total Restricted Non-Current Assets	<u>-</u>	<u>-</u>	Notes Payable	98,691	127,179
Total Restricted Assets	<u>1,435,286</u>	<u>3,170,618</u>	Net Pension Liability	2,216,162	2,445,550
Capital Assets, Net of Depreciation	<u>15,917,104</u>	<u>14,965,766</u>	Net OPEB Liability	<u>2,755,702</u>	<u>2,059,138</u>
Total Assets	<u>23,254,923</u>	<u>21,189,955</u>	Total Long-Term Liabilities	<u>5,219,936</u>	<u>4,783,228</u>
			Total Liabilities	<u>21,170,798</u>	<u>21,194,081</u>
DEFERRED OUTFLOWS OF RESOURCES			DEFERRED INFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	501,868	789,418	Deferred Inflows Related to Pensions	971,066	977,589
Deferred Outflows Related to OPEB	825,775	523,173	Deferred Inflows Related to OPEB	1,830,835	2,153,235
Total Deferred Outflows of Resources	<u>1,327,643</u>	<u>1,312,591</u>	Total Deferred Inflows of Resources	<u>2,801,901</u>	<u>3,130,824</u>
			NET POSITION		
			Investment in Capital Assets, Net of Related Debt Restricted for Unemployment	1,326,950	1,857,929
			Unrestricted (Deficit)	11,818	11,818
			Total Net Position	<u>(728,901)</u>	<u>(3,692,105)</u>
			Total Liabilities, Deferred Inflows of Resources and Net Position	<u>609,867</u>	<u>(1,822,359)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 24,582,566</u>	<u>\$ 22,502,546</u>		<u>\$ 24,582,566</u>	<u>\$ 22,502,546</u>

See notes to financial statements.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit B

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Project Administration Fees	\$ 358,252	\$ 343,726
Bond Fees	180,269	212,256
Grant and Agency Fund Fees	740,549	759,888
Grants	688,748	1,718,543
Reimbursement and Other	<u>1,519,220</u>	<u>1,253,571</u>
Total Operating Revenues	<u>3,487,039</u>	<u>4,287,985</u>
Operating Expenses:		
Payroll Expenses	1,211,486	1,168,757
Employee Benefits	619,226	79,200
Professional Fees	736,991	461,010
Insurance	87,215	73,391
Administrative and General	69,317	37,259
Project Costs	688,748	1,718,543
Depreciation	<u>426,377</u>	<u>65,596</u>
Total Operating Expenses	<u>3,839,360</u>	<u>3,603,756</u>
Operating (Loss) Income	<u>(352,322)</u>	<u>684,228</u>
Non-Operating Revenues:		
Investment and Interest Income	20,893	47,978
Amortization Income/(Expense)	(365,096)	124,833
Cost of Issuance	(107,255)	(117,471)
Contributed Capital	1,999,135	-
Gain on Disposal of Asset	<u>1,236,870</u>	<u>745</u>
Total Non-Operating Revenues, net	<u>2,784,548</u>	<u>56,084</u>
Changes in Net Position	2,432,226	740,311
Net Position - Beginning of Year	<u>(1,822,359)</u>	<u>(2,562,670)</u>
Net Position - End of Year	<u>\$ 609,867</u>	<u>\$ (1,822,359)</u>

See notes to financial statements.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit C

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	\$ 7,396,417	\$ 2,383,108
Cash Received from Grants	453,202	1,689,777
Cash Paid to Subcontractor and Vendors	<u>(3,281,330)</u>	<u>(3,999,528)</u>
Net Cash Flows from Operating Activities	<u>4,568,289</u>	<u>73,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment and Interest Income	<u>7,976</u>	<u>46,992</u>
Net Cash Flows from Investing Activities	<u>7,976</u>	<u>46,992</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Fixed Assets	(180,531)	(47,300)
Principal Payments Received on Mortgages	37,932	29,172
Payments Paid on Loans	(34,833)	(31,984)
Payments Received on Loans	32,024	36,427
Payments Made on Construction	(1,663,138)	(1,785,072)
Loan Repayments	(2,014,166)	-
Transfer to Unearned Program Income	2,155	136,723
Fees Paid	540,421	46,650
Proceeds from Bonds	170,735	1,969,550
Mortgages Issued	<u>(171,809)</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(3,281,210)</u>	<u>354,166</u>
Change in Cash and Cash Equivalents	1,295,056	474,514
Cash and Cash Equivalents - Beginning of Year	<u>5,316,078</u>	<u>4,841,564</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,611,134</u>	<u>\$ 5,316,078</u>
Reconciliation to Statements of Net Position:		
Unrestricted Cash	\$ 5,327,492	\$ 2,335,088
Restricted Cash	<u>1,283,642</u>	<u>2,980,990</u>
Total Cash and Cash Equivalents	<u>\$ 6,611,134</u>	<u>\$ 5,316,078</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit C

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating (Loss) Income to Net Cash		
Flows from Operating Activities:		
Operating (Loss) Income	\$ (352,322)	\$ 684,228
Adjustments to Reconcile Operating (Loss) Income to		
Net Cash Flows from Operating Activities:		
Depreciation	426,377	65,596
Unbudgeted pension expense		
Changes in Assets and Liabilities:		
Pension	51,639	(103,682)
OPEB	71,565	(333,045)
Accounts Receivable	4,651,819	(132,639)
Accounts Payable	(278,810)	(111,666)
Accrued Sick and Vacation	<u>(1,979)</u>	<u>4,566</u>
Net Cash Flows from Operating Activities	<u>\$ 4,568,289</u>	<u>\$ 73,357</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit D

STATEMENTS OF NET POSITION – AGENCY FUND
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 2,076,465	\$ 1,427,343
Mortgage Interest Receivable	933,978	1,124,654
Rent Receivable	791,008	-
Accounts Receivable - Other	685,512	1,803,568
Mortgages Receivable	16,487,831	17,231,154
Mortgages Receivable - Valuation Allowance	<u>(17,369,861)</u>	<u>(17,211,420)</u>
Total Assets	<u>\$ 3,604,931</u>	<u>\$ 4,375,298</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 698,599	\$ 2,043,319
Bonds and Loans Payable	-	219,670
Due to:		
Various Agencies	<u>2,906,333</u>	<u>2,112,310</u>
Total Liabilities	<u>\$ 3,604,931</u>	<u>\$ 4,375,298</u>

STATEMENTS OF NET POSITION – BARLINVIS APARTMENTS PROJECT
December 31, 2019

	<u>2019</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 435,679
Tenant Security Deposits	25,395
Accounts Receivable - Tenants	9,334
Accounts Receivable - Tenant Assistance	49,062
Prepaid Expenses	6,769
Total Current Assets	<u>526,239</u>
Non-current Assets	
Reserve for Repairs and Replacements	228,182
Capital Assets, Net	2,814,858
Total Non-current Assets	<u>3,043,040</u>
Total Assets	<u><u>\$3,569,279</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 4,759
Total Current Liabilities	<u>4,759</u>
Non-current Liabilities	
Tenant Security Deposits	16,967
Total Non-current Liabilities	<u>16,967</u>
Total Liabilities	<u>21,726</u>
NET POSITION	
Investment in Capital Assets, Net of Related Debt	2,814,858
Restricted	228,182
Unrestricted	504,513
Total Net Position	<u><u>\$3,547,553</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

Exhibit F

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BARLINVIS APARTMENTS PROJECT
Year Ended December 31, 2019

	<u>2019</u>
Operating Revenues	
Tenant Revenue	\$ 174,418
Subsidy Revenue	602,456
Other Revenues	3,744
Total Operating Revenues	<u>780,618</u>
Operating Expenses	
Administrative	118,246
Utilities	98,839
Ordinary Maintenance and Operations	86,627
Taxes and Insurance	72,323
Bad Debt Expense	43,075
Depreciation	107,239
Total Operating Expenses	<u>526,349</u>
Operating Income	<u>254,269</u>
Non-operating Income	
Investment Income	<u>1,904</u>
Changes in Net Position	256,173
Net Position, Beginning of Year	3,291,380
Net position, End of Year	<u><u>\$3,547,553</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION

General

The Atlantic County Improvement Authority, hereafter referred to as the "Authority", is a component unit of the County of Atlantic, New Jersey, hereafter referred to as the "County", and was created pursuant to a resolution adopted by the Board of Chosen Freeholders of the County on February 8, 1961.

The Authority is a public body corporate and public, constituting a political subdivision of the state, established to exercise public and essential governmental functions to provide for the public convenience, benefit and welfare, by financing public facilities and certain housing developments within Atlantic County. Under existing statute, the Authority is exempt from both federal and state taxes.

The Authority assists in the financing of projects by issuing bonds and notes. Outstanding bonds that were issued prior to 2020 include 501(c)3 bonds that financed loans to certain Atlantic County non-profits including the Egg Harbor Township Golf Corporation, ARC of Atlantic County, Faith Baptist Church Community Center, and St. Augustine High School (see Note J for more information). In 2016, the Authority issued Lease Revenue Bonds to finance a portion of the construction of the Stockton University Island Campus Redevelopment Project Campus, a note to finance the initial portion of the development of the first building at the Stockton Aviation Research and Technology Park (which the Authority will construct and own), and a Loan Revenue Bond to create a Pooled Financing Program for three municipalities to permanently finance Bond Anticipation Notes and unfunded capital improvements and acquisitions.

In 2019, the Authority renewed the note that also provided additional capital needed to continue the construction of the Aviation Park Building and issued a bond to refund the outstanding portion of the Egg Harbor Township Golf Corporation Bond.

Through its Community Development Division, the Authority administers Atlantic County's Community Development Block Grant Program and HOME Investment Partnership Program. Included in the activities is funding various Community Development projects in the participating municipalities as well as the implementation of a first-time homebuyer program, a housing rehabilitation program, and an affordable housing program. The Authority also administers a housing rehabilitation program and first-time homebuyer programs funded by the Atlantic City Development Fund.

A new program initiated in 2016 was the Foreclosure Registry Program. Through a Shared Services agreement with twenty participating municipalities the program was designed to facilitate code enforcement for abandoned properties that are in some stage of foreclosure. The program continues in 2020 and has generated revenue for the year from registration fees.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION (CONTINUED)

General (Continued)

In 2014, the Authority undertook a new Economic Development Initiative. In 2020, activities under that initiative included the continuation of a Redevelopment Program where the Authority provides funds and technical assistance to six municipalities in advancing redevelopment projects. In addition to the administration of the HUD CDBG Section 108 Business Loan Program, support provided to the newly formed Atlantic County Economic Alliance and oversight of the construction of the Building at the Aviation Research and Technology Park which was completed May 2019, the Authority's Project Management Division undertakes projects on behalf of governments, school districts and other authorities under shared services agreements. In 2020 and 2019, the Authority managed several projects for Atlantic Cape Community College; completed the Boardwalk Improvement Project and Atlantic City Public Safety Building Improvement Project, a Demolition Program for Atlantic City; ADA.

Since 2007, the Authority has operated Atlantic County's John F. Gaffney Green Tree Golf Course "Golf Course". In 2016, the Authority also entered into a shared services agreement with the City of Brigantine to operate the City-owned Links at Brigantine Golf Course. Both agreements continued in 2020 and are in place for 2021.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Authority's financial statements include the accounts of all Authority operations. The Authority, as a component unit of the County, is financially accountable to the County. The Authority, as a component unit, issues separate financial statements from the County. If the County presented its financial statements in accordance with GAAP, these financial statements would be included with the County's on a blended basis.

Through April 20, 2020 the Authority also had a component unit for the Barlinvis Apartments Project ("Barlinvis"). The primary criterion for including activities within the Authority's reporting entity, as set forth in Section 2100 of the GASB Codification of *Governmental Accounting and Financial Reporting Standards*, is whether:

- the Barlinvis Apartments Project is legally separate (can sue or be sued in their own name)
- the Authority holds the corporate powers of the organization
- the County Executive appoints the organization's board of commissioners
- the Authority is able to impose its will on the organization
- the Authority has the potential to impose a financial benefit/burden on Barlinvis
- there is a fiscal dependency by Barlinvis on the Authority

Based on the aforementioned criteria, the Authority had Barlinvis Apartments Project as its component unit. See Note S regarding the Barlinvis sale and discontinued operations.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to proprietary (enterprise) funds of state and local governments. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (deficit), financial position and cash flows. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements.

All activities of the Authority, excluding Agency Funds, are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or change in net position (deficit) is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net positions (i.e. total assets and total deferred outflows of resources net of total liabilities and total deferred inflows of resources) are segregated into "investment in capital assets net of related debt", "reserve for unemployment", and "unrestricted" components.

Agency Funds - The Agency Funds held by the Authority account for projects administered by the Authority and assets/liabilities held in the Authority's name on behalf of others. Cash, cash equivalents, and investments held in these funds are considered restricted in accordance with the terms of the individual contracts and agreements (see Note C for balances). Accounts receivable recorded in these funds are due from various agencies as a direct offset between the bonds/loans payable due on these projects and the cash held on behalf of others.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenses in accordance with N.J.S.A. 40A:5A. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for the operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

Restricted Assets

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, or grant awards, or by agreement for the purpose of funding certain debt service payments.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of ninety days or less.

New Jersey authorities 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, the State of New Jersey, or the New Jersey Cash Management Fund.

N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey authorities. Purchase of investments is limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of or guaranteed by the federal government and to bonds or other obligations of federal or local units. These investments are required to have a maturity date not more than twelve months from the date of purchase.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. It is the Authority's policy to maintain collateralization in accordance with State of New Jersey requirements.

Restricted cash and cash equivalents and investments held by the Authority represent funds designated for specific purposes and not available for general use.

Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

Mortgages Receivable

Mortgages receivable are stated at unpaid principal balances, less the allowance for loan losses as estimated by management. These mortgages are deed restricted, and the Authority will not collect against them unless the terms of the deed restriction are violated. The Authority does not anticipate any violations in the terms, and therefore does not anticipate collections on those removed balances.

The Authority's policy on income recognition on impaired loans is to record the entire change in loan value during the year as bad debt expense or allowance for loan losses that otherwise would be reported. All cash receipts are first applied to accrued interest.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

Management periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

Capital Assets

Capital assets are recorded at actual cost or estimated historical cost if actual historical cost is not available, and are reported in the Administrative Fund. In connection with GASB Statement No. 34, the Authority's policy is to capitalize assets with a cost of greater than \$1,000.

Capital assets consist primarily of buildings, furniture and equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

- Buildings 40 years
- Furniture and equipment 5 years

Revenue

Revenue is recognized when revenue recognition criteria has been satisfied. Revenues for the authority include bond fees, project management fees, grants, and various project expense reimbursements. Project management revenue and grant revenue is recognized when billed to the grantor or third party. Project expense revenue is recorded when project expenses are incurred.

Unearned Revenue

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

Pension and Other Post-employment Benefits

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* requires participating employers, including the Authority, in the State of New Jersey Public Employees Retirement System ("PERS") plan to recognize their proportionate share of the collective total pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note K for more information about the plan.

GASB Statement No. 75, *Accounting and Financial Reporting for the Post-employment Benefits Other Than Pensions* requires participating employers in the New Jersey State Health Benefit Local Government Retired Employees ("OPEB Plan") plan to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note L for more information about the plan.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports on a separate section on the statement of net position for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports on a separate section on the statement of net position for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time.

Net Position

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

- Investment in Capital Assets, Net of Related Debt – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted for Unemployment – Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted (Deficit) – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Risks of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with policies and an event, which may exceed policy coverage limits.

Leave Policies

Vacation leave earned by Authority employees expires after one year. Accrued vacation is recorded in the Administrative Fund and includes unused and unexpired vacation leave of the Authority's employees. Accrued vacation is paid out at the employee's current rate when employment is terminated. At retirement, employees of the Authority will be reimbursed for 50% of accrued sick leave up to 180 days with a maximum not to exceed \$15,000. Retirement for this purpose is defined as follows:

- a) 25 years of pensioned Authority employment; or
- b) 20 years of pensioned Authority employment if the employee is at least 60 years of age at the time of retirement.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position, and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

Rounding

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

A Component Unit of the Atlantic County Improvement Authority – Barlinvis Apartments Project. The following is a summary of the significant accounting policies of the Component Unit:

Basis of Accounting

The financial statements of the Project are prepared in accordance with GAAP. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Project's funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities are recognized when the transaction takes place. In accordance with GASB 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

Cash and Cash Equivalents

Cash and cash equivalents include various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of ninety days or less.

Accounts Receivable – Tenants & Allowance for Doubtful Accounts

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. Management periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

The Project is a unit of local government under New Jersey and is exempt from real estate, sales and income taxes.

Capital Assets, Net

Capital assets are stated at cost, except for assets acquired through foreclosure, which are recorded at the lower of their cost or appraised value. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the statement of revenues, expenses and changes in net position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Furniture and Equipment 3 - 5 Years
- Buildings 15 - 40 Years

The Project has established a capitalization threshold of \$1,000.

Operating Revenues and Expenses

The Project defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Project classifies all other revenues and expenses as non-operating.

Equity Classifications

Equity is classified as net position and displayed in three components:

Investment in Capital Asset, Net of Related Debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Consists of components of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain 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. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies, if any. Actual results could differ significantly from these estimates.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

C. CASH AND CASH EQUIVALENTS

Cash includes amounts on deposit, petty cash, change funds and short-term investments with original maturities of 90 days or less.

The New Jersey Governmental Unit Deposit Protection Act (“NJGUDPA”) permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (“FDIC”) or by any other agencies of the United States that insure deposits. NJGUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

Each deposit participating in the NJGUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as “well capitalized” by Federal banking standards. The percentage of the required pledge will increase for institutions that are less than “well capitalized.”

No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund (“NCUSIF”) insurance. The collateral which may be pledged to support these deposits includes obligations of the State and Federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under NJGUDPA has ever lost protected deposits.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the GUDPA or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents.

Type	Carrying Value	
	2020	2019
Deposits:		
Demand Deposits	\$ 8,687,598	\$ 6,743,421
Total Deposits	<u>\$ 8,687,598</u>	<u>\$ 6,743,421</u>
Reconciliation of Statements of Net Position:		
Governmental-Type Activity	\$ 6,611,133	\$ 5,316,078
Fiduciary Fund	2,076,465	1,427,343
Total Cash and Cash Equivalents	<u>\$ 8,687,598</u>	<u>\$ 6,743,421</u>

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C. CASH AND CASH EQUIVALENTS (CONTINUED)

As of December 31, 2020 and 2019, the Authority's bank balances of \$9,127,507 and \$6,778,136, respectfully, were not exposed to custodial credit risk. Of the bank balances, \$500,000 and \$500,000, respectfully, were covered by the Federal Deposit Insurance Corporation. As of December 31, 2020 and 2019, the balances of \$8,605,850 and \$6,258,818, respectfully, were collateralized in the Authority's name under GUDPA. For December 31, 2020, \$21,657 was held in the Authority's New Jersey Cash Management Fund which were uninsured and uncollateralized.

D. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2020 and 2019, consisted of the following for the Authority:

	<u>2020</u>	<u>2019</u>
Accounts receivable – Unrestricted	\$ 475,170	\$ 558,621
	<u>\$ 475,170</u>	<u>\$ 558,621</u>

Accounts receivable at December 31, 2020 and 2019, consisted of the following for the Agency Fund:

	<u>2020</u>	<u>2019</u>
Accounts receivable – Other	\$ 685,512	\$ 1,803,568
	<u>\$ 685,512</u>	<u>\$ 1,803,568</u>

The Authority believes that all receivables are collectible and has not established an allowance for doubtful accounts.

E. CAPITAL ASSETS

A summary of changes in capital assets for the years ended December 31, 2020 and 2019, follows:

	<u>Furniture and Equipment</u>	<u>Buildings</u>	<u>Barlinvis Apartments</u>	<u>Construction in Progress</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets Net</u>
Balance: January 1, 2020	\$ 186,640	\$ 13,252,020	\$ 1,900,000	\$ -	\$ (372,894)	\$ 14,965,766
Adjustments	10,715	2,988,086	(1,900,000)	-	(147,463)	951,338
Balance: December 31, 2020	<u>\$ 197,355</u>	<u>\$ 16,240,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (520,357)</u>	<u>\$ 15,917,104</u>
	<u>Furniture and Equipment</u>	<u>Buildings</u>	<u>Barlinvis Apartments</u>	<u>Construction in Progress</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets Net</u>
Balance: January 1, 2019	\$ 161,269	\$ -	\$ 1,900,000	\$ 13,397,517	\$ (338,858)	\$ 15,119,928
Adjustments	25,371	13,252,020	-	(13,397,517)	(34,036)	(154,162)
Balance: December 31, 2019	<u>\$ 186,640</u>	<u>\$ 13,252,020</u>	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ (372,894)</u>	<u>\$ 14,965,766</u>

The Authority completed development on a portion of the Stockton Aviation Research and Technology Park in 2019. The Authority's net adjustments to construction in progress for the years ended December 31, 2020 and 2019, were \$0 and (\$13,397,517), respectfully, on construction and development of the site and transfer of the site to depreciable capital asset upon its completion in 2019. As part of the 2020 bond anticipation note issue, various capital improvements and NARTP fixed assets were funded by Casino Reinvestment Development Authority ("CRDA") and Atlantic County funding pursuant to a cooperation agreement. These amounts totaled \$1,999,135 and were considered contributed capital as of December 31, 2020.

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F. MORTGAGES RECEIVABLE

The following represents a summary of mortgages and interest receivable held in the Authority's Grant Fund as of December 31, 2020 and 2019, which are considered impaired:

	<u>2020</u>	<u>2019</u>
Mortgages receivable - schedule to be forgiven if conditions are met	\$ 8,561,715	\$ 8,494,905
Total allowance for loan forgiveness	<u>(8,561,715)</u>	<u>(8,494,905)</u>
Net receivable value	<u>\$ -</u>	<u>\$ -</u>

G. MORTGAGES RECEIVABLE – IMPAIRED ASSETS

The following represents the activity of the valuation allowance for loan losses during 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance of valuation allowance for loan losses: January 1,	\$ 8,494,905	\$ 8,197,655
Increases		
Recoveries and write-offs	66,810	297,250
Subtotal increases	<u>66,810</u>	<u>297,250</u>
Subtotal	<u>8,561,715</u>	<u>8,494,905</u>
Balance of valuation allowance for loan losses: December 31,	<u>\$ 8,561,715</u>	<u>\$ 8,494,905</u>

The following represents a summary of mortgages and mortgage interest receivable held in the Authority's Agency Fund as of December 31, 2020 and 2019, which are considered impaired:

	<u>2020</u>	<u>2019</u>
Mortgages receivable	\$ 16,487,831	\$ 17,231,154
Mortgage interest receivable	933,978	1,124,654
Total mortgages receivable valuation allowance	<u>(17,369,861)</u>	<u>(17,211,420)</u>
Net mortgages receivable - December 31,	<u>\$ 51,948</u>	<u>\$ 1,144,388</u>

The following table represents the ending balance of the mortgage receivable valuation allowance in the Agency Fund for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance of mortgage receivable valuation allowance: December 31,	\$ 17,369,861	\$ 17,211,420
Analysis of balance:		
Mortgage interest receivable	933,978	1,124,654
Mortgages receivable	<u>16,435,883</u>	<u>16,086,766</u>
Balance	<u>\$ 17,369,861</u>	<u>\$ 17,211,420</u>

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H. BOND ANTICIPATION NOTE

Stockton Aviation Technology and Research Park

Under a Bond Authorization of \$15,500,000 to facilitate the financing, construction and operation of a portion of the Stockton Aviation Research and Technology Park of New Jersey, Inc. on September 27, 2016, the Authority issued a note in an original amount of \$8,000,000 to provide the initial funding to begin construction of the first building. In September of 2017, the Authority issued a note in the amount of \$11,000,000 to refund the 2016 note and provide additional capital required for the construction of the building.

In 2018, the Authority issued a note in the amount of \$15.5 million that refunded the initial \$11 million and provided additional capital required for the construction of the project. This note was renewed in 2020 and 2021. See Note U for additional information.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorization</u>
Aviation Project			
County Guaranteed Project Note, Series 2020	3.25%	June 16, 2021	<u>\$ 15,500,000</u>

I. LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2020 and 2019, consisted of the following:

	<u>December 31, 2020</u>	<u>Due in</u>	<u>December 31, 2019</u>	<u>Due in</u>
	<u>Balance</u>	<u>One Year</u>	<u>Balance</u>	<u>One Year</u>
Net pension liability	\$ 2,216,162	\$ -	\$ 2,445,550	\$ -
Net OPEB liability	2,755,702	-	2,059,138	-
Notes Payable	98,691	28,488	127,179	27,649
Compensated absences	149,381	-	151,360	-
	<u>\$ 5,219,936</u>	<u>\$ 28,488</u>	<u>\$ 4,783,228</u>	<u>\$ 27,649</u>

J. CONDUIT DEBT

The Authority issued debt or assisted certain third parties with the issuance of bonds and other debt to finance the construction of various public facilities and housing development projects within Atlantic County. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

None of the Authority's revenues, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the payment of the principal or redemption price of and interest on such bonds. The debt is paid solely by the third parties.

The principal amount outstanding on the debt related to these projects at December 31, 2020 and 2019, was \$158,361,610 and \$164,500,831, respectfully. This amount is excluded from the financial statements of the Authority.

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NOTES TO FINANCIAL STATEMENTS

J. CONDUIT DEBT (CONTINUED)

Egg Harbor Township Guaranteed Revenue Bonds

In 2000, the Authority issued bonds in the original amount of \$10,880,000. The bonds are special and limited obligations of the Authority, and the principal or redemption price of and interest on the Bonds are payable from properties and funds pledged under the bond resolution ("Resolution") and are secured by a guaranty agreement with the Township of Egg Harbor dated as of September 1, 2000. The guaranty agreement is authorized by a Township ordinance finally adopted July 26, 2000, requiring the Township to pledge its full faith and credit to the punctual payment of the principal of and interest on the bonds so that the debt service reserve fund (as defined in the Resolution) is maintained at the debt service reserve fund requirement (as defined in the Resolution), to the extent that revenues or certain other funds under the Resolution are not available to pay the principal of or interest on the bonds.

The proceeds of the bonds have been lent to the Egg Harbor Township Golf Corporation ("Golf Corporation") by the Authority, pursuant to a loan agreement dated as of September 1, 2000. The Golf Corporation is a non-profit corporation and organized in accordance with Revenue Ruling 63-20, as supplemented by Revenue Procedure 82-26, of the Internal Revenue Service. The Golf Corporation is a component unit of the Township of Egg Harbor. The proceeds of the loan were used by the Golf Corporation to finance: (i) the acquisition and construction of an eighteen-hole public golf course, clubhouse, other golf-related facilities and the acquisition of the necessary equipment and supplies; (ii) capitalized interest; (iii) a debt service reserve fund; and (iv) the cost to issue the bonds. The golf course and clubhouse are located in the Township.

Egg Harbor Township Guaranteed Revenue Refunding Bonds

In 2017, the Authority issued refunding bonds in the amount of \$8,500,000. Bond proceeds were used to defease \$7,270,000 of the 2006 Bonds. The statements of net position ending balances and the statements of revenues expenses and changes in net position show only the 2017 Egg Harbor Township guaranteed revenue refunding bonds.

Egg Harbor Township Golf Corporation Trustee Activity

The following represents the Egg Harbor Township Golf Corporation's trustee activity during the years ended December 31, 2020 and 2019:

	2020	2019
Opening cash and cash equivalents - January 1,	\$ 887,484	\$ 735,694
Increases		
Interest earned	4,191	18,065
Payment from Egg Harbor Township Golf Course	900,000	825,000
Subtotal Increases	904,191	843,065
Revised cash and equivalents	1,791,675	1,578,759
Decreases		
Administrative costs	(16,000)	(9,000)
Interest paid	(262,275)	(282,275)
Principal paid	(425,000)	(400,000)
Subtotal decreases	(703,275)	(691,275)
Ending cash and cash equivalents - December 31,	\$ 1,088,400	\$ 887,484

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J. CONDUIT DEBT (CONTINUED)

St. Augustine Preparatory School

On January 5, 2007, the Authority issued bonds in an original amount of \$15,000,000 to provide funds for a portion of the St. Augustine Preparatory School building program in Buena Vista. The proceeds of the bonds have been lent to the St. Augustine Preparatory School and are secured by a mortgage note dated January 5, 2007. On March 25, 2015, the bond was refunded in an amount not to exceed \$12,500,000, as the monthly payment was reduced to \$67,369.45 from \$80,843.16.

The ARC of Atlantic County

On September 22, 2005, the Authority issued bonds in an original amount of \$2,400,000 to provide funds to purchase a building for the ARC of Atlantic County. The proceeds of the bonds have been lent to ARC and are secured by a mortgage note dated September 22, 2005. Principal and interest payments are due monthly. The note requires that the interest rate be reset every 5 years based upon the current outstanding principal balance. In 2011, a modification adjusted interest rates to 3.25% as of December 21, 2010. In September of 2016 they modified again. The modification swapped the method of interest rate calculation to be calculated based on the principal of approximately \$1.6 million as follows: the sum of 70% of 2.35% plus 70% of LIBOR. Future interest payments are calculated monthly by TD bank based on the swap interest rate.

Faith Baptist Church

On September 22, 2006, the Authority issued bonds in an original amount of \$1,000,000 to provide funds for a portion of the Faith Baptist Church building program in Pleasantville. The proceeds of the bonds have been lent to the Faith Baptist Church and are secured by a mortgage note dated September 22, 2006.

K. PENSION OBLIGATIONS

Plan Description - The State of New Jersey PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to Division's annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010, and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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K. PENSION OBLIGATIONS (CONTINUED)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with GAAP. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The Authority allocation percentage is based on the ratio of the contributions of the Authority to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Contributions from the Authority are recognized when due, based on statutory requirements. Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentage as of June 30, 2020 and 2019, is based on the ratio of the Authority's contributions to the plan relative to total employer contributions of the all participating employers' contributions for the years ended June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS

K. PENSION OBLIGATIONS (CONTINUED)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

For the years ended December 31, 2020 and 2019, the Authority's contractually required contributions to PERS were \$148,667 and \$132,020, respectively.

Components of Net Pension Liability

At December 31, 2020 and 2019, the Authority's proportionate share of the PERS net pension liability was \$2,216,162 and \$2,445,550, respectively. The December 31, 2020 and 2019, net pension liabilities were determined by an actuarial valuation as of July 1, 2019 and July 1, 2018, which was rolled forward to June 30, 2020 and June 30, 2019, respectively. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Authority's proportion measured as of June 30, 2020, was .0135899318% which was an increase of .00002% from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources

At December 31, 2020 and 2019, the Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 and 2019, measurement dates were \$208,632 and \$231,505, respectively. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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NOTES TO FINANCIAL STATEMENTS

K. PENSION OBLIGATIONS (CONTINUED)

	PERS 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,353	\$ 7,837
Changes in assumptions	71,895	927,928
Net difference between projected and actual investment earnings on pension plan investments	75,750	-
Changes in proportion	239,536	35,301
Contributions subsequent to the measurement date	74,334	-
	<u>\$ 501,868</u>	<u>\$ 971,066</u>
	PERS 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,894	\$ 10,803
Changes in assumptions	244,197	848,843
Net difference between projected and actual investment earnings on pension plan investments	-	38,604
Changes in proportion	435,317	79,339
Contributions subsequent to the measurement date	66,010	-
	<u>\$ 789,418</u>	<u>\$ 977,589</u>

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Years Ending December 31,	Amount
2021	\$ 227,148
2022	(336,155)
2023	(292,963)
2024	(121,640)
2025	(19,922)
	<u>\$ (543,532)</u>

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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K. PENSION OBLIGATIONS (CONTINUED)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The collective total pension liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

	2020	2019
Inflation		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases		
Through 2026	2.00-6.00%	2.00-6.00%
Thereafter	3.00-7.00%	3.00-7.00%
Based on	Years of Service	Age
Investment rate of return	7.00%	7.00%
Period of actuarial experience study upon which actuarial assumptions were based	July 1, 2014 - June 30, 2018	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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K. PENSION OBLIGATIONS (CONTINUED)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020 and 2019), is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 and 2019, are summarized in the following tables:

Asset Class	2020	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Asset Class	2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

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NOTES TO FINANCIAL STATEMENTS

K. PENSION OBLIGATIONS (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020, and 6.28% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
Authority's proportionate share of net pension liability 2020	\$ 2,811,716	\$ 2,216,162	\$ 1,743,033
Authority's proportionate share of net pension liability 2019	3,110,618	2,445,550	1,916,486

L. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Authority contributes to the New Jersey State Health Benefit Local Government Retired Employees Plan (the "OPEB Plan"), a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. For additional information about the OPEB Plan, refer to the State of New Jersey (the "State"), Division of Pension and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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NOTES TO FINANCIAL STATEMENTS

L. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information About the OPEB Plan (Continued)

a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

The Authority provides that its retirees will be covered if they have 25 years participation in the other post-employment benefits ("OPEB") and have been employed by the Authority for 10 years. The OPEB Plan meets the definition of a qualified trust under GASB 75. The Authority's participation in the OPEB Plan does not meet the criteria as a special funding situation.

Contribution Requirements and Benefit Provisions

The funding policy for the OPEB Plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB Plan are collected from the State, participating local employers and retired members. The Authority remits employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis by the State. Contributions made by the Authority to the OPEB Plan for the years ended December 31, 2020 and 2019 were \$273,167 and \$292,116, respectively.

Net OPEB Liability

At December 31, 2020, the Authority reported a liability of \$2,755,702 for its proportionate share of the net pension liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. For the June 30, 2020, measurement date, the Authority's proportionate share of the OPEB Plan liability was 0.015355%.

At December 31, 2019, the Authority reported a liability of \$2,059,138 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019, measurement date, the Authority's proportionate share of the OPEB Plan liability was 0.015201%.

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NOTES TO FINANCIAL STATEMENTS

L. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability (Continued)

	December 31, 2020	December 31, 2019
Total OPEB liability	\$ 2,781,017	\$ 2,100,663
Plan Fiduciary Net Position	25,315	41,525
Net OPEB Liability	<u>\$ 2,755,702</u>	<u>\$ 2,059,138</u>
 Plan Fiduciary Net Position as a % of total OPEB liability	 0.91%	 1.98%

Actuarial Assumptions and Other Inputs

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. 100% of active members are considered to participate in the Plan upon retirement.

The net OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2020*	2019*
Salary increases*		
Through 2026	2.00-6.00%	2.00-6.00%
Thereafter	3.00-7.00%	3.00-7.00%

* Salary increases are based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP- 2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for OPEB Plan Year 2020 and OPEB Plan Year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after eight years.

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NOTES TO FINANCIAL STATEMENTS

L. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability (Continued)

Discount Rate

The discount rate for June 30, 2020 and 2019, was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of December 31, 2020 and 2019:

At Plan Year Ended June 30, 2020		
At 1% Decrease (1.21%)	At Current Discount Rate (2.21%)	At 1% Increase (3.21%)
\$ 3,283,137	\$ 2,755,702	\$ 2,383,543

At Plan Year Ended June 30, 2019		
At 1% Decrease (2.5%)	At Current Discount Rate (3.5%)	At 1% Increase (4.5%)
\$ 2,422,413	\$ 2,059,138	\$ 1,839,199

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current healthcare cost trends as of December 31, 2020 and 2019:

At Plan Year Ended June 30, 2020		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
\$ 2,305,661	\$ 2,755,702	\$ 3,403,502

At Plan Year Ended June 30, 2019		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
\$ 1,779,184	\$ 2,059,138	\$ 2,510,764

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NOTES TO FINANCIAL STATEMENTS

L. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,583	\$ 513,163
Changes in assumptions	412,166	612,826
Net difference between projected and actual investment earnings on pension plan investments	1,750	-
Changes in proportion	339,276	704,846
	<u>\$ 825,775</u>	<u>\$ 1,830,835</u>
	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 602,172
Changes in assumptions	-	729,713
Net difference between projected and actual investment earnings on pension plan investments	1,696	-
Changes in proportion	376,744	821,350
Contributions subsequent to the measurement date	144,733	-
	<u>\$ 523,173</u>	<u>\$ 2,153,235</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31,	Amount
2021	\$ (152,294)
2022	(64,945)
2023	(65,102)
2024	(65,388)
2025	(186,668)
Thereafter	(105,093)
	<u>\$ (639,490)</u>

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for the 2020, 2019, 2018 and 2017 amounts, respectively.

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M. CONTINGENCIES

In the normal course of business, the Authority may periodically be named as a defendant in litigation. In the opinion of management, supported by legal counsel, the impact of any such matters, if adversely determined, would not have a material adverse effect on the financial statement or operations of the Authority.

N. COMPENSATED ABSENCES

Employees become eligible to receive sick leave in accordance with Note B. The benefits are provided as the lesser of \$15,000 or 50% of accrued sick leave. Management estimates that the unrecorded balance of accrued sick leave at December 31, 2020 and 2019, assuming all employees are eligible for accrued sick leave at termination, is approximately \$149,381 and \$151,360, respectively.

O. ECONOMIC DEPENDENCY

The administrative operations of the Authority are dependent upon management agreements with various governing bodies and agencies for projects in Atlantic County.

P. RELATED-PARTY TRANSACTIONS

The Authority leases its primary office space from the County under annual lease agreements. Rent expense paid to the County during 2020 and 2019 was \$0.

The Authority entered into an agreement with the County for the Authority to operate the Green Tree Golf Course (the "Golf Course") effective June 1, 2007, for a renewable one-year term ending May 31, 2008. On July 14, 2008, the Authority and County amended the initial agreement to December 31, 2007, and enter into a renewal agreement for one year commencing January 1, 2008 and ending December 31, 2008. A renewed agreement was finalized on December 27, 2013, that was substantially comparable to the previous agreement and is still effective to date. The Authority performs the day-to-day operation of the Golf Course including the Golf Course's pro shop and club house. All of the Golf Course equipment which is currently owned by the County shall remain County property but shall be made available for the use and benefit of the Authority. At the discretion of the County Treasurer, the Authority makes one annual payment of revenue and interest to the County, if net proceeds are available. The net revenue shall be based upon the gross revenues of the Golf Course (including green fees, net pro shop sales, and any other revenue generated in connection with Golf Course operations) less operating and management expenses that are incurred by the Authority pursuant to the agreement. For 2020 and 2019, no payments were made to the County, as no net proceeds were available as of December 31, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS

Q. RENT REVENUES

The Authority finalized several noncancelable rental agreements with various entities related to the National Aviation and Technology Park project in 2019, primarily for business premises and equipment that expire at various dates through January 1, 2025. Those rental agreements generally contain renewal options for periods up to ten years. Starting in 2020 rental income will be received for those agreements. In addition to the rental revenue the Authority has promised to provide rental space for the National Aviation Research and Technology Park, Inc. and the Federal Aviation Administration for an indefinite period in exchange for the use of the use of the land that the new facility was constructed on. Future minimum rental revenue under rental agreements are as follows:

<u>Years Ended</u>	<u>Amount</u>
2021	\$ 691,470
2022	770,563
2023	790,023
2024	782,548
2025	786,104
2026	59,183
	<u>\$ 3,879,891</u>

R. COVID-19 IMPACT

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. Due to the impact of New Jersey Governor Murphy's Executive Order No. 107 dated March 21, 2020, mandating statewide stay-at home practices and closure of all non-essential retail businesses, revenues were impacted in the various grants and receipts from projects included in the Agency Funds. It is unknown how long these conditions will last and what the complete financial effect will be to the Authority.

S. DISCONTINUED OPERATIONS

On April 20, 2020, the Authority entered into an agreement with Barlinvis Apartments Urban Renewal, LLC for the sale of the Barlinvis apartments located at 2006 Beach Avenue in Atlantic City. The Authority sold the apartments for total consideration of \$3,900,000. As a result of the sale and transfer, the Authority recognized a gain of \$1,236,870 on the disposal of the Barlinvis apartments operations as a non-operating special item of revenue. The Authority recognized revenues and expenses of \$262,332 and \$133,052, respectively related to its Barlinvis apartments operations through the date of sale. On April 22, 2020, all cash accounts maintained by the Authority dedicated to the apartment operations were closed with the available funds transferred to Authority operating accounts. All remaining equity positions, assets, and liabilities totaling \$3,674,929 were transferred to the Authority or new owners. This transfer also included continuing compliance requirements of the U.S. Department of Housing and Urban Development who subsidized the rent of the apartment residents.

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NOTES TO FINANCIAL STATEMENTS

T. PENDING GOVERNMENT ACCOUNTING STANDARDS (GASB) STATEMENTS

The GASB has issued Statement No. 87, "Leases." This Statement is required to be adopted by the Authority for the year ending December 31, 2022. The Authority has not determined the effect of Statement No. 87 on the financial statements.

The GASB has issued Statement No. 91, "Conduit Debt Obligations." This Statement is required to be adopted by the Authority for the year ending December 31, 2022. The Authority has not determined the effect of Statement No. 91 on the financial statements.

The GASB has issued Statement No. 92, "Omnibus 2020." This Statement clarifies the effective date of Statement No. 87 and addresses other topics that are required to be adopted by the Authority for the year ended December 31, 2022. The Authority has not determined the effect of Statement No. 92 on the financial statements.

The GASB has issued Statement No. 93, "Replacement of Interbank Offered Rates." This Statement is required to be adopted by the Authority for the year ending December 31, 2022. The Authority has not determined the effect of Statement No. 93 on the financial statements.

The GASB has issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement is required to be adopted by the Authority for the year ending December 31, 2023. The Authority has not determined the effect of Statement No. 94 on the financial statements.

The GASB has issued Statement No. 96, "Subscription- Based Information Technology Arrangements." This Statement is required to be adopted by the Authority for the year ending December 31, 2023. The Authority has not determined the effect of Statement No. 96 on the financial statements.

The GASB has issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB No. 32." This Statement is required to be adopted by the Authority for the year ending December 31, 2022. The Authority has not determined the effect of Statement No. 97 on the financial statements.

U. SUBSEQUENT EVENT

The Authority issued \$54,550,000 Stockton University General Obligation Lease Revenue Bonds on May 4, 2021. The proceeds of the bonds will be loaned to Atlantic City University Housing Associates LLC., pursuant to a loan agreement between the Authority and the LLC. The funds will finance the costs of the development and construction of a 135,000 square foot building that will provide additional student housing for students of Stockton University.

The Authority issued \$15,500,000 of Series 2021B Revenue Bonds on June 8, 2021. The bonds refunded the \$15,500,000 Series 2020 County Guaranteed Project Note that was outstanding as of December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last Ten Fiscal Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0135899318%	0.0135724542%	0.0138253932%	0.0137627319%	0.0105092655%	0.0086302495%	0.0088758224%	0.0109503964%
Authority's proportionate share of net pension liability	\$ 2,216,162	\$ 2,445,550	\$ 2,722,151	\$ 3,203,744	\$ 3,112,549	\$ 1,937,318	\$ 1,661,797	\$ 2,092,838
Authority's covered-employee payroll	927,927	963,895	878,871	687,836	558,071	588,636	578,946	578,946
Authority's proportionate share of net pension liability as a % of payroll	238.83%	253.72%	309.73%	465.77%	557.73%	329.12%	287.04%	361.49%
Total pension liability	5,358,890	5,631,410	5,866,332	6,172,911	5,199,427	3,720,464	3,467,914	4,081,464
Plan fiduciary net position	3,142,727	3,185,860	3,144,181	2,969,167	2,086,884	1,783,146	1,806,118	1,988,626
Plan fiduciary net position as a % of total pension liability	58.65%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Contributions, however, only eight years of data are available at this time.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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SCHEDULE OF CONTRIBUTIONS TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)
Last Ten Fiscal Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 148,667	\$ 132,020	\$ 137,518	\$ 127,497	\$ 93,363	\$ 74,197	\$ 73,171	\$ 91,875
Contributions in relation to the contractually required contribution	148,667	132,020	137,518	127,497	93,363	74,197	73,171	91,875
Agency's covered employee payroll	966,434	927,927	963,895	878,871	687,836	558,071	588,636	578,946
Contributions as a % of covered employee payroll	15.38%	14.23%	14.27%	14.51%	13.57%	13.30%	12.43%	15.87%

Note: In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Contributions, however, only eight years of data are available at this time.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS (UNAUDITED)
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Proportion of the net OPEB liability	0.015355%	0.015201%	0.019312%	0.018110%	0.016853%
Proportionate share of net OPEB liability	\$ 2,755,702	\$ 2,059,138	\$ 3,025,537	\$ 3,697,299	\$ 3,660,044
Contributions	\$ 273,167	\$ 292,116	\$ 269,285	\$ 258,818	\$ 242,125
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.98%	1.97%	1.03%	69.00%

Note: In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Contributions, however, only five years of data are available at this time.

OTHER SUPPLEMENTARY INFORMATION

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BARLINVIS APARTMENTS PROJECT (UNAUDITED)
Period January 1, 2020 through April 20, 2020

	April 20, 2020* (Unaudited)
Operating Revenues	
Tenant Revenue	\$ 69,269
Subsidy Revenue	191,659
Other Revenues	1,404
Total Operating Revenues	<u>262,332</u>
Operating Expenses	
Administrative	51,699
Utilities	23,440
Ordinary Maintenance and Operations	32,982
Taxes and Insurance	24,931
Total Operating Expenses	<u>133,052</u>
Operating Income	<u>129,280</u>
Non-operating Income	
Investment Income	393
Transfer of assets for discontinued operations	<u>(3,677,226)</u>
Changes in Net Position	(3,547,553)
Net Position, Beginning of Year	<u>3,547,553</u>
Net position, End of Year	<u>\$ -</u>

*For the four months ended April 20, 2020 due to discontinued operations upon the sale of the Barlinvis apartments. See Note S for additional details.

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SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET – ADMINISTRATION FUND
Year Ended December 31, 2020

	2020 Budget (Unaudited)	2020 Final Budget (Unaudited)	2020 Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Project Administration Fees	\$ 502,788	\$ 502,788	\$ 358,252	\$ (144,536)
Bond Fees	191,581	191,581	180,269	(11,312)
Grant and Agency Fund Fees	630,540	630,540	740,550	110,010
Reimbursement and Other	2,064,622	2,064,622	1,519,220	(545,402)
Total Operating Revenues	3,389,531	3,389,531	2,798,291	(591,240)
Operating Expenses:				
Payroll Expenses	1,371,293	1,371,293	1,211,486	159,807
Employee Benefits	621,917	621,917	496,022	125,895
Professional Fees	490,250	490,250	736,991	(246,741)
Insurance	97,250	97,250	87,215	10,035
Administrative and General	553,850	553,850	69,317	484,533
Depreciation	-	-	426,377	(426,377)
Total Operating Expenses	3,134,560	3,134,560	3,027,408	107,151
Other Income/(Expenses):				
Investment Income	3,700	3,700	20,893	17,193
Amortization Income	-	-	(365,096)	(365,096)
Cost of Issuance	-	-	(107,255)	107,255
Contributed Capital	-	-	1,999,131	(1,999,131)
Gain on Disposal of Asset	-	-	1,236,870	1,236,870
Total Other Income/(Expenses)	3,700	3,700	2,784,544	2,780,844
Net Income	\$ 258,671	\$ 258,671	\$ 2,555,427	\$ 2,296,755
Reconciliation to change in net position per Statements of Revenues, Expenses and Changes in Net Position:				
Unbudgeted pension and OPEB revenue (expense)			(123,201)	
Change in net position per Statement of Revenue, Expenses and Change in Net Position			<u>\$ 2,432,226</u>	

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COMBINING STATEMENT OF NET POSITION - ASSETS
December 31, 2020

	Total	Administrative Fund	Bond Fund	Grant Fund
Unrestricted Assets:				
Current Assets:				
Cash	\$ 5,327,492	\$ 5,327,492	\$ -	\$ -
Prepaid Expense	99,872	99,872	-	-
Accounts Receivable	475,170	475,170	-	-
Total Unrestricted Current Assets	<u>5,902,534</u>	<u>5,902,534</u>	<u>-</u>	<u>-</u>
Restricted Assets:				
Current Assets:				
Cash	1,283,641	21,574	957,248	304,820
Accounts Receivable	15,708	15,708	-	-
Interest Receivable	8,756	-	-	8,756
Note Receivable	127,179	-	-	127,179
Total Restricted Current Assets	<u>1,435,285</u>	<u>37,282</u>	<u>957,248</u>	<u>440,755</u>
Non-Current Assets:				
Mortgages Receivable	8,561,715	-	-	8,561,715
Valuation Allowance for Loan Losses	<u>(8,561,715)</u>	<u>-</u>	<u>-</u>	<u>(8,561,715)</u>
Total Restricted Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Assets	<u>1,435,285</u>	<u>37,282</u>	<u>957,248</u>	<u>440,755</u>
Capital Assets, Net of Depreciation	<u>15,917,104</u>	<u>83,000</u>	<u>15,834,104</u>	
Total Assets	<u>\$23,254,921</u>	<u>\$ 6,022,815</u>	<u>\$16,791,352</u>	<u>\$ 440,755</u>

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COMBINING STATEMENT OF NET POSITION – LIABILITIES AND NET POSITION
December 31, 2020

	Total	Administrative Fund	Bond Fund	Grant Fund
Unrestricted Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 39,464	\$ 39,464	\$ -	\$ -
Unearned Program Income	289,660	-	-	289,660
Total Unrestricted Current Liabilities	329,124	39,464	-	289,660
Restricted Liabilities:				
Current Liabilities:				
Accounts Payable	15,160	-	-	15,160
Interest Payable	8,756	-	-	8,756
Notes Payable	28,488	-	-	28,488
Bond Anticipation Note Payable	15,500,000	-	15,500,000	-
Unamortized Bond Premium	68,975	-	68,975	-
Total Current Liabilities Payable from Restricted Assets	15,621,379	-	15,568,975	52,404
Long-Term Liabilities:				
Accrued Sick and Vacation	149,381	149,381	-	-
Notes Payable	98,691	-	-	98,691
Total Long-Term Liabilities	248,072	149,381	-	98,691
Total Liabilities	16,198,575	188,846	15,568,975	440,755
Net Position:				
Invested in Capital Assets, Net of Related Debt	1,326,950	104,573	1,222,377	-
Reserve for Unemployment	11,818	11,818	-	-
Unrestricted (Deficit)	5,717,578	5,717,578	-	-
Total Net Position	7,056,346	5,833,970	1,222,377	-
Total Liabilities and Net Position	\$ 23,254,921	\$ 6,022,815	\$ 16,791,352	\$ 440,755

Reconciliation to Net Position on

Statements of Net Position - GAAP Basis:

Net Position (as shown above)	\$ 7,056,346
Deferred outflows related to pensions	501,868
Deferred outflows related to OPEB	825,775
Pension Payable	(360)
Deferred inflows related to pensions	(971,066)
Deferred inflows related to OPEB	(1,830,834)
Net Pension Liability	(2,216,161)
Net OPEB Liability	(2,755,701)
Net Position (Deficit) - GAAP Basis	\$ 609,867

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – BOND FUNDS – ASSETS
December 31, 2020

	Total	Stockton Aviation Technology and Research Park
Restricted Assets:		
Current Assets:		
Cash	\$ 957,248	\$ 957,248
Total Restricted Current Assets	<u>957,248</u>	<u>957,248</u>
Total Restricted Assets	<u>957,248</u>	<u>957,248</u>
Capital Assets	<u>15,834,104</u>	<u>15,834,104</u>
Total Assets	<u><u>\$ 16,791,352</u></u>	<u><u>\$ 16,791,352</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – BOND FUNDS – LIABILITIES AND NET
POSITION
December 31, 2020

	<u>Total</u>	<u>Stockton Aviation Technology and Research Park</u>
Restricted Liabilities:		
Current Liabilities:		
Bond Anticipation Note Payable	\$ 15,500,000	\$ 15,500,000
Unamortized Bond Premium	68,975	68,975
	<u>15,568,975</u>	<u>15,568,975</u>
Total Current Liabilities Payable from Restricted Assets	<u>15,568,975</u>	<u>15,568,975</u>
Total Liabilities	<u>15,568,975</u>	<u>15,568,975</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	<u>1,222,377</u>	<u>1,222,377</u>
Total Net Position	<u>1,222,377</u>	<u>1,222,377</u>
Total Liabilities and Net Position	<u>\$ 16,791,352</u>	<u>\$ 16,791,352</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – GRANT FUNDS
December 31, 2020

	Total	CDBG	HOME Funds	Other Funds
Restricted Assets:				
Current Assets:				
Cash	\$ 304,820	\$ 13,889	\$ 278,866	\$ 12,065
Interest Receivable	8,756	-	-	8,756
Notes Receivable	127,179	-	-	127,179
Total Restricted Current Assets	<u>440,755</u>	<u>13,889</u>	<u>278,866</u>	<u>148,000</u>
Non-Current Assets:				
Mortgages Receivable	8,561,715	1,307,886	7,171,469	82,360
Valuation Allowance for Loan Losses	<u>(8,561,715)</u>	<u>(1,307,886)</u>	<u>(7,171,469)</u>	<u>(82,360)</u>
Total Restricted Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Assets	<u>440,755</u>	<u>13,889</u>	<u>278,866</u>	<u>148,000</u>
Total Assets	<u>\$ 440,755</u>	<u>\$ 13,889</u>	<u>\$ 278,866</u>	<u>\$ 148,000</u>
Unrestricted Liabilities:				
Current Liabilities:				
Unearned Program Income	\$ 289,660	\$ (1,088)	\$ 278,683	\$ 12,065
Total Unrestricted Current Liabilities Payable	<u>289,660</u>	<u>(1,088)</u>	<u>278,683</u>	<u>12,065</u>
Restricted Liabilities:				
Current Liabilities:				
Accounts Payable and Accrued Expenses	15,160	14,977	183	-
Interest Payable	8,756	-	-	8,756
Notes Payable	<u>28,488</u>	<u>-</u>	<u>-</u>	<u>28,488</u>
Total Current Liabilities Payable from Restricted Assets	<u>52,403</u>	<u>14,977</u>	<u>183</u>	<u>37,244</u>
Long-Term Liabilities:				
Notes Payable	<u>98,691</u>	<u>-</u>	<u>-</u>	<u>98,691</u>
Total Long-Term Liabilities	<u>98,691</u>	<u>-</u>	<u>-</u>	<u>98,691</u>
Total Liabilities	<u>\$ 440,755</u>	<u>\$ 13,889</u>	<u>\$ 278,866</u>	<u>\$ 148,000</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
 (A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – GRANT FUNDS – CDBG
 December 31, 2020

	Total	CDBG 2001-2012 Entitlement	CDBG 2013 Entitlement	CDBG 2014 Entitlement	CDBG 2015 Entitlement	CDBG 2016 Entitlement	CDBG 2017 Entitlement	CDBG 2018 Entitlement	Small Cities	Program Income
ASSETS										
Cash	\$ 13,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,977	\$ (1,088)
Mortgages Receivable	1,307,886	870,808	43,811	45,652	23,844	29,037	45,514	22,408	192,295	34,517
Valuation Allowance for Loan Losses	(1,307,886)	(870,808)	(43,811)	(45,652)	(23,844)	(29,037)	(45,514)	(22,408)	(192,295)	(34,517)
Total Assets	\$ 13,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,977	\$ (1,088)
LIABILITIES										
Accounts Payable and Accrued Expenses	\$ 14,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,977	\$ -
Unearned Program Income	(1,088)	-	-	-	-	-	-	-	-	(1,088)
Total Liabilities	\$ 13,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,977	\$ (1,088)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
 (A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – GRANT FUNDS – HOME
 December 31, 2020

	Total	1997-2012 Atlantic County HOME	2013 Atlantic County HOME	2014 Atlantic County HOME	2015 Atlantic County HOME	2016 Atlantic County HOME	2017 Atlantic County HOME	2018 Atlantic County HOME	Program Income HOME
ASSETS									
Cash	\$ 278,866	\$ -	\$ 100	\$ -	\$ -	\$ 83	\$ -	\$ -	\$ 278,683
Mortgages Receivable	7,171,469	4,763,291	263,680	254,018	275,256	324,829	394,212	215,201	680,982
Valuation Allowance for Loan Losses	(7,171,469)	(4,763,291)	(263,680)	(254,018)	(275,256)	(324,829)	(394,212)	(215,201)	(680,982)
Total Assets	\$ 278,866	\$ -	\$ 100	\$ -	\$ -	\$ 83	\$ -	\$ -	\$ 278,683
LIABILITIES									
Accounts Payable and Accrued Expenses	\$ 183	\$ -	\$ 100	\$ -	\$ -	\$ 83	\$ -	\$ -	\$ -
Unearned Program Income	278,683	-	-	-	-	-	-	-	278,683
Total Liabilities	\$ 278,866	\$ -	\$ 100	\$ -	\$ -	\$ 83	\$ -	\$ -	\$ 278,683

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – GRANT FUNDS – OTHER
December 31, 2020

	Total	Economic Development	USDA/CDP Rental Rehab/ Jobs Bill
Restricted Assets:			
Current Assets:			
Cash	\$ 12,065	\$ -	\$ 12,065
Interest Receivable	8,756	8,756	-
Notes Receivable	127,179	127,179	-
Total Restricted Current Assets	<u>148,000</u>	<u>135,935</u>	<u>12,065</u>
Non-Current Assets:			
Mortgages Receivable	82,360	-	82,360
Valuation Allowance for Loan Losses	<u>(82,360)</u>	<u>-</u>	<u>(82,360)</u>
Total Restricted Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Assets	<u>148,000</u>	<u>135,935</u>	<u>12,065</u>
Total Assets	<u>\$ 148,000</u>	<u>\$ 135,935</u>	<u>\$ 12,065</u>
Restricted Liabilities:			
Current Liabilities:			
Unearned Program Income	\$ 12,065	\$ -	\$ 12,065
Interest Payable	8,756	8,756	-
Notes Payable	<u>28,488</u>	<u>28,488</u>	<u>-</u>
Total Current Liabilities Payable from Restricted Assets	<u>49,309</u>	<u>37,244</u>	<u>12,065</u>
Long-Term Liabilities:			
Notes Payable	<u>98,691</u>	<u>98,691</u>	<u>-</u>
Total Long-Term Liabilities	<u>98,691</u>	<u>98,691</u>	<u>-</u>
Total Liabilities	<u>\$ 148,000</u>	<u>\$ 135,935</u>	<u>\$ 12,065</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – AGENCY FUNDS
December 31, 2020

	Housing Projects	Other	Mortgages	Total
ASSETS				
Cash	\$ 1,062,474	\$ 1,013,991	\$ -	\$ 2,076,465
Mortgage Interest Receivable	129,149	-	804,829	933,978
Rent Receivable	-	791,008	-	791,008
Accounts Receivable - Other	148,009	537,502	-	685,512
Mortgages Receivable	3,871,782	-	12,616,049	16,487,831
Valuation Allowance for Loan Losses	(3,948,983)	-	(13,420,878)	(17,369,861)
Total Assets	<u>\$ 1,262,431</u>	<u>\$ 2,342,501</u>	<u>\$ -</u>	<u>\$ 3,604,932</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 148,009	\$ 550,589	\$ -	\$ 698,599
Due to Various Agencies	1,114,422	1,791,911	-	2,906,333
Total Liabilities	<u>\$ 1,262,431</u>	<u>\$ 2,342,501</u>	<u>\$ -</u>	<u>\$ 3,604,932</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – AGENCY FUNDS – HOUSING PROJECTS
December 31, 2020

	Grammercy Park Mortgage Subsidy	Habitat for Humanity	Westside Façade	Convention Hall Relocation	Atlantic City Downpayment Assistance Program	Atlantic City Rehabilitation Program	Brighton Towers 2009	Brighton Towers 2013	Section 108	Total
ASSETS										
Cash	\$ 43,367	\$ 91,310	\$ -	\$ 10,039	\$ 104,529	\$ 219,863	\$ 1,252	\$ 285,071	\$ 307,043	\$ 1,062,474
Accounts Receivable	-	-	-	-	-	-	-	-	148,009	148,009
Mortgage Interest Receivable	-	-	-	48,507	-	-	58,265	22,377	-	129,149
Mortgages Receivable	-	61,000	18,080	84,788	2,389,172	1,073,387	156,970	88,385	-	3,871,782
Provision Allowance for Loan Losses	-	(61,000)	(18,080)	(81,348)	(2,389,172)	(1,073,387)	(215,235)	(110,761)	-	(3,948,983)
Assets	\$ 43,367	\$ 91,310	\$ -	\$ 61,986	\$ 104,529	\$ 219,863	\$ 1,252	\$ 285,072	\$ 455,052	\$ 1,262,431
LIABILITIES										
Due to Various Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,009	\$ 148,009
	43,367	91,310	-	61,986	104,529	219,863	1,252	285,072	307,043	1,114,422
Liabilities	\$ 43,367	\$ 91,310	\$ -	\$ 61,986	\$ 104,529	\$ 219,863	\$ 1,252	\$ 285,072	\$ 455,052	\$ 1,262,431

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – AGENCY FUNDS – OTHER
December 31, 2020

	Cape May Tech Operating	NARTP Bldg #3 Operating	Golf Courses	Hammonton Affordable Housing	Somers Point Affordable Housing	Revel	Atlantic City Demolition	Atlantic County Justice Facility	Misc.	Total
ASSETS										
Cash	\$ 58,883	\$ 600,368	\$ 87,654	\$ 64,057	\$ 148,277	\$ 2,132	\$ -	\$ -	\$ 52,619	\$ 1,013,991
Rent Receivable	-	791,008	-	-	-	-	-	-	-	791,008
Accounts Receivable - Other	-	150,000	-	-	-	-	146,370	231,936	9,196	537,502
Total Assets	<u>\$ 58,883</u>	<u>\$ 1,541,376</u>	<u>\$ 87,654</u>	<u>\$ 64,057</u>	<u>\$ 148,277</u>	<u>\$ 2,132</u>	<u>\$ 146,370</u>	<u>\$ 231,936</u>	<u>\$ 61,815</u>	<u>\$ 2,342,501</u>
LIABILITIES										
Accounts Payable and Accrued Expenses Due to Various Agencies	\$ - 58,883	\$ 150,000 1,391,376	\$ - 87,654	\$ - 64,057	\$ - 148,277	\$ - 2,132	\$ 146,370 -	\$ 231,936 -	\$ 22,283 39,531	\$ 550,589 1,791,911
Total Liabilities	<u>\$ 58,883</u>	<u>1,541,376</u>	<u>\$ 87,654</u>	<u>\$ 64,057</u>	<u>\$ 148,277</u>	<u>\$ 2,132</u>	<u>\$ 146,370</u>	<u>\$ 231,936</u>	<u>\$ 61,815</u>	<u>\$ 2,342,501</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF NET POSITION – AGENCY FUNDS – MORTGAGES
December 31, 2020

	Garden Court <u>Apartments</u>	Vermont Plaza	<u>Total</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Mortgage Interest Receivable	-	804,829	804,829
Mortgages Receivable	9,523,320	3,092,729	12,616,049
Valuation Allowance for Loan Losses	<u>(9,523,320)</u>	<u>(3,897,558)</u>	<u>(13,420,878)</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -
Due to Various Agencies	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Total	Administrative Fund	Grant Fund
Operating Revenues:			
Project Administration Fees	\$ 358,252	\$ 358,252	\$ -
Bond Fees	180,269	180,269	-
Grant and Agency Fund Fees	740,550	740,550	-
Grants	688,748	-	688,748
Reimbursement and Other	1,519,220	1,519,220	-
Total Operating Revenues	3,487,039	2,798,291	688,748
Operating Expenses:			
Payroll Expenses	1,211,486	1,211,486	-
Employee Benefits	496,022	496,022	-
Professional Fees	736,991	736,991	-
Insurance	87,215	87,215	-
Administrative and General	69,317	69,317	-
Project Costs	688,748	-	688,748
Depreciation	426,377	426,377	-
Total Operating Expenses	3,716,156	3,027,408	688,748
Operating Income	(229,117)	(229,117)	-
Non-Operating Revenues:			
Investment and Interest Income	20,893	20,893	-
Note Interest, Net of Amortization Income	(365,096)	(365,096)	-
Cost of Issuance	(107,255)	(107,255)	-
Contributed Capital	1,999,131	1,999,131	-
Gain on Disposal of Asset	1,236,870	1,236,870	-
Total Non-Operating Revenues	2,784,544	2,784,544	-
Change in Net Position	\$ 2,555,426	\$ 2,555,426	\$ -
Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:			
Change in Net Position	\$ 2,555,426		
Less: Unbudgeted pension expense	51,637		
Less: Unbudgeted OPEB expense	71,563		
Change in Net Position - GAAP Basis	\$ 2,432,226		

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF ACTIVITIES – GRANT FUNDS
For the Year Ended December 31, 2020

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>
Operating Revenues:			
Grants	<u>\$ 688,748</u>	<u>\$ 426,488</u>	<u>\$ 262,260</u>
Total Operating Revenues	<u>688,748</u>	<u>426,488</u>	<u>262,260</u>
Operating Expenses:			
Project Costs	<u>688,748</u>	<u>426,488</u>	<u>262,260</u>
Total Operating Expenses	<u>688,748</u>	<u>426,488</u>	<u>262,260</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY

(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF ACTIVITIES – GRANT FUND – CDBG

For the Year Ended December 31, 2020

	CDBG 2016 Entitlement	CDBG 2017 Entitlement	CDBG 2018 Entitlement	CDBG 2019 Entitlement	CDBG Small Cities	CDBG Program Income	Total
Operating Revenues:							
Grants	\$ 46,834	\$ 140,569	\$ 47,131	\$ 61,321	\$ 3,345	\$ 127,289	\$ 426,488
Total Operating Revenues	46,834	140,569	47,131	61,321	3,345	127,289	426,488
Operating Expenses:							
Project Costs	46,834	140,569	47,131	61,321	3,345	127,289	426,488
Total Operating Expenses	46,834	140,569	47,131	61,321	3,345	127,289	426,488
Change in Net Position	-	-	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF ACTIVITIES – GRANT FUND -- HOME
For the Year Ended December 31, 2020

	2016 Atlantic County HOME	2017 Atlantic County HOME	2018 Atlantic County HOME	Program Income Atlantic County HOME	Total
Operating Revenues:					
Grants	\$ 9,000	\$ 51,744	\$ 1,225	\$ 200,291	\$ 262,260
Total Operating Revenues	9,000	51,744	1,225	200,291	262,260
Operating Expenses:					
Project Costs	9,000	51,744	1,225	200,291	262,260
Total Operating Expenses	9,000	51,744	1,225	200,291	262,260
Change in Net Position	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Total	Administrative Fund	Bond Fund	Grant Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and Users	\$ 7,396,417	\$ 7,396,417	\$ -	\$ -
Cash Received from Grants	453,202	-	-	453,202
Cash Paid to Subcontractor and Vendors	(3,281,329)	(2,623,654)	-	(657,675)
Net Cash Flows from Operating Activities	4,568,290	4,772,763	-	(204,473)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment and Interest Income	7,976	7,976	-	-
Net Cash Flows from Investing Activities	7,976	7,976	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of Fixed Assets	(180,531)	(180,531)	-	-
Principal Payments Received on Mortgages	37,932	-	-	37,932
Payments Paid on Loans	(34,833)	-	-	(34,833)
Payments Received on Loans	32,024	-	-	32,024
Payments Made on Construction	(1,663,139)	-	(1,663,139)	-
Loan Repayments	(2,014,166)	(2,014,166)	-	-
Transfer to Unearned Program Income	2,155	-	-	2,155
Fees Received	540,421	408,699	-	131,722
Proceeds from Bonds	170,735	-	170,735	-
Mortgages Issued	(171,809)	-	-	(171,809)
Net Cash Flows from Capital and Related Financing Activities	(3,281,211)	(1,785,998)	(1,492,404)	(2,809)
Change in Cash and Cash Equivalents	1,295,056	2,994,742	(1,492,404)	(207,282)
Cash and Cash Equivalents - Beginning of Year	5,316,078	2,354,324	2,449,652	512,102
Cash and Cash Equivalents - End of Year	\$ 6,611,134	\$ 5,349,066	\$ 957,248	\$ 304,820
Reconciliation to Statements of Net Position:				
Unrestricted Cash	\$ 5,327,492	\$ 5,327,492	\$ -	\$ -
Restricted Cash	1,283,642	21,574	957,248	304,820
	\$ 6,611,134	\$ 5,349,066	\$ 957,248	\$ 304,820
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:				
Operating Income	\$ (229,117)	\$ (229,117)	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation	426,377	426,377	-	-
Changes in Assets and Liabilities:				
Accounts Receivable	4,651,819	4,598,126	-	53,693
Accounts Payable	(278,810)	(20,644)	-	(258,166)
Accrued Sick and Vacation	(1,979)	(1,979)	-	-
	\$ 4,568,290	\$ 4,772,763	\$ -	\$ (204,473)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF CASH FLOWS – BOND FUND
For the Year Ended December 31, 2020

	<u>Total</u>	<u>Stockton Aviation Technology and Research Park</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments Made on Construction	\$ (1,663,139)	\$ (1,663,139)
Proceeds from Bonds	<u>170,735</u>	<u>170,735</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(1,492,404)</u>	<u>(1,492,404)</u>
Change in Cash and Cash Equivalents	(1,492,404)	(1,492,404)
Cash and Cash Equivalents - Beginning of Year	<u>2,449,652</u>	<u>2,449,652</u>
Cash and Cash Equivalents - End of Year	<u>\$ 957,248</u>	<u>\$ 957,248</u>
Reconciliation to Statements of Net Position: Restricted Cash	<u>\$ 957,248</u>	<u>\$ 957,248</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF CASH FLOWS – GRANT FUND
For the Year Ended December 31, 2020

	Total	CDBG	HOME Funds	Other Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Grants	\$ 453,202	\$ 297,521	\$ 155,681	\$ -
Cash Paid to Subcontractors and Vendors	<u>(657,675)</u>	<u>(395,415)</u>	<u>(262,260)</u>	<u>-</u>
Net Cash Flows from Operating Activities	<u>(204,473)</u>	<u>(97,894)</u>	<u>(106,579)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal Payments Received on Mortgages	37,932	37,932	-	-
Payments Paid on Loans	(34,833)	-	-	(34,833)
Payments Received on Loans	32,024	-	-	32,024
Transfer to Unearned Program Income	2,155	2,155	-	-
Fees Paid	131,722	131,722	-	-
Mortgages Issued	(171,809)	(171,809)	-	-
Interfunds - Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(2,809)</u>	<u>-</u>	<u>-</u>	<u>(2,809)</u>
Change in Cash and Cash Equivalents	(207,282)	(97,894)	(106,579)	(2,809)
Cash and Cash Equivalents - Beginning of Year	<u>512,102</u>	<u>111,783</u>	<u>385,445</u>	<u>14,874</u>
Cash and Cash Equivalents - End of Year	<u>\$ 304,820</u>	<u>\$ 13,889</u>	<u>\$ 278,866</u>	<u>\$ 12,065</u>
Reconciliation to Statements of Net Position: Restricted Cash	<u>\$ 304,820</u>	<u>\$ 13,889</u>	<u>\$ 278,866</u>	<u>\$ 12,065</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:				
Operating Income/(Loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Accounts Receivable	53,693	21,710	-	31,983
Accounts Payable	<u>(258,166)</u>	<u>(119,604)</u>	<u>(106,579)</u>	<u>(31,983)</u>
	<u>\$ (204,473)</u>	<u>\$ (97,894)</u>	<u>\$ (106,579)</u>	<u>\$ -</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF CASH FLOWS – GRANT FUND -- CDBG
Year Ended December 31, 2020

	Total	CDBG 2016 Entitlement	CDBG 2017 Entitlement	CDBG 2018 Entitlement	Small Cities	Program Income
CASH FLOWS FROM OPERATING ACTIVITIES:						
Grants	\$ 297,521	\$ 46,834	\$ 140,569	\$ 68,841	\$ 3,345	\$ 37,932
Cash Paid to Subcontractors and Vendors	(395,415)	(46,834)	(142,519)	(68,841)	(5,500)	(131,721)
Net Cash Flows from Operating Activities	(97,894)	-	(1,950)	-	(2,155)	(93,789)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal Payments Received on Mortgages	37,932	-	-	-	3,345	34,587
Transfer To Deferred Program Income	2,155	-	-	-	2,155	-
Fees Paid To ACIA	131,722	-	-	-	-	131,722
Mortgages Issued	(171,809)	-	-	-	(5,500)	(166,309)
Interfunds - Special Revenue Funds	-	-	-	-	-	-
Net Cash Flows from Capital and Related Financing Activities	-	-	-	-	-	-
Change in Cash and Cash Equivalents	(97,894)	-	(1,950)	-	(2,155)	(93,789)
Cash and Cash Equivalents - Beginning of Year	111,783	-	1,950	-	17,132	92,701
Cash and Cash Equivalents - End of Year	\$ 13,889	\$ -	\$ -	\$ -	\$ 14,977	\$ (1,088)
Reconciliation to Statements of Net Position: Restricted Cash	\$ 13,889	\$ -	\$ -	\$ -	\$ 14,977	\$ (1,088)
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:						
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:						
Accounts Receivable	21,710	-	-	21,710	-	-
Increase/(Decrease) in Accounts Payable	(119,604)	-	(1,950)	(21,710)	(2,155)	(93,789)
	\$ (97,894)	\$ -	\$ (1,950)	\$ -	\$ (2,155)	\$ (93,789)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

COMBINING STATEMENT OF CASH FLOWS – GRANT FUND – HOME
Year Ended December 31, 2020

	Total	2013 Atlantic County HOME	2016 Atlantic County HOME	2017 Atlantic County HOME	2018 Atlantic County HOME	Program Income
CASH FLOWS FROM OPERATING ACTIVITIES:						
Grants	\$ 155,681	\$ -	\$ 9,000	\$ 51,744	\$ 1,225	\$ 93,712
Cash Paid to Subcontractors and Vendors	(262,260)	-	(9,000)	(51,744)	(1,225)	(200,291)
Net Cash Flows from Operating Activities	(106,579)	-	-	-	-	(106,579)
Change in Cash and Cash Equivalents	(106,579)	-	-	-	-	(106,579)
Cash and Cash Equivalents - Beginning of Year	385,445	100	83	-	-	385,262
Cash and Cash Equivalents - End of Year	<u>\$ 278,866</u>	<u>\$ 100</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,683</u>
Reconciliation to Statements of Net Position:						
Restricted Cash	<u>\$ 278,866</u>	<u>\$ 100</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,683</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:						
Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:						
Accounts Payable	(106,579)	-	-	-	-	(106,579)
	<u>\$ (106,579)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,579)</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
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COMBINING STATEMENT OF CASH FLOWS – GRANT FUND – Other
Year Ended December 31, 2020

	Total	Economic Development	USDA/CDP Rental Rehab/ Jobs Bill
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments Paid on Loans	\$ (34,833)	\$ (31,983)	\$ (2,850)
Payments Received on Loans	32,024	31,983	41
Net Cash Flows from Capital and Related Financing Activities	<u>(2,809)</u>	<u>-</u>	<u>(2,809)</u>
Change in Cash and Cash Equivalents	(2,809)	-	(2,809)
Cash and Cash Equivalents - Beginning of Year	<u>14,874</u>	<u>-</u>	<u>14,874</u>
Cash and Cash Equivalents - End of Year	<u>\$ 12,065</u>	<u>\$ -</u>	<u>\$ 12,065</u>
Reconciliation to Statements of Net Position: Restricted Cash	<u>\$ 12,065</u>	<u>\$ -</u>	<u>\$ 12,065</u>
Reconciliation of Operating Deficit to Net Cash Flows From Operating Activities:			
Operating Income/(Loss)	\$ -	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:			
(Increase)/Decrease in Accounts Receivable	31,983	31,983	-
Increase/(Decrease) in Accounts Payable	<u>(31,983)</u>	<u>(31,983)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of
Atlantic County Improvement Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Atlantic County Improvement Authority (the "Authority"), a component unit of the County of Atlantic, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 12, 2022.

We have not audited the financial statements of the Authority's discretely presented component unit in accordance with auditing standards generally accepted in the United States of America or in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of current year findings and recommendations as finding 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of current year findings and recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercedien, P.C.
Certified Public Accountants

May 12, 2022

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2020

Finding 2020-001

Criteria

Management is responsible for maintaining an accurate general ledger system.

Condition

Current year journal entries and post-closing entries year were not properly completed for accurate financial reporting.

Cause

The policies and procedures over the financial reporting process were not consistently followed.

Effect

General ledger and trial balance information presented for current year audit needed multiple adjustments to reflect current year activity which caused delays in completing the year-end close process and audit.

Recommendation

The Authority should ensure all required general ledger closing processes be followed consistently and that all journal entries and post-closing entries are posted accurately and timely to the general ledger. Additionally, all general ledger accounts should be reviewed periodically throughout the year to ensure accuracy of balances.

Managements Response

Management is in agreement with the finding. Consistent with the recommendation, appropriate procedures have been implemented to ensure all year end processes and entries are completed properly and timely. Also, general ledger accounts will be reviewed periodically throughout the year to ensure accuracy of balances.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2020

None reported