

**Atlantic County Improvement Authority**

**Report of Audit**

**For The Year Ended December 31, 2009**

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY  
TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
<b>Letter of Transmittal</b>	1
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-9
<b>Basic Financial Statements</b>	
A    Comparative Balance Sheet	10
B    Comparative Statement of Revenues, Expenses and Changes in Net Assets	11
C    Comparative Statement of Cash Flows	12-13
D    Balance Sheets - Agency Funds	14
<b>Notes to Financial Statements</b>	15-34
<b>Other Supplementary Information</b>	
1    Schedule of Appropriations Compared to Budget-Administrative Fund	35
2    Combining Balance Sheets - Assets	36
3    Combining Balance Sheets - Liabilities and Net Assets	37
4    Combining Balance Sheets - Bond Funds	38
5    Combining Balance Sheets - Bond Funds	39
6    Combining Balance Sheets - Grant Funds	40
7    Combining Balance Sheets - Grant Funds - CDBG	41
8    Combining Balance Sheets - Grant Funds - HOME	42
9    Combining Balance Sheets - Grant Funds - Other	43
10   Combining Balance Sheets - Agency Funds	44
11   Balance Sheet - Agency Funds, Housing Projects	45
12   Balance Sheet - Agency Funds, Other	46
13   Balance Sheet - Agency Funds, Mortgages	47
14   Combining Statement of Activities	48
15   Combining Statement of Activities - Bond Fund	49
16   Combining Statement of Activities - Grant Fund	50
17   Combining Statement of Activities - Grant Fund - CDBG	51
18   Combining Statement of Activities - Grant Fund - HOME	52
19   Comparative Statement of Cash Flows	53
20   Comparative Statement of Cash Flows - Bond Fund	54
21   Comparative Statement of Cash Flows - Grant Fund	55
22   Comparative Statement of Cash Flows - Grant Fund - CDBG	56
23   Comparative Statement of Cash Flows - Grant Fund - HOME	57
24   Comparative Statement of Cash Flows - Grant Fund - Other	58

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY  
TABLE OF CONTENTS

	<b>Page</b>
<b>Single Audit Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	61-62
Schedule of Federal Financial Awards	63
Notes to Schedule of Federal Financial Awards	64
Schedule of Findings and Questioned Costs	65-66
Summary Schedule of Prior Audit Findings	66
<b>Comments and Recommendations</b>	<b>67-68</b>

## **INTRODUCTORY SECTION**

# ACIA

Atlantic County Improvement Authority  
5909 Main Street, 2nd Floor, Mays Landing, N.J. 08330  
Phone: 609-645-5838 Fax: 609-645-5813

John C. Lamey, Jr.  
Executive Director

March 24, 2010

Chairperson Foster and Authority Board Members:

Presented to you are the audited financial statements for the 2009 year. There are separate financial statements for the Administrative, Bond, Grant, and Agency Funds, consistent with prior years. The financial statements are presented separately for the Administrative Fund, each bond issue and each grant and agency fund because each is separate and distinct.

The report is presented in three sections: introductory, financial, and single audit. The introductory section consists of this transmittal letter. The financial section includes the basic financial statements and schedules, management's discussion and analysis as well as the auditor's report thereon. The Authority is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133 Revised. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Government Auditing Standards and State law require that the Atlantic County Improvement Authority ("ACIA") publish a complete set of financial statements presented in conformance with general accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards. The financial statements for the 2009 year are presented as required.

The Management Discussion and Analysis ("MD&A") report consists of management's representations concerning the finances of the Administrative, Bond, Grant, and Agency Funds. Management assumes full responsibility for the completeness and reliability of all the information presented in the MD&A.

Regarding the reliability of the statements presented, a reasonable internal control framework and procedures exist to protect the ACIA's assets from loss, theft, or misuse. This internal control framework provides a basis that allows staff to compile sufficient and reliable information for the preparation of the Authority's financial statements in conformity with GAAP and for the audit by the Authority's independent auditor. Because the cost of internal controls should not outweigh their benefits, the internal controls cannot provide an absolute assurance, but can provide reasonable assurance as to the credibility and accuracy of the financial statements.

The Authority staff prepared the basic financial statements and the supplemental financial statements and schedules discussed above. Ford, Scott & Associates, LLC, a firm of licensed certified public accountants, has audited and opined on the Authority's financial statements. The goal of an independent audit is to provide reasonable assurance as to the validity of the financial statements. This involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing estimates and calculations utilized, assessing supplemental information provided or gathered by the auditors, and assessing the overall financial statement presentation. The auditors have opined that the basic financial statements, which were prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards present fairly, in all material respects, the financial position of the Atlantic County Improvement Authority as of December 31, 2009.

Sincerely,

---

John C. Lamey, Jr.  
Executive Director

## **FINANCIAL SECTION**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

Chairman and Board of Commissioners of the  
Atlantic County Improvement Authority  
Mays Landing, New Jersey

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the Atlantic County Improvement Authority ("Authority"), a component unit of the County of Atlantic, as of and for the year ended December 31, 2009, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements of the Authority as of and for the year ended December 31, 2008, were audited by other auditors whose report dated April 7, 2009, expressed an unqualified opinion on those statements in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2009, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010 on our consideration of the Authority's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying financial information listed as Other Supplementary Information is not a required part of the basic financial statements, but is presented as additional analytical data. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole. Additionally, the Schedule of Federal Financial Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is not a required part of the basic financial statements.

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



**Leon P. Costello**  
**Certified Public Accountant**

March 25, 2010



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 at year-end were \$60,618,883 and exceeded liabilities in the amount of \$1,006,609 (i.e. net assets). \$927,922 was available to support short-term operations.
- Unrestricted net assets increased \$15,206 over fiscal year 2008. This resulted from the Administrative Funds ability to generate enough revenues to cover all operating expenses.
- The Administrative Fund has increased net assets for four consecutive years. Net assets available to support operations increased \$205,895 since 2005.
- Operating revenues were \$3,427,163, a decrease from year 2008 in the amount of \$755,290. The Grant revenues decreased \$947,290 due to the completion of multi-year projects in 2008.
- Operating expenses decreased \$730,665 from 2008, which was a result from a decrease in project costs.

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 supplemental 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 capital plan, budget, bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; a Statement of Cash Flows; and Notes to the Financial Statements.

The Balance Sheet presents the financial position of the Authority on a full accrual historical cost basis. The Balance Sheet presents information on all of the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Balance Sheet provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses, and Changes in Net Assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets 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.

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

The Notes to the 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 reader 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 to administer grants, 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.

Condensed Financial Statements

Condensed Balance Sheet

	<u>2009</u>	<u>December 31,</u> <u>2008</u>	<u>2007</u>
Noncurrent Assets:			
Net Mortgage & Note Receivable	\$ 26,751,019	\$ 27,489,900	\$ 28,388,650
Net Lease Payments Receivable	21,593,440	26,114,228	30,142,167
Cash and Investments	6,610,937	6,719,387	6,791,826
Current Assets (Less Cash), And Capital Assets, Net	<u>5,650,032</u>	<u>5,516,363</u>	<u>4,659,624</u>
Total Assets	<u>\$ 60,618,883</u>	<u>\$ 65,839,878</u>	<u>\$ 69,982,267</u>
Current Liabilities	\$ 6,046,984	\$ 6,205,910	\$ 5,478,498
Long Term Liabilities:			
Other	289,271	347,542	388,413
Certificates of Participation	26,525,000	30,800,000	34,775,000
Bonds Payable	<u>26,751,019</u>	<u>27,489,900</u>	<u>28,388,650</u>
Total Liabilities	<u>59,612,274</u>	<u>64,843,352</u>	<u>69,030,561</u>
Net Assets:			
Restricted or Net Invested in Capital Assets	78,687	83,809	83,879
Unrestricted	<u>927,922</u>	<u>912,717</u>	<u>867,827</u>
Total Net Assets	<u>1,006,609</u>	<u>996,526</u>	<u>951,706</u>
Total Liabilities and Net Assets	<u>\$ 60,618,883</u>	<u>\$ 65,839,878</u>	<u>\$ 69,982,267</u>

### Condensed Statement of Activities

	2009 <u>Actual</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
Revenues:			
Administrative Fees	\$ 1,348,912	\$ 1,152,350	\$ 990,334
Grants	2,010,425	2,957,715	3,309,277
Other Revenues	<u>67,826</u>	<u>72,388</u>	<u>62,449</u>
Total Operating Revenues	<u>3,427,163</u>	<u>4,182,453</u>	<u>4,362,060</u>
Expenses:			
Project Costs	1,568,673	2,461,693	2,917,991
Service Fees	441,752	496,022	418,272
Depreciation	4,440	4,040	2,144
General and Administrative	<u>1,413,962</u>	<u>1,197,737</u>	<u>1,107,947</u>
Total Operating Expenses	<u>3,428,527</u>	<u>4,159,492</u>	<u>4,446,354</u>
Operating Gain (Loss)	(1664)	22,961	(84,294)
Non-Operating Revenue, Net	<u>11,747</u>	<u>21,859</u>	<u>(1,408,504)</u>
(Decrease)/Increase in Net Assets	<u>\$ 10,083</u>	<u>\$ 44,820</u>	<u>\$ (1,492,798)</u>

### General Trends and Significant Events

There was no material change in the operations of the Authority in 2009. The Authority continues to implement the CDBG and HOME Programs on behalf of Atlantic County, provide various services to the CRDA and NJSEA, administer bond issues, and undertake its other responsibilities.

### Financial Condition

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

Total assets decreased \$5.2 million or 7.9%. The decrease was primarily related to the annual bond payments.

Noncurrent assets decreased \$5.2 million or 9.8%. The decrease is proportional to the decrease in long-term liabilities which decreased \$5.1 million or 8.6%.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: administrative fees, grants, and other.

The fees for grant administration remained consistent with prior year. The grant revenue decreased \$947,290.

Expenses: Total operating expenses of the Authority decreased \$730,665 from fiscal year 2008.

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

		<u>Actual Amounts in 000's</u>		
		<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Expenses:				
Total	\$	3,428	\$ 4,159	\$ 4,446
Excluding Project Costs		1,859	1,698	1,528
Excluding Project Costs and Service Fees		1,418	1,202	1,110

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

		<u>Actual Amounts</u>					
		<u>2009</u>		<u>2008</u>		<u>2007</u>	
Salaries	\$	872,824	25.46%	\$ 737,700	17.73%	\$ 689,107	15.50%
Fringe & Payroll Taxes		254,948	7.44	229,222	5.51	189,920	4.27
Professional Services		128,484	3.75	77,889	1.87	83,394	1.88
Insurance		85,285	2.49	79,578	1.91	73,222	1.65
Rent & Administrative & General		72,421	2.11	73,748	1.77	72,304	1.62
Project Costs		1,568,673	45.75	2,461,693	59.18	2,917,991	65.63
Service Fees		441,752	12.88	496,022	11.93	418,272	9.40
Depreciation		4,440	.12	4,040	.10	2,144	.05
		<u>\$ 3,428,827</u>	<u>100.00%</u>	<u>\$ 4,159,492</u>	<u>100.00%</u>	<u>\$ 4,446,354</u>	<u>100.00%</u>

Project costs decreased by \$893,020 or 36.28%. This corresponds with the decrease in Grant revenue. Administration and General remained consistent with 2008.

### 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.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Operating Revenues	\$ 3,427,163	\$ 4,182,453	\$ 4,362,060
Net Cash Provided/ (Used) by Operations	(1,664)	22,961	(84,294)
Net Operating Cash as a % of Operating Revenue	-.04%	.55%	-1.93%

### Capital Assets and Debt Administration

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

In 2005, the Authority issued the ARC Bond; in 2006, the Faith Baptist Bond; and in 2007, the St. Augustine Bond. At the end of 2009, the Authority had two Certificates of Participation for Atlantic City and Atlantic County, two Guaranteed Notes for the Egg Harbor Township Golf Course, and mortgage-backed bonds from ARC, Faith Baptist and St. Augustine.

Each debt is paid off solely from the project financed by the proceeds of the debt. The Certificates of Participation are paid by lease payments from Atlantic City and Atlantic County, plus interest on investments on the Atlantic County Certificates of Participation. The Egg Harbor Township Golf Corporation Guaranteed Notes are paid from the Egg Harbor Township Golf Corporation, plus interest on investments. 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 or bond holders. All investments are held by the bond trustees. The bond trustees also have the primary responsibility of insuring that all bond requirements are met. The bond trustees also pay the interest on and principal of the Authority's debt. The Authority is responsible for maintaining accounting records based on trust statements prepared 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, 5909 Main Street, Mays Landing, NJ 08330 or at 609-645-5838.

## **BASIC FINANCIAL STATEMENTS**

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE BALANCE SHEET

December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities and Net Assets</u>	<u>2009</u>	<u>2008</u>
Unrestricted Assets:			Unrestricted Assets:		
Current Assets:			Current Liabilities:		
Cash and Cash Equivalents	\$ 955,296	\$ 891,321	Accounts Payable	\$ 6,329	\$ 23,309
Other Receivables	146,608	168,202			
Due From Agency Fund and Restricted Funds			Total Unrestricted Current Liabilities	<u>6,329</u>	<u>23,309</u>
Total Unrestricted Current Assets	<u>1,101,904</u>	<u>1,059,523</u>	Restricted Assets:		
Restricted Assets:			Current Liabilities:		
Current Assets:			Accounts Payable	139,877	509,553
Cash and Cash Equivalents	5,655,641	5,828,067	Due To Administrative Fund		
Investments			Interest Payable	888,927	998,106
Interest Receivable	172,968	149,777	Current Portion of Long-Term Debt	5,011,851	4,674,942
Accounts Receivable - HUD	161,592	509,552	Total Current Liabilities Payable From Restricted Assets	<u>6,040,655</u>	<u>6,182,601</u>
Mortgages Receivable	476,851	454,942	Long-Term Liabilities:		
Guaranteed Note Receivable	260,000	245,000	Deferred Program Income	138,852	191,273
Net Lease Payments Receivable	4,432,013	3,975,000	Due To Various Agencies	150,419	32,771
Total Restricted Current Assets	<u>11,159,065</u>	<u>11,162,338</u>	Accrued Sick and Vacation	26,525,000	123,498
Non-Current Assets:			Certificates of Participation	26,751,019	30,800,000
Mortgages Receivable	23,598,152	23,248,485	Bonds Payable		27,489,900
Valuation Allowance for Loan Losses	(6,577,133)	(5,748,585)	Total Long-Term Liabilities	<u>53,565,290</u>	<u>58,637,442</u>
Guaranteed Note Receivable	9,730,000	9,990,000	Total Liabilities	<u>59,612,274</u>	<u>64,843,352</u>
Net Lease Payments Receivable	21,593,440	26,114,228	Net Assets:		
Total Restricted Current Assets	<u>48,344,459</u>	<u>53,604,128</u>	Invested in Capital Assets, Net of Related Debt	13,455	13,889
Non-Current Assets:			Restricted for Capital Activity and Debt Service	65,232	69,921
Mortgages Receivable	23,598,152	23,248,485	Unrestricted	927,922	912,716
Valuation Allowance for Loan Losses	(6,577,133)	(5,748,585)	Total Net Assets	<u>1,006,609</u>	<u>996,526</u>
Guaranteed Note Receivable	9,730,000	9,990,000	Capital Assets, Net of Depreciation		
Net Lease Payments Receivable	21,593,440	26,114,228	Total Assets	<u>\$ 60,618,883</u>	<u>\$ 65,839,878</u>
Total Restricted Assets	<u>59,503,524</u>	<u>64,766,466</u>			
Capital Assets, Net of Depreciation	<u>13,455</u>	<u>13,889</u>			
Total Assets	<u>\$ 60,618,883</u>	<u>\$ 65,839,878</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Project Administration Fees	\$ 856,660	\$ 646,379
Bond Fees	21,000	21,000
Grant and Agency Fund Fees	471,252	484,971
Grants	2,010,425	2,957,715
Reimbursement and Other	<u>67,826</u>	<u>72,388</u>
Total Operating Revenues	<u>3,427,163</u>	<u>4,182,453</u>
Operating Expenses:		
Payroll Expenses	872,824	737,300
Employee Benefits	254,948	229,222
Rent	29,717	29,717
Professional Fees	128,484	77,889
Insurance	85,285	79,578
Administrative and General	42,704	44,031
Project Costs	1,568,673	2,461,693
Service Fees	441,752	496,022
Depreciation	<u>4,440</u>	<u>4,040</u>
Total Operating Expenses	<u>3,428,827</u>	<u>4,159,492</u>
Operating Deficit	<u>(1,664)</u>	<u>22,961</u>
Non-Operating Revenues/(Expenses):		
Investment and Interest Income	1,292,157	1,524,712
Lease Rental	2,038,616	2,224,997
Bond and Note Interest	<u>(3,319,026)</u>	<u>(3,727,850)</u>
Total Non-Operating (Expenses)/Revenues	<u>11,747</u>	<u>21,859</u>
(Decrease)/Increase in Net Assets	10,083	44,820
Total Net Assets - Beginning of Year	<u>996,526</u>	<u>951,706</u>
Total Net Assets - End of Year	<u>\$ 1,006,609</u>	<u>\$ 996,526</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS TO/(FROM) OPERATING ACTIVITIES:</b>		
Project Administration Fees	\$ 890,589	\$ 641,323
Bond Fees	21,000	21,000
Grant and Agency Fees	458,918	558,716
Grants	2,183,286	2,347,604
Program Income		750
Reimbursement and Other	67,826	65,311
Payroll Expenses	(840,442)	(746,353)
Employee Benefits	(260,172)	(230,831)
Rent	(29,717)	(29,717)
Professional Fees	(128,484)	(75,379)
Insurance	(85,285)	(79,578)
Service Fees		
Administrative and General	(47,375)	(43,786)
Cash Paid To Subcontractor and Vendors	<u>(2,253,250)</u>	<u>(2,506,055)</u>
Net Cash Provided/(Used) By Operating Activities	<u>(23,106)</u>	<u>(76,945)</u>
<b>CASH FLOWS TO/(FROM) INVESTING ACTIVITIES:</b>		
Investment and Interest Income	<u>124,780</u>	<u>66,964</u>
Net Cash Provided By Investing Activities	<u>124,780</u>	<u>66,964</u>
<b>CASH FLOWS TO/(FROM) CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Fixed Assets	(4,006)	
Principal Payments Received on Mortgages	75,163	118,964
Mortgages Issued	(32,892)	(88,411)
Principal Payments Received on Bonds		
Principal Payments Made on Bonds	(3,975,000)	(3,700,000)
Fees Paid To ACIA	(96,450)	(76,094)
Interfunds Agency		(14,640)
Interfunds Special Revenue		
Lease Rental	6,102,363	6,267,749
Interest Paid on Bonds	<u>(2,279,303)</u>	<u>(2,570,026)</u>
Net Cash Provided/(Used) By Capital and Related Financing Activities	<u>(210,125)</u>	<u>(62,458)</u>
Decrease in Cash and Cash Equivalents	(108,451)	(72,439)
Cash and Cash Equivalents - Beginning of Year	<u>6,719,387</u>	<u>6,791,826</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,610,936</u>	<u>\$ 6,719,387</u>
<b>Reconciliation To Balance Sheet:</b>		
Unrestricted Cash	\$ 955,296	\$ 891,321
Restricted Cash	<u>5,655,640</u>	<u>5,828,066</u>
	<u>\$ 6,610,936</u>	<u>\$ 6,719,387</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Exhibit C  
Page 13 of 2

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Income To Net Cash		
Provided By Operating Activities:		
Operating Loss	\$ (1,664)	\$ 22,961
Adjustments To Reconcile Operating Income To		
Net Cash Provided By Operating Activities:		
Depreciation	4,440	4,040
Changes in Assets and Liabilities:		
Increase/(Decrease) in Accounts Receivable	399,925	(94,464)
Increase in Interfunds		
(Decrease)/Increase in Accounts Payable	(441,852)	(18,481)
Increase Withheld Payroll Taxes		
Decrease Due to Atlantic County	(10,875)	
Decrease in Interfunds Payable		
Increase in Accrued Sick and Vacation	<u>26,920</u>	<u>10,574</u>
	<u>\$ (23,106)</u>	<u>\$ (75,370)</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

BALANCE SHEET - AGENCY FUNDS

Years ended December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 1,271,714	\$ 1,619,422
Mortgage Interest Receivable	4,625,287	4,447,623
Accounts Receivable - Other	440,751	354,820
Mortgages Receivable	15,296,393	14,545,875
Mortgages Receivable - Valuation Allowance	<u>(19,805,591)</u>	<u>(18,871,519)</u>
Total Assets	<u>\$ 1,828,554</u>	<u>\$ 2,096,220</u>
 <u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 445,586	\$ 354,951
Due To:		
Administrative Fund		
Various Agencies	<u>1,382,968</u>	<u>1,741,269</u>
Total Liabilities	<u>\$ 1,828,554</u>	<u>\$ 2,096,220</u>

**NOTES TO FINANCIAL STATEMENTS**

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 1. 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. The bonds are paid by lease rentals for certificates of participation, repayments of municipalities' loans for the Pooled Loan Program bonds, loan repayments on the Egg Harbor Township Golf Course bonds and non-profit bonds

The Authority both administers various housing projects funded primarily by the Development Fund. The Authority also undertakes public facilities projects on behalf of governments, school districts and other authorities. The Authority implements the CDBG and HOME Programs on behalf of Atlantic County.

NOTE 2. 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 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 organization is legally separate (can sue or be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is a fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has no component units. The Authority, as a component unit, issues separate financial statements from the County.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Financial Statements

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standard Board ("GASB") pronouncements as well as Financial Accounting Standards Boards ("FASB") statements and interpretations, and the Accounting Principles Board ("APB") of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Authority has adopted GASB No. 33 through 42, and related interpretations issued through December 31, 2005. Statement No. 33 required contributions to be recorded in the Statements of Activities. Statement 34 and subsequent Statements and Interpretations required certain other changes in terminology, format and content, as well as inclusion of the Management's Discussion and Analysis supplementary information.

All activities of the Authority 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 net income 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 balance sheet. Net assets (i.e. total assets net of total liabilities) are segregated into "invested in capital assets, net of related liabilities"; "restricted for capital activity and debt service"; and "unrestricted" components.

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 balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenditures in accordance with N.J.S.A. 40A:5A. The operating budget adopted annually covers the Administrative Fund activity only. 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.

Custodial Funds

State Unemployment Trust - accounts for amount withheld from employee wages in accordance with State requirements, held for the purpose of paying unemployment claims to the State.

Agency Funds - The Agency Funds held by the Authority account for projects administered by the Authority and assets 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.

Bond Fund - The Bond Fund accounts for all assets and corresponding liabilities of the Authority as they relate to the payment of debt service on outstanding loans and bond issues of the Authority. Reserves established in connection with certain bond issues are included in this Fund. The debt of the various bond accounts is collateralized primarily by the respective facilities, reserves and revenues established within each bond account. Assets of an individual bond account are restricted and not available to meet the obligations of any other account or purpose.

Restricted Assets

Restricted Assets represent cash and investments 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  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Post-Retirement Benefits

In July 2004, GASB adopted Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This Statement became effective for entities on a phased-in basis beginning with fiscal years beginning after December 15, 2006. The effective date for the Authority is the fiscal year beginning January 1, 2007. This Statement will require governmental entities to report the future cost of other post employment benefits ("OPEB") on a present-value basis instead of the present "pay as you go" method. The Authority does not expect the adoption of this GASB Statement to have a material effect on the Authority's financial position or results of operations.

The Authority will also pay up to three years' post-retirement health insurance premiums for the same coverage the employee had before retirement, under the following conditions:

Post-retirement health insurance premiums will not be paid to the extent the employee or his/her dependents are eligible for coverage afforded by the State in which they reside or the United States, such as Federal Medicare Program.

To be eligible for post-retirement health benefits, the employee must 1) have at least 10 years of service with the Authority and retired on an ordinary disability pension; 2) have retired on accidental disability; 3) have retired with 25 years of service with the Authority; or 4) have retired at the age of 62 or older with at least 15 years of service with the Authority,

The Authority, as of December 31, 2009, has recorded \$39,429 in accrued vacation leave liability. The Authority, as of December 31, 2009, has recorded no other liability for post-retirement health insurance.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on mortgages and loans receivable and associated interest receivable in the Agency Funds. Management has estimated these allowances based upon appraised values or estimated values of property securing the loans and mortgages receivable.

While management uses available information to estimate the allowances for losses on loans and mortgages receivable, future additions may be necessary based upon changes in local economic conditions. Because of these factors, it is reasonably possible that the allowance for losses on loans and mortgages receivable may change materially in the near term.

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.

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 three months or less. Cash, in the form of checking and money market savings accounts, is held in the Authority's name by a commercial banking institution. At December 31, 2009, the carrying amount of the Authority's deposits was \$7,882,651 and the bank balance was \$7,917,285. Of the bank balance, \$846,491 was insured with Federal Deposit Insurance Corporation.

Investments

Investments are carried at fair market value with associated premiums and discounts amortized over the term of the investment held.

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.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments - Restricted

Restricted Cash, Cash Equivalents and Investments held by the Authority represent funds designated for specific purposes and not available for general use.

Other Asset Restrictions

In accordance with the terms of the various bond resolutions, substantially all of the assets of the Authority are restricted. Although the financial statements are combined, each bond issue outstanding has a designated investment security. None of the assets of any bond issue are available for the payment of any other bond issue.

Net Assets

Net Assets comprise the various Net Earnings from Operating and Non-Operating Revenues, Expenses and Contributions of Capital. Net Assets are classified in the following three components: Invested in Capital Assets, Net of Related Liabilities; Restricted for Capital Activity and Debt Service; and Unrestricted Net Assets. Invested in Capital Assets, Net of Related Debt, consists of all Capital Assets, Net of Accumulated Depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for Capital Activity and Debt Service consists of Net Assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other Net Assets not included in the above categories.

Mortgages Receivable

Mortgages Receivable are stated at unpaid principal balances, less the allowance for loan losses as estimated by management. There has been no allowance for loan losses recorded for mortgages receivable held as security for bond repayments or first mortgages held in the Relocation Agency Fund.

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.

Net Lease Payments Receivables

The Authority has various direct financing leases receivable, which are held as security and guarantee repayment of Certificates of Participation outstanding. The receivable balances are reported net of unearned income and balances held by the Authority for repayment of the debt issues.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed Assets are stated at historical cost, or estimated historical cost if actual historical cost is not available, and are reported in the Administrative Fund. The Authority's policy is to capitalize assets with a cost of \$1,000. Fixed Assets consist primarily of furniture and equipment.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation expense for 2009 and 2008 was \$4,440 and \$4,040, respectively. Depreciation is provided over the following estimated useful lives:

Furniture and Equipment	5 years
-------------------------	---------

NOTE 3. INVESTMENTS

As of December 31, 2009, the Authority had no investments in Bond Anticipation Notes or Bonds.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes 40A:5-15.1(a) limits the Authority's investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Authority places no limit on the amount the Authority may invest in any one issuer.

NOTE 4. CASH AND CASH EQUIVALENTS

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 New Jersey Governmental Depository Protection Act ("GUDPA") or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2009, the Authority's bank balance was not exposed to custodial credit risk.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 5. EQUIPMENT

A summary of changes in Equipment for the year ended December 31, 2009, follows:

	<u>Furniture and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Fixed Assets - Net</u>
Balance, January 1, 2009	\$ 28,517	\$ 14,628	\$ 13,889
Additions	<u>4,006</u>	<u>4,440</u>	<u>434</u>
Balance, December 31, 2009	<u>\$ 32,523</u>	<u>\$ 18,768</u>	<u>\$ 13,455</u>

NOTE 6. LEASE PAYMENT RECEIVABLE

The investment in direct financing leases as of December 31, 2009, assuming related bonds payable are held to maturity, is as follows:

	<u>2009</u>	<u>2008</u>
Gross Lease Payments Receivable	\$ 37,333,908	\$ 43,588,211
Less:		
Unearned Income	(5,781,511)	(7,955,159)
Net Debt Service Funds	<u>(5,526,944)</u>	<u>(5,543,824)</u>
	<u>(11,308,455)</u>	<u>(13,498,983)</u>
Net Lease Payments Receivable	<u>\$ 26,025,453</u>	<u>\$ 30,089,228</u>

At December 31, 2009, minimum lease payments receivable (principal and interest), assuming related bonds payable are held to maturity, are approximately as follows:

2010	\$ 6,241,715
2011	6,225,560
2012	6,213,951
2013	6,227,478
2014	6,218,469
2015	<u>6,206,735</u>
	<u>\$ 37,333,908</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 7. INTERFUNDS

There were no Interfunds at December 31, 2009.

NOTE 8. MORTGAGES RECEIVABLE - BOND FUNDS

The following represents a summary of Mortgages Receivable held in Bond Funds.

	<u>2009</u>	<u>2008</u>
Balance, January 1	\$ 17,954,842	\$ 18,250,611
Add:		
Mortgages Issued	<u>          0</u>	<u>          0</u>
	17,954,852	18,250,611
Less:		
Repayments	<u>(456,972)</u>	<u>(295,769)</u>
Balance, December 31	<u>\$ 17,497,870</u>	<u>\$ 17,954,842</u>

The ARC of Atlantic County mortgage receivable balance as of December 31, 2009 was \$2,145,920 and earned interest at a rate of 3.93% with fixed monthly payments due to the Authority of \$12,653, maturing October 1, 2030. The interest rate and mortgage payment will vary beginning October 1, 2010 in accordance with the bond issue supporting the mortgages.

The Faith Baptist Church mortgage receivable balance as of December 31, 2009 was \$906,411 and earned interest at a rate of 4.71% with interest-only payments due until May 2, 2007. Beginning at that time, there will be 225 fixed monthly payments of \$6,738.80 due to the Authority until January 2, 2026.

The St. Augustine mortgage receivable balance as of December 31, 2009 was \$14,445,539 and earned interest at a rate of 4.14% with interest-only payments due until converted to a permanent mortgage on June 1, 2008. Beginning at that time, there will be 300 fixed monthly payments of \$80,843.16 due to the Authority.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 9. MORTGAGES RECEIVABLE - IMPAIRED ASSETS

The following represents a summary of Mortgages and Interest Receivable held in the Authority's Grant Fund as of December 31, 2009 and 2008 which are considered impaired:

	<u>2009</u>	<u>2008</u>
Mortgages Receivable - Schedule to be Forgiven if Conditions are Met	\$6,577,133	\$ 5,752,337
Total Allowance for Loan Forgiveness	<u>(6,577,133)</u>	<u>(5,752,337)</u>
Net Loan Value, December 31	<u>\$ 0</u>	<u>\$ 0</u>

The following represents the activity of the allowance for mortgage losses in the Grant Fund during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Balance of Allowance for Mortgage Receivable Losses January 1	<u>\$ 5,752,337</u>	<u>\$ 4,988,892</u>
Increases:		
Allowance for Additional Mortgages	1,117,391	1,002,992
Adjustment to Opening Balance	<u>                    </u>	<u>0</u>
	<u>1,117,391</u>	<u>1,002,992</u>
	<u>6,869,728</u>	<u>5,991,884</u>
Less:		
Forgiven	(221,759)	(118,993)
Recoveries of Amounts Previously Reserved	<u>(70,836)</u>	<u>(120,554)</u>
	<u>(292,595)</u>	<u>(243,299)</u>
Balance of Allowance for Mortgage Receivable Losses December 31	<u>\$ 6,577,133</u>	<u>\$ 5,752,337</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 9. MORTGAGES RECEIVABLE - IMPAIRED ASSETS (continued)

The following represents a summary of Mortgages and Interest Receivable held in the Authority's Agency Fund as of December 31, 2009 and 2008 which are considered impaired:

	<u>2009</u>	<u>2008</u>
Mortgages Receivable - Collection:		
Deemed Collectable		
Deemed Doubtful	\$ <u>19,921,680</u>	\$ <u>18,993,498</u>
	<u>19,921,680</u>	<u>18,993,498</u>
Total Allowance	<u>(19,805,591)</u>	<u>(18,871,519)</u>
Net Mortgage Receivable Value, December 31	<u>\$ 116,089</u>	<u>\$ 121,979</u>

The following represents the activity of the allowance for mortgage losses in the Agency Fund during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Balance of Allowance for Mortgage Receivable Losses, January 1	\$ 18,871,519	\$ 18,648,805
Increases:		
Allowance for Interest Receivable	177,664	298,489
Allowance for Mortgages Receivable	<u>756,408</u>	<u>46,204</u>
	<u>934,072</u>	<u>344,693</u>
	<u>19,805,591</u>	<u>18,993,498</u>
Decreases:		
Adjustment to Mortgages Receivable		-121,979
Interest Paid		
Balance of Allowance for Mortgage Receivable Losses, December 31	<u>\$19,805,591</u>	<u>\$18,871,519</u>
Analysis of Balance:		
Interest Receivable	\$ 4,625,287	\$ 4,447,623
Mortgage Receivable	<u>15,180,304</u>	<u>14,423,896</u>
	<u>\$19,805,591</u>	<u>\$18,871,519</u>



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 10. LONG-TERM DEBT

Bonds, Notes and Certificates of Participation outstanding consist of debt issued by the Authority for specific projects or programs. The various obligations constitute debt of the Authority and are collateralized primarily by the respective facilities, reserves and revenue established within each bond fund. Assets of an individual bond fund are restricted and not available to meet the obligation of any other fund or purpose. Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts.

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.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 10. LONG-TERM DEBT (continued)

Egg Harbor Township Guaranteed Revenue Refunding Bonds

In 2006, the Authority issued refunding bonds in the original amount of \$9,785,000, under amended loan and guarantee documents. Bond proceeds were used to defease \$9,145,000 of the 2000 Bonds. The December 31, 2009 Balance Sheet combines the remaining balance of the 2000 Egg Harbor Township Guaranteed Revenue Bonds and all of the 2006 Egg Harbor Township Guaranteed Revenue Refunding Bonds. The 2009 Income Statement and 2009 Statement of Cash Flows combine both bonds.

Egg Harbor Township Golf Corporation Trustee Activity

The following represents a summary of the Egg Harbor Township Golf Corporation's Trustee activity during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Opening Cash and Cash Equivalents at January 1	\$ <u>767,241</u>	\$ <u>770,146</u>
Increases:		
Interest Earned	14,272	27,578
Payment from Egg Harbor Township Golf Course	<u>850,000</u>	<u>699,856</u>
	<u>1,631,513</u>	<u>727,434</u>
	<u>1,631,513</u>	<u>1,481,724</u>
Decreases:		
Administrative Costs	(12,830)	(12,830)
Interest Paid	(455,898)	(466,653)
Principal Paid	<u>(245,000)</u>	<u>(235,000)</u>
	<u>(713,728)</u>	<u>(714,483)</u>
Ending Balance as Previously Disclosed		<u>783,057</u>
Adjustment to Correct Payment total from EHT		(15,816)
Ending Cash and Cash Equivalents at December 31	\$ <u>917,785</u>	\$ <u>767,241</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 10. LONG-TERM DEBT (continued)

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 the ARC of Atlantic County and are secured by a mortgage note dated September 22, 2005. Principal and interest payments are due monthly. Variable interest rates are fixed for a five-year period and indexed to the five-year United States Treasury Bill 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 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. Principal and interest payments are due monthly.

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 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. Principal and interest payments are due monthly.

Total General Debt

Principal and interest requirements for remaining terms of the debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 737,150	\$ 737,056	\$ 1,474,206
2011	527,612	705,506	1,233,118
2012	792,224	698,444	1,490,668
2013	872,139	667,779	1,539,918
2014	904,346	651,172	1,555,518
2015 - 2019	5,129,650	2,893,973	8,023,622
2020 - 2024	6,368,300	2,159,591	8,527,891
2025 - 2029	7,542,356	1,294,558	8,836,914
2030 - 2033	<u>4,614,093</u>	<u>303,956</u>	<u>4,917,489</u>
	<u>\$27,487,870</u>	<u>\$10,112,035</u>	<u>\$37,599,345</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 10. LONG-TERM DEBT (continued)

Atlantic City and Atlantic County Certificates of Participation

The Authority sold \$72,210,000 Certificates of Participation in its leases with the City of Atlantic City (which secured the 1985 City Public Facility Lease Rental Bonds) and Atlantic County (which secured the 1986 County Public Facility Lease Rental Bonds) in 1991. Certificates of Participation represent proportionate interest in the fixed rental payments from these leases. Proceeds from the sale of these Certificates of Participation were used to establish escrow accounts (with U.S. Government securities) Public Facility Lease Rental Bonds, and the 1985 County Completion Bonds. As a result of these transactions, the bonds for these issues have been defeased and, accordingly, connection with the sales of the Certificates of Participation, net of any debt issuance costs, were paid to the lessees in 1991, in accordance with the lease agreements. At the end of the lease terms and satisfaction of the Certificates of Participation, the lessees may purchase the buildings from the Authority for \$1. The Authority's liability associated with these Certificates of Participation is limited to the associated lease revenue and income thereon.

Principal and interest requirements for remaining terms of the Certificates of Participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 4,275,000	\$ 1,966,715	\$ 6,241,715
2011	4,595,000	1,630,560	6,225,560
2012	4,945,000	1,268,951	6,213,951
2013	5,315,000	912,478	6,227,478
2014	5,655,000	563,469	6,218,469
2015	<u>6,015,000</u>	<u>191,734</u>	<u>6,206,734</u>
	<u>\$ 30,800,000</u>	<u>\$ 6,533,908</u>	<u>\$ 37,333,908</u>

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General	\$ 28,189,843	\$	\$ 702,533	\$ 27,487,310	\$ 737,150
Certificates of Participation	34,775,000		3,975,000	30,800,000	4,275,000
Compensated Absences	<u>90,287</u>	<u>20,658</u>	<u>          </u>	<u>110,945</u>	<u>0</u>
	<u>\$ 63,055,130</u>	<u>\$ 20,658</u>	<u>\$ 4,677,533</u>	<u>\$ 58,398,255</u>	<u>\$ 5,012,150</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 11. NET ASSETS

Net Assets present the difference between assets and liabilities. The restricted net assets amounts were as follows:

	December 31,	
	2009	2008
Invested in Capital Assets, Net of Related Liabilities:		
Net Plant and Equipment in Service	\$ 13,455	\$ 13,889
Restricted for Capital Activity and Debt Service:		
Restricted Cash and Equivalents	5,655,641	5,828,066
Restricted Investments		
Current Assets	5,345,996	5,334,271
Non Current Assets	48,513,092	53,604,128
	59,514,729	64,766,465
	59,528,484	64,780,354
Deductions:		
Current Liabilities Payable from Restricted Assets	(6,023,006)	(6,182,601)
Long Term Liabilities	(53,426,491)	(58,513,944)
	(59,449,497)	(64,696,545)
	78,987	83,809
Unrestricted	927,922	912,717
Total Net Assets	\$ 1,006,609	\$ 996,526

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 12. PENSION PLAN

All of the Authority's employees participate in the Public Employees' Retirement System ("PERS"). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits and is considered a cost sharing multiple-employer plan.

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly-available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rates under PERS by 1/2 of 1 percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the entity's normal contributions of the fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of chapters 114 and 115, all unfunded accrued liabilities were eliminated.

Due to enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under the retirement system was eliminated.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 12. PENSION PLAN (continued)

The contribution policy for the PERS is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1999, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate. The actuarially-determined contribution includes funding for basic retirement allowances, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Authority's total payroll for the years ended December 31, 2009, 2008 and 2007 was \$845,904, \$737,299 and \$689,109, respectively, and covered payroll was \$774,221, \$686,277 and \$629,370, respectively. Information regarding contributions made by the State of New Jersey on behalf of the Authority is not available. Contributions to PERS for the years ended December 31 made by the employees and the Authority were as follows:

<u>Year Ending</u>	<u>Employees</u>		<u>Authority</u>	
	<u>Amount</u>	<u>Percent of Covered Payroll</u>	<u>Amount</u>	<u>Percent of Covered Payroll</u>
12/31/2009	\$ 42,582	5.50%	\$ 46,629	6.00%
12/31/2008	36,034	5.50%	30,845	4.49%
12/31/2007	31,469	5.00%	17,189	2.73%

The Authority had not been required to make a contribution to PERS for several years. Effective with 2005, the Authority's required contributions to PERS was being phased in at 20% per year. For 2007, 2008 and 2009, the Authority has made 100% of the required contribution. The Authority's required contribution to the PERS as a percentage of the total actuarially-determined contribution requirement for all employers covered by PERS is not available.

The "pension benefit obligation" is a standardized disclosure measure representing the present value of pension benefits adjusted for the effects of projected salary increases estimated to be payable in the future based on employee service credited to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the funding status of the retirement systems on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. This measure is independent of the actuarial funding method used to determine employer contributions to the systems.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 13. 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.

NOTE 14. COMPENSATED ABSENCES

Employees become eligible to receive sick leave in accordance with Note 2. 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, 2009 and 2008, assuming all employees are eligible for accrued sick leave at termination, is approximately \$110,945 and \$90,288, respectively. In 2004, the payment was at management's discretion. During 2005, the Board voted to change the policy, thereby requiring the liability to be recorded.

NOTE 15. POST-RETIREMENT BENEFITS

On January 1, 2007 the Authority as required, adopted GASB 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This Statement requires governmental entities to report the future cost of other post employment benefits ("OPEB") on a present-value basis instead of the present "pay as you go" method. At December 31, 2009, based on the eligible employees, the liability for the maximum three-year post-retirement benefit would be \$146,951.

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. RELATED PARTY TRANSACTIONS

The Authority has a net lease receivable due from the County of Atlantic as of December 31, 2009 and 2008 with a balance of \$22,008,440 and \$25,577,924, respectively. The County remits payments equal to debt service on associated Certificates of Participation less earnings on reserves held.

The Authority leases its primary office space from the County under annual lease agreements. Rent expense paid to the County during 2009 and 2008 was \$29,717 and \$29,717, respectively.



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

NOTE 17. RELATED PARTY TRANSACTIONS (continued)

The Authority entered into an agreement with the County for the Authority to operate the John F. Gaffney Green Tree Golf Course ("Golf Course") effective June 1, 2007 for 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 entered into a renewal agreement for one year commencing January 1, 2008 and ending December 31, 2008. This agreement shall be renewable by mutual consent for successive terms of one year each through 2013. The Authority will perform the day-to-day operation of the Golf Course including the Golf Course's Pro Shop and Club House. All 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. The Authority shall, at the end of each month, turn over the net revenue and interest to the County. 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.

**OTHER SUPPLEMENTARY INFORMATION**

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET - ADMINISTRATIVE FUND

Year ended December 31, 2009

	2009 <u>Budget</u>	2009 Final <u>Budget</u>	2009 <u>Actual</u>	Unexpended Balance/ <u>(Excess)</u>
Operating Revenues:				
Project Administration Fees	\$ 978,700	\$ 978,700	\$ 856,660	\$ (122,040)
Bond Fees	27,500	27,500	21,000	(6,500)
Grant and Agency Fund Fees	420,372	420,372	471,252	50,880
Reimbursement and Other	<u>109,400</u>	<u>109,400</u>	<u>67,826</u>	<u>(41,574)</u>
Total Operating Revenues	<u>1,535,972</u>	<u>1,535,972</u>	<u>1,416,738</u>	<u>(119,234)</u>
Operating Expenses:				
Payroll Expenses	866,500	896,500	872,824	23,676
Employee Benefits	267,429	267,429	254,948	12,481
Rent	29,717	29,717	29,717	
Professional Fees	156,276	147,500	128,484	19,016
Insurance	103,000	90,000	85,285	4,715
Administrative and General	80,490	72,066	42,704	29,362
Depreciation	<u>4,040</u>	<u>4,240</u>	<u>4,440</u>	<u>(200)</u>
Total Operating Expenses	<u>1,507,452</u>	<u>1,507,452</u>	<u>1,418,402</u>	<u>89,050</u>
Other Income/(Expenses):				
Investment Income	<u>16,250</u>	<u>16,250</u>	<u>16,435</u>	<u>185</u>
Total Other Income/(Expenses)	<u>16,250</u>	<u>16,250</u>	<u>16,435</u>	<u>185</u>
Net Income/(Loss)	<u>\$ 44,770</u>	<u>\$ 44,770</u>	<u>\$ 14,771</u>	<u>\$ (29,999)</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS

Year ended December 31, 2009

ASSETS

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
Unrestricted Assets:				
Current Assets:				
Cash	\$ 955,296	\$ 955,296		
Other Receivables	146,608	146,608		
	<u>1,101,904</u>	<u>1,101,904</u>		
Total Unrestricted Current Assets				
Restricted Assets:				
Current Assets:				
Cash	5,655,641	65,232	\$ 5,490,506	\$ 99,903
Investments			172,968	
Interest Receivable	172,968			
Accounts Receivable - HUD	161,592			161,592
Guaranteed Note Receivable	260,000		260,000	
Net Lease Payments Receivable	4,432,013		4,432,013	
Mortgages Receivable	476,851		476,851	
	<u>11,159,065</u>	<u>65,232</u>	<u>10,832,338</u>	<u>261,495</u>
Total Restricted Current Assets				
Non-Current Assets:				
Mortgages Receivable	23,598,152		17,021,019	6,577,133
Valuation Allowance for Loan Losses	(6,577,133)			(6,577,133)
Guaranteed Note Receivable	9,730,000		9,730,000	
Net Lease Payments Receivable	21,593,440		21,593,440	
	<u>48,344,459</u>		<u>48,344,459</u>	
Total Restricted Non-Current Assets				
Total Restricted Assets	<u>59,503,524</u>	<u>65,232</u>	<u>59,176,797</u>	<u>261,495</u>
Capital Assets, Net of Depreciation	<u>13,455</u>	<u>13,455</u>		
Total Assets	<u>\$ 60,618,883</u>	<u>\$ 1,180,591</u>	<u>\$ 59,176,797</u>	<u>\$ 261,495</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS

Year ended December 31, 2009

LIABILITIES

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
Unrestricted Assets:				
Current Liabilities:				
Accounts Payable	\$ 6,329	\$ 6,329	_____	_____
Total Unrestricted Current Liabilities	<u>6,329</u>	<u>6,329</u>	_____	_____
Restricted Assets:				
Current Liabilities:				
Accounts Payable	139,877	17,234	_____	\$ 122,643
Interest Payable	888,927	_____	\$ 888,927	_____
Current Portion of Long-Term Debt	<u>5,011,851</u>	_____	<u>5,011,851</u>	_____
Total Current Liabilities Payable From Restricted Assets	<u>6,040,655</u>	<u>17,234</u>	<u>5,900,778</u>	<u>122,643</u>
Long-Term Liabilities:				
Deferred Program Income Due To Various Agencies	138,852	_____	_____	138,852
Accrued Sick and Vacation	150,419	150,419	_____	_____
Certificates of Participation	26,525,000	_____	26,525,000	_____
Bonds Payable	<u>26,751,019</u>	_____	<u>26,751,019</u>	_____
Total Long-Term Liabilities	<u>53,565,290</u>	<u>150,419</u>	<u>53,276,019</u>	<u>138,852</u>
Total Liabilities	<u>59,612,274</u>	<u>173,982</u>	<u>59,176,797</u>	<u>261,495</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	13,455	13,455	_____	_____
Restricted for Capital Activity and Debt Service	65,232	65,232	_____	_____
Unrestricted	<u>927,922</u>	<u>927,922</u>	_____	_____
Total Net Assets	<u>1,006,609</u>	<u>1,006,609</u>	_____	_____
Total Liabilities and Net Assets	<u>\$ 60,618,883</u>	<u>\$ 1,180,591</u>	<u>\$ 59,176,797</u>	<u>\$ 261,495</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS - BOND FUNDS

Year ended December 31, 2009

ASSETS

	Atlantic City Certificate of Participation Series 1991	Atlantic County Certificate of Participation Series 1991	Egg Harbor Township Golf Course Series '00, '06	ARC of Atlantic County	Faith Baptist Church	St. Augustine
<u>Total</u>						
Restricted Assets:						
Current Assets:						
Cash	\$ 5,490,506	\$ 5,490,505				
Investments						
Interest Receivable	172,968	36,438	\$ 74,094	\$ 7,262	\$ 3,676	\$ 51,498
Guaranteed Note Receivable	260,000		260,000			
Net Lease Payments Receivable	4,432,013	3,755,000				
Mortgages Receivable	476,851			67,564	38,416	370,871
<u>Total Restricted Current Assets</u>	<u>10,832,338</u>	<u>9,281,943</u>	<u>334,094</u>	<u>74,826</u>	<u>42,092</u>	<u>422,369</u>
Non-Current Assets:						
Guaranteed Note Receivable	9,730,000		9,730,000			
Net Lease Payments Receivable	21,593,440	18,253,440				
Mortgages Receivable	17,021,019			2,078,356	867,995	14,074,668
<u>Total Restricted Non-Current Assets</u>	<u>48,344,459</u>	<u>18,253,440</u>	<u>9,730,000</u>	<u>2,078,356</u>	<u>867,995</u>	<u>14,074,668</u>
<u>Total Restricted Assets</u>	<u>59,176,797</u>	<u>27,535,383</u>	<u>10,064,094</u>	<u>2,153,182</u>	<u>910,087</u>	<u>14,497,037</u>
<u>Total Assets</u>	<u>\$ 59,176,797</u>	<u>\$ 27,535,383</u>	<u>\$ 10,064,094</u>	<u>\$ 2,153,182</u>	<u>\$ 910,087</u>	<u>\$ 14,497,037</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY  
 COMBINING BALANCE SHEETS - BOND FUNDS

Year ended December 31, 2009

LIABILITIES AND FUND EQUITY

	Atlantic City Certificate of Participation Series 1991	Atlantic County Certificate of Participation Series 1991	Egg Harbor Township Golf Course Series '00, '06	ARC of Atlantic County	Faith Baptist Church	St. Augustine
<u>Total</u>						
Restricted Assets:						
Current Liabilities:						
Interest Payable	\$ 157,014	\$ 595,383	\$ 74,094	\$ 7,262	\$ 3,676	\$ 51,498
Current Portion of Long-Term Debt	520,000	3,755,000	260,000	67,564	38,416	370,871
	<u>677,014</u>	<u>4,350,383</u>	<u>334,094</u>	<u>74,826</u>	<u>42,092</u>	<u>422,369</u>
Total Current Liabilities Payable From Restricted Assets						
Long-Term Liabilities:						
Certificates of Participation	3,340,000	23,185,000	9,730,000	2,078,356	867,995	14,074,668
Bonds Payable						
	<u>3,340,000</u>	<u>23,185,000</u>	<u>9,730,000</u>	<u>2,078,356</u>	<u>867,995</u>	<u>14,074,668</u>
Total Long-Term Liabilities						
	<u>4,017,014</u>	<u>27,535,383</u>	<u>10,064,094</u>	<u>2,153,182</u>	<u>910,087</u>	<u>14,497,037</u>
Total Liabilities						
	<u>\$ 4,017,014</u>	<u>\$ 27,535,383</u>	<u>\$ 10,064,094</u>	<u>\$ 2,153,182</u>	<u>\$ 910,087</u>	<u>\$ 14,497,037</u>
Total Net Assets						
Total Liabilities and Net Assets						
	<u>\$ 59,176,797</u>	<u>\$ 27,535,383</u>	<u>\$ 10,064,094</u>	<u>\$ 2,153,182</u>	<u>\$ 910,087</u>	<u>\$ 14,497,037</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS - GRANT FUNDS

Year ended December 31, 2009

ASSETS

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>	<u>Other Funds</u>
Restricted Assets:				
Current Assets:				
Cash	\$ 99,903	\$ 57,585	\$ 24,962	\$ 17,356
Accounts Receivable - HUD	<u>161,592</u>	<u>101,063</u>	<u>60,529</u>	<u>          </u>
Total Restricted Current Assets	<u>261,495</u>	<u>158,648</u>	<u>85,491</u>	<u>17,356</u>
Non-Current Assets:				
Mortgages Receivable	6,577,133	769,196	5,715,287	92,650
Valuation Allowance for Loan Losses	<u>(6,577,133)</u>	<u>(769,196)</u>	<u>(5,715,287)</u>	<u>(92,650)</u>
Total Restricted Non-Current Assets	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Restricted Assets	<u>261,495</u>	<u>158,648</u>	<u>85,491</u>	<u>17,356</u>
Total Assets	<u>\$ 261,495</u>	<u>\$ 158,648</u>	<u>\$ 85,491</u>	<u>\$ 17,356</u>

LIABILITIES AND NET ASSETS

Restricted Assets:				
Current Liabilities:				
Accounts Payable	\$ 122,643	\$ 101,064	\$ 21,579	<u>          </u>
Total Current Liabilities Payable From Restricted Assets	<u>122,643</u>	<u>101,064</u>	<u>21,579</u>	<u>          </u>
Long-Term Liabilities:				
Deferred Program Income Due To Various Agencies	138,852	57,584	63,912	\$ 17,356
Total Long-Term Liabilities	<u>138,852</u>	<u>57,584</u>	<u>63,912</u>	<u>17,356</u>
Total Liabilities	<u>261,495</u>	<u>158,648</u>	<u>85,491</u>	<u>17,356</u>
Total Liabilities and Net Assets	<u>\$ 261,495</u>	<u>\$ 158,648</u>	<u>\$ 85,491</u>	<u>\$ 17,356</u>



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS - GRANT FUNDS - CDBG

Year ended December 31, 2009

	Total	CDBG 2001-02 Entitlement	CDBG 2003 Entitlement	CDBG 2004 Entitlement	CDBG 2005 Entitlement	CDBG 2006 Entitlement	CDBG 2,007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	Small Cities	Program Income
<b>Assets:</b>											
Cash	\$ 57,585	\$	\$	\$	\$ 1	\$	\$	\$	\$ 14,726	\$ 24,646	\$ 32,938
Accounts Receivable	101,063						37,257	49,080			
Mortgages Receivable	769,196	\$ 142,228	2,774	\$ 31,085	163,692	98,583	66,392	15,000		228,927	20,515
Mortgages Receivable Valuation Allowance	(769,196)	(142,228)	(2,774)	(31,085)	(163,692)	(98,583)	(66,392)	(15,000)		(228,927)	(20,515)
<b>Total Assets</b>	<b>\$ 158,648</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1</b>	<b>\$</b>	<b>\$ 37,257</b>	<b>\$ 49,080</b>	<b>\$ 14,726</b>	<b>\$ 24,646</b>	<b>\$ 32,938</b>
<b>Liabilities:</b>											
Accounts Payable and Accrued Expenses	\$ 101,064	\$	\$	\$	\$ 1	\$	\$ 37,257	\$ 49,080	\$ 14,726	\$ 24,646	\$ 32,938
Deferred Program Income Due To Atlantic County	57,584										
<b>Total Liabilities</b>	<b>\$ 158,648</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1</b>	<b>\$</b>	<b>\$ 37,257</b>	<b>\$ 49,080</b>	<b>\$ 14,726</b>	<b>\$ 24,646</b>	<b>\$ 32,938</b>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY  
 COMBINING BALANCE SHEETS - GRANT FUNDS - HOME

Year ended December 31, 2009

	2009 Atlantic County HPRP	1997-2002 Atlantic County HOME	2003 Atlantic County HOME	2004 Atlantic County HOME	2005 Atlantic County HOME	2006 Atlantic County HOME	2007 Atlantic County HOME	2008 Atlantic County HOME	2009 Atlantic County HOME	Program Income HOME
<b>Assets:</b>										
Cash	\$ 24,962	\$	\$	\$	\$	\$	\$	\$ (38,940)	\$ -10	\$ 63,912
Accounts Receivable	60,529							38,940	15,676	
Mortgages Receivable	5,715,287	1,733,613	498,619	841,280	522,002	516,870	533,910	505,043	80,833	483,117
Mortgages Receivable Valuation Allowance	(5,715,287)	(1,733,613)	(498,619)	(841,280)	(522,002)	(516,870)	(533,910)	(505,043)	(80,833)	(483,117)
<b>Total Assets</b>	<b>\$ 85,491</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 15,666</b>	<b>\$ 63,912</b>
<b>Liabilities:</b>										
Accounts Payable and Accrued Expenses	\$ 21,579	\$	\$	\$	\$	\$	\$	\$	\$ 15,666	\$ 63,912
Deferred Program Income	63,912									
<b>Total Liabilities</b>	<b>\$ 85,491</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 15,666</b>	<b>\$ 63,912</b>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS - GRANT FUNDS - OTHER

Year ended December 31, 2009

	<u>Total</u>	<u>USDA</u>	<u>Jewish Older American</u>	<u>Jobs Bill</u>
Assets:				
Cash	\$ 17,356	\$ 2,583		\$ 14,773
Mortgages Receivable	92,650	52,943	\$	39,707
Mortgages Receivable Valuation Allowance	<u>(92,650)</u>	<u>(52,943)</u>		<u>(39,707)</u>
Total Assets	<u>\$ 17,356</u>	<u>\$ 2,583</u>	<u>\$</u>	<u>\$ 14,773</u>
Liabilities:				
Deferred Program Income	<u>\$ 17,356</u>	<u>\$ 2,583</u>		<u>\$ 14,773</u>
Total Liabilities	<u>\$ 17,356</u>	<u>\$ 2,583</u>	<u>\$</u>	<u>\$ 14,773</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING BALANCE SHEETS - AGENCY FUNDS

Year ended December 31, 2009

	<u>Housing Projects</u>	<u>Other</u>	<u>Mortgages</u>	<u>Total</u>
Assets:				
Cash	\$ 1,266,325	\$ 5,389		\$ 1,271,714
Mortgage Interest Receivable	47,004		\$ 4,578,283	4,625,287
Accounts Receivable - Other		440,751		440,751
Mortgages Receivable	1,080,344		14,216,049	15,296,393
Mortgages Receivable Valuation Allowance	<u>(1,011,259)</u>		<u>(18,794,332)</u>	<u>(19,805,591)</u>
Total Assets	<u>\$ 1,382,414</u>	<u>\$ 446,140</u>	<u>\$</u>	<u>\$ 1,828,554</u>
Liabilities:				
Accounts Payable and Accrued Expenses		\$ 445,586		\$ 445,586
Due To Various Agencies	<u>1,382,414</u>	<u>554</u>		<u>1,382,968</u>
Total Liabilities	<u>\$ 1,382,414</u>	<u>\$ 446,140</u>	<u>\$</u>	<u>\$ 1,828,554</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

BALANCE SHEET  
 AGENCY FUNDS, HOUSING PROJECTS

Year ended December 31, 2009

	Grammercy Park Mortgage Subsidy	Habitat for Humanity	Westside Façade	Convention Hall Relocation	Atlantic City Downpayment Assistance Program	Brighton Towers	Rental Rehabilitation	Total
Assets:								
Cash	\$ 139,606	\$ 236,121	\$	\$ 117,231	\$ 713,975	\$ 59,392	\$ 27,278	\$ 1,266,325
Mortgage Interest Receivable				19,726				47,004
Mortgages Receivable			\$ 30,505	148,930	544,933	257,679	98,297	1,080,344
Mortgages Receivable Valuation Allowance			(30,505)	(52,567)	(544,933)	(257,679)	(125,575)	(1,011,259)
Total Assets	<u>\$ 139,606</u>	<u>\$ 236,121</u>	<u>\$</u>	<u>\$ 233,320</u>	<u>\$ 713,975</u>	<u>\$ 59,392</u>	<u>\$</u>	<u>\$ 1,382,414</u>
Liabilities:								
Due To Various Agencies	<u>\$ 139,606</u>	<u>236,121</u>		<u>\$ 233,320</u>	<u>713,975</u>	<u>59,392</u>		<u>\$ 1,382,414</u>
Total Liabilities	<u>\$ 139,606</u>	<u>\$ 236,121</u>	<u>\$</u>	<u>\$ 233,320</u>	<u>\$ 713,975</u>	<u>\$ 59,392</u>	<u>\$</u>	<u>\$ 1,382,414</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

BALANCE SHEET  
 AGENCY FUNDS, OTHER

Year ended December 31, 2009

	Boardwalk Façade	Continuum of Care	ACIT	ACCC	Green Tree Golf Course	Roadways	Misc.	Total
Assets:								
Cash	\$ 68,845	\$ 3,016	\$	\$	\$ 5,389	\$	\$	\$ 5,389
Accounts Receivable - Other					3,367	365,523		440,751
Total Assets	<u>\$ 68,845</u>	<u>\$ 3,016</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,756</u>	<u>\$ 365,523</u>	<u>\$</u>	<u>\$ 446,140</u>
Liabilities:								
Accounts Payable and Accrued Expenses Due To Various Agencies	\$ 68,845	\$ 3,016	\$	\$	\$ 8,202	\$ 365,523	\$	\$ 445,586
					554			554
Total Liabilities	<u>\$ 68,845</u>	<u>\$ 3,016</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,756</u>	<u>\$ 365,523</u>	<u>\$</u>	<u>\$ 446,140</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

BALANCE SHEET  
 AGENCY FUNDS, MORTGAGES

Year ended December 31, 2009

	<u>Barlinvis Apartments</u>	<u>Garden Court Apartments</u>	<u>Vermont Plaza</u>	<u>Total</u>
Assets:				
Mortgage Interest Receivable	\$ 4,113,654		\$ 464,629	\$ 4,578,283
Mortgages Receivable	1,600,000	\$ 9,523,320	3,092,729	14,216,049
Mortgages Receivable Valuation Allowance	<u>(5,713,654)</u>	<u>(9,523,320)</u>	<u>(3,557,358)</u>	<u>(18,794,332)</u>
Total Assets	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Liabilities	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING STATEMENT OF ACTIVITIES

Year ended December 31, 2009

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
Operating Revenues:				
Project Administration Fees	\$ 856,660	\$ 856,660		
Bond Fees	21,000	21,000		
Grant and Agency Fund Fees	471,252	471,252		
Grants	2,010,425			\$ 2,010,425
Reimbursement and Other	<u>67,826</u>	<u>67,826</u>		
Total Operating Revenues	<u>3,427,163</u>	<u>1,416,738</u>		<u>2,010,425</u>
Operating Expenses:				
Payroll Expenses	872,824	872,824		
Employee Benefits	254,948	254,948		
Rent	29,717	29,717		
Professional Fees	128,484	128,484		
Insurance	85,285	85,285		
Administrative and General	42,704	42,704		
Project Costs	1,568,673			1,568,673
Service Fees	441,752		\$	441,752
Depreciation	<u>4,140</u>	<u>4,140</u>		
Total Operating Expenses	<u>3,428,527</u>	<u>1,418,102</u>		<u>2,010,425</u>
Operating Loss	<u>(1,364)</u>	<u>(1,364)</u>		
Non-Operating Revenues/(Expenses):				
Investment and Interest Income	1,292,157	11,747	1,280,410	
Lease Rental	2,038,616		2,038,616	
Bond and Note Interest	<u>(3,319,026)</u>		<u>(3,319,026)</u>	
Total Non-Operating Revenues/(Expenses)	<u>11,747</u>	<u>11,747</u>		
(Decrease)/Increase in Net Assets	10,383	10,383		
Net Assets at Beginning of Year	<u>996,526</u>	<u>996,526</u>		
Net Assets at End of Year	<u>\$ 1,006,909</u>	<u>\$ 1,006,909</u>	<u>\$</u>	<u>\$</u>



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

COMBINING STATEMENT OF ACTIVITIES - BOND FUND

Year ended December 31, 2009

	Egg Harbor Township Golf Course Series '00, '06	Atlantic City Certificate of Participation Series 1991	Atlantic County Certificate of Participation Series 1991	ARC of Atlantic County	Faith Baptist Church	St. Augustine
<u>Total</u>						
Operating Expenses:						
Service Fees						
Total Operating Expenses						
Operating Loss						
Non-Operating Revenues/(Expenses):						
Investment and Interest Income	\$ 1,280,410	\$ 1	\$ 135,032	\$ 86,950	\$ 44,088	\$ 560,431
Lease Rental	2,038,616	344,331	1,694,285			
Bond and Note Interest	(3,319,026)	(344,332)	(1,829,317)	(86,950)	(44,088)	(560,431)
Total Non-Operating Revenues/(Expenses)						
Decrease in Net Assets						
Net Assets at Beginning of Year						
Net Assets at End of Year	\$	\$	\$	\$	\$	\$

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMBINING STATEMENT OF ACTIVITIES - GRANT FUND

Year ended December 31, 2009

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>
Operating Revenues:			
Grants	\$ 1,877,808	\$ 853,075	\$ 1,024,733
Program Income	<u>132,617</u>	<u>32,400</u>	<u>100,217</u>
Total Operating Revenues	<u>2,010,425</u>	<u>885,475</u>	<u>1,124,950</u>
Operating Expenses:			
Project Costs	1,568,673	589,916	978,757
Service Fees	<u>441,752</u>	<u>295,559</u>	<u>146,193</u>
Total Operating Expenses	<u>2,010,425</u>	<u>885,475</u>	<u>1,124,950</u>
Operating Income	_____	_____	_____
Increase/(Decrease) in Net Assets	_____	_____	_____
Net Assets at Beginning of Year	_____	_____	_____
Net Assets at End of Year	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

COMBINING STATEMENT OF ACTIVITIES - GRANT FUND - CDBG

Year ended December 31, 2009

	CDBG 2002 Entitlement	CDBG 2003 Entitlement	CDBG 2004 Entitlement	CDBG 2005 Entitlement	CDBG 2006 Entitlement	CDBG 2007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	CDBG Program Income	Total
Operating Revenues:										
Grants	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Program Income									32,400	853,075
Total Operating Revenues				26,540	44,845	279,196	398,513	103,981	32,400	885,475
Operating Expenses:										
Project Costs				26,540	44,845	279,196	228,385	103,981	10,950	589,916
Fees Paid To ACIA							170,128		21,450	295,559
Total Operating Expenses				26,540	44,845	279,196	398,513	103,981	32,400	885,475
Operating Income										
Net Assets at Beginning of Year										
Net Assets at End of Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY  
 COMBINING STATEMENT OF ACTIVITIES - GRANT FUND - HOME

Year ended December 31, 2009

	2009 Atlantic County HPRP	2003 Atlantic County HOME	2004 Atlantic County HOME	2005 Atlantic County HOME	2006 Atlantic County HOME	2007 Atlantic County HOME	2008 Atlantic County HOME	2009 Atlantic County HOME	Program Income HOME	Total
Operating Revenues:										
Grants	\$ 5,913	\$	\$ 49,510	\$ 48,068	\$ 43,895	\$ 210,386	\$ 524,562	\$ 142,399	\$ 100,217	\$ 1,024,733
Program Income										100,217
Total Operating Revenues	5,913		49,510	48,068	43,895	210,386	524,562	142,399	100,217	1,124,950
Operating Expenses:										
Project Costs	5,913		49,510	48,068	43,895	210,386	518,913	82,768	25,217	978,757
Fees Paid To ACIA							5,649	59,631	75,000	146,193
Total Operating Expenses	5,913		49,510	48,068	43,895	210,386	524,562	142,399	100,217	1,124,950
Operating Income										
Net Assets at Beginning of Year										
Net Assets at End of Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS

Year ended December 31, 2009

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
<b>CASH FLOWS TO/(FROM) OPERATING ACTIVITIES:</b>				
Project Administration Fees	\$ 890,589	\$ 890,589	\$	
Bond Fees	21,000	21,000		
Grant and Agency Fees	458,918	458,918		
Grants	2,183,286			\$ 2,183,286
Program Income				
Reimbursement and Other	67,826	67,826		
Payroll Expenses	(840,442)	(840,442)		
Employee Benefits	(260,172)	(260,172)		
Rent	(29,717)	(29,717)		
Professional Fees	(128,484)	(128,484)		
Insurance	(85,285)	(85,285)		
Service Fees				
Administrative and General	(47,375)	(47,375)		
Cash Paid To Subcontractor and Vendors	<u>(2,253,250)</u>			<u>(2,253,250)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>(23,106)</u>	<u>46,858</u>		<u>(69,964)</u>
<b>CASH FLOWS TO/(FROM) INVESTING ACTIVITIES:</b>				
Investment and Interest Income	<u>124,780</u>	<u>16,435</u>	<u>108,345</u>	
<b>Net Cash Provided/(Used) By Investing Activities</b>	<u>124,780</u>	<u>16,435</u>	<u>108,345</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of Fixed Assets	(4,006)	(4,006)		
Principal Payments Received on Mortgages	75,163			75,163
Mortgages Issued	(32,892)			(32,892)
Principal Payments Received on Bonds				
Principal Payments Made on Bonds	(3,975,000)		(3,975,000)	
Fees Paid To ACIA	(96,450)			(96,450)
Interfunds Special Revenue				
Lease Rental	6,102,363		6,102,363	
Interest Paid on Bonds	<u>(2,279,303)</u>		<u>(2,279,303)</u>	
<b>Net Cash Provided/(Used) By Capital and Related Financing Activities</b>	<u>(210,125)</u>	<u>(4,006)</u>	<u>(151,940)</u>	<u>(54,179)</u>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	(108,451)	59,287	(43,595)	(124,143)
Cash and Cash Equivalents, January 1	<u>6,719,387</u>	<u>961,241</u>	<u>5,534,101</u>	<u>224,045</u>
Cash and Cash Equivalents, December 31	<u>\$ 6,610,936</u>	<u>\$ 1,020,528</u>	<u>\$ 5,490,506</u>	<u>\$ 99,902</u>
<b>Reconciliation To Balance Sheet:</b>				
Unrestricted Cash	\$ 955,296	\$ 955,296		
Restricted Cash	<u>5,655,640</u>	<u>65,232</u>	<u>\$ 5,490,506</u>	<u>\$ 99,902</u>
	<u>\$ 6,610,936</u>	<u>\$ 1,020,528</u>	<u>\$ 5,490,506</u>	<u>\$ 99,902</u>
<b>Reconciliation of Operating Income To Net Cash Provided By Operating Activities:</b>				
Operating Loss	\$ (1,664)	\$ (1,664)	\$	
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:</b>				
Depreciation	4,440	4,440		
<b>Changes in Assets and Liabilities:</b>				
Decrease in Accounts Receivable	399,925	21,595		\$ 378,330
Increase/(Decrease) in Accounts Payable	(441,852)	(4,433)		(437,419)
Decrease in Due To Atlantic County	(10,875)			(10,875)
Increase in Accrued Sick and Vacation	<u>26,920</u>	<u>26,920</u>		
	<u>\$ (23,106)</u>	<u>\$ 46,858</u>	<u>\$</u>	<u>\$ (69,964)</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS - BOND FUND

Year ended December 31, 2009

	<u>Total</u>	<u>Atlantic City Certificate of Participation Series 1991</u>	<u>Atlantic County Certificate of Participation Series 1991</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Service Fees	\$ _____	_____	_____
Net Cash Provided/(Used) By Operating Activities	_____	_____	_____
<b>CASH FLOWS TO/(FROM) INVESTING ACTIVITIES:</b>			
Investment and Interest Income	108,345	\$ 1	\$ 108,344
Net Cash Provided/(Used) By Investing Activities	108,345	1	108,344
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payments Received on Bonds			
Principal Payments Made on Mortgages/Bonds	(3,975,000)	(475,000)	(3,500,000)
Lease Rental	6,102,363	838,622	5,263,741
Interest Paid on Bonds	(2,279,303)	(363,653)	(1,915,650)
Net Cash Provided/(Used) By Capital and Related Financing Activities	(151,940)	(31)	(151,909)
(Decrease)/Increase in Cash and Cash Equivalents	(43,595)	(30)	(43,565)
Cash and Cash Equivalents, January 1	5,534,101	31	5,534,070
Cash and Cash Equivalents, December 31	<u>\$ 5,490,506</u>	<u>\$ 1</u>	<u>\$ 5,490,505</u>
<b>Reconciliation To Balance Sheet:</b>			
Restricted Cash	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
<b>Reconciliation of Operating Income To Net Cash Provided By Operating Activities:</b>			
Operating Loss	\$ _____		
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Decrease in Accounts Payable	_____	_____	_____
	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS - GRANT FUND

Year ended December 31, 2009

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>	<u>Other Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Grants	\$ 2,183,286	\$ 1,219,082	\$ 964,204	
Program Income				
Cash Paid To Subcontractors and Vendors	<u>(2,253,250)</u>	<u>(1,250,096)</u>	<u>(1,003,154)</u>	<u>                    </u>
Net Cash Provided/(Used) By Operating Activities	<u>(69,964)</u>	<u>(31,014)</u>	<u>(38,950)</u>	<u>                    </u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal Payments Received on Mortgages	75,163	11,050	61,875	\$ 2,238
Mortgages Issued	(32,892)		(25,992)	(6,900)
Fees Paid To ACIA	(96,450)	(21,450)	(75,000)	
Interfunds - Special Revenue Funds	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided/(Used) By Capital and Related Financing Activities	<u>(54,179)</u>	<u>(10,400)</u>	<u>(39,117)</u>	<u>(4,662)</u>
Increase/(Decrease) in Cash and Cash Equivalents	(124,143)	(41,414)	(78,067)	(4,662)
Cash and Cash Equivalents, January 1	<u>224,045</u>	<u>98,999</u>	<u>103,029</u>	<u>22,017</u>
Cash and Cash Equivalents, December 31	<u>\$ 99,902</u>	<u>\$ 57,585</u>	<u>\$ 24,962</u>	<u>\$ 17,355</u>
<b>Reconciliation To Balance Sheet:</b>				
Restricted Cash	<u>\$ 99,902</u>	<u>\$ 57,585</u>	<u>\$ 24,962</u>	<u>\$ 17,355</u>
	<u>\$ 99,902</u>	<u>\$ 57,585</u>	<u>\$ 24,962</u>	<u>\$ 17,355</u>
<b>Reconciliation of Operating Income To Net Cash Provided By Operating Activities:</b>				
Operating Income/(Loss)				
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:				
Decrease in Accounts Receivable	\$ 378,330	\$ 401,604	\$ (23,274)	
Increase/(Decrease) in Accounts Payable	(437,419)	(421,743)	(15,676)	
(Decrease) in Due To Atlantic County	<u>(10,875)</u>	<u>(10,875)</u>	<u>                    </u>	<u>                    </u>
	<u>\$ (69,964)</u>	<u>\$ (31,014)</u>	<u>\$ (38,950)</u>	<u>\$</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS - GRANT FUND - CDBG

Year ended December 31, 2009

	CDBG 2002 Entitlement	CDBG 2003 Entitlement	CDBG 2004 Entitlement	CDBG 2005 Entitlement	CDBG 2006 Entitlement	CDBG 2007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	Small Cities	Program Income
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
Grants										
Program Income	\$ 1,219,082	\$ 44,314	158,419	164,110	134,681	241,939	386,364	89,255		
Cash Paid To Subcontractors and Vendors	(1,250,996)	(44,314)	(159,419)	(164,110)	(134,681)	(241,939)	(386,364)	(89,255)	(10,875)	(20,139)
Net Cash Provided/(Used) By Operating Activities	(31,014)						0		(10,875)	(20,139)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>										
Principal Payments Received on Mortgages	11,050								2,750	\$ 8,300
Transfer To Deferred Program Income	(21,450)									(21,450)
Fees Paid To ACIA										
Interfunds - Special Revenue Funds										
Net Cash Provided/(Used) By Capital and Related Financing Activities	(10,400)								2,750	(13,150)
Increase/(Decrease) in Cash and Cash Equivalents	(41,414)						0		(8,125)	(33,289)
Cash and Cash Equivalents, January 1	98,999				1				32,771	66,227
Cash and Cash Equivalents, December 31	\$ 57,585	\$	\$	\$	\$ 1	\$	\$ 0	\$	\$ 24,646	\$ 32,938
Reconciliation To Balance Sheet:										
Restricted Cash	\$ 57,584	\$	\$	\$					\$ 24,646	\$ 32,938
	\$ 57,584	\$	\$	\$	\$	\$	\$	\$	\$ 24,646	\$ 32,938
Reconciliation of Operating Income To Net Cash Provided By Operating Activities:										
Operating Income/(Loss)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:										
(Increase)/Decrease in Accounts Receivable	401,604	44,314	158,419	139,172	123,831	(37,257)	(12,149)	(14,726)		
Increase/(Decrease) in Accounts Payable	(421,743)	(44,314)	(158,419)	(139,172)	(123,831)	37,257	12,149	14,726	(10,875)	(20,139)
Decrease in Due To Atlantic County	(10,875)									
	\$ (31,014)	\$	\$	\$	\$	\$	\$	\$	\$ (10,875)	\$ (20,139)



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS - GRANT FUND - HOME

Year ended December 31, 2009

	1997 - 2001	2002	2003	2004	2005	2006	2007	2008	2009	Program Income
	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	Atlantic County HOME	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
Grants	\$ 964,204	\$	\$	\$ 49,510	\$ 48,068	\$ 43,895	\$ 210,386	\$ 485,622	126,723	
Cash Paid To Subcontractors and Vendors	(1,003,154)			(49,510)	(48,068)	(43,895)	(210,386)	(524,562)	(126,733)	
Net Cash Provided/(Used) By Operating Activities	(38,950)							(38,940)	(10)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>										
Principal Payments Received on Mortgages	31,850		6,275	6,300	11,650					\$ 5,800
Transfer To Deferred Program Income	(31,850)		(6,275)	(6,300)	(11,650)					56,075
Mortgages Issued										(25,992)
Fees Paid To ACIA										(75,000)
Interfunds - Special Revenue Funds										
Net Cash Provided/(Used) By Capital and Related Financing Activities	(39,117)									(39,117)
Increase/(Decrease) in Cash and Cash Equivalents	(78,067)							(38,940)	(10)	(39,117)
Cash and Cash Equivalents, January 1	103,029									103,029
Cash and Cash Equivalents, December 31	\$ 24,962	\$	\$	\$	\$	\$	\$	\$ (38,940)	\$ (10)	\$ 63,912
Reconciliation To Balance Sheet:										
Restricted Cash	\$ 63,912	\$	\$	\$	\$	\$	\$	\$	\$	\$ 63,912
	\$ 63,912	\$	\$	\$	\$	\$	\$	\$	\$	\$ 63,912
<b>Reconciliation of Operating Income To Net Cash Provided By Operating Activities:</b>										
Operating Income/(Loss)										
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:										
Decrease/(Increase) in Accounts Receivable	\$ (23,274)	\$	\$	\$	\$	\$	\$	\$ (38,940)	\$ 15,666	
Increase/(Decrease) in Accounts Payable	(15,676)								(15,676)	
	\$ (38,950)	\$	\$	\$	\$	\$	\$	\$ (38,940)	\$ (10)	\$

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

COMPARATIVE STATEMENTS OF CASH FLOWS - GRANT FUND - OTHER

Year ended December 31, 2009

	<u>Total</u>	<u>USDA</u>	<u>Jobs Bill</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments Received on Mortgages	\$ 2,238	\$ 2,238	\$
Mortgages Issued	(6,900)	(6,900)	
Interfunds - Special Revenue Funds	<u>          </u>	<u>          </u>	<u>          </u>
Net Cash Provided/(Used) By Capital and Related Financing Activities	<u>(4,662)</u>	<u>(4,662)</u>	<u>          </u>
Increase/(Decrease) in Cash and Cash Equivalents	(4,662)	(4,662)	
Cash and Cash Equivalents, January 1	<u>22,017</u>	<u>7,244</u>	<u>\$ 14,773</u>
Cash and Cash Equivalents, December 31	<u>\$ 17,355</u>	<u>\$ 2,582</u>	<u>\$ 14,773</u>
Reconciliation To Balance Sheet:			
Restricted Cash	<u>\$ 17,355</u>	<u>\$ 2,582</u>	<u>\$ 14,773</u>
	<u>\$ 17,355</u>	<u>\$ 2,582</u>	<u>\$ 14,773</u>
Reconciliation of Operating Income To Net Cash Provided By Operating Activities:			
Operating Income/(Loss)			
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
(Increase)/Decrease in Accounts Receivable			
Increase/(Decrease) in Accounts Payable			
Increase/(Decrease) in Interfunds Payable	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>

**SINGLE AUDIT SECTION**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

## 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

Chairman and Commissioners of the  
Atlantic County Improvement Authority  
Mays Landing, New Jersey

We have audited the basic financial statements of the Atlantic County Improvement Authority ("Authority"), a component unit of the County of Atlantic, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance**

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

We noted certain matters that we reported to the Authority's management in a separate letter dated March 25, 2010.

This report is intended solely for the information and use of management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as well as other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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



**Leon P. Costello**  
**Certified Public Accountant**

March 25, 2010



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Chairman and Commissioners of the  
Atlantic County Improvement Authority  
Mays Landing, New Jersey

### Compliance

We have audited the compliance of the Atlantic County Improvement Authority ("Authority") in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* and New Jersey OMB Circular 04-04 that are applicable to each of its major federal programs for the year ended December 31, 2009. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State Treasury OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and OMB Circulars A-133 and 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Atlantic County Improvement Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Atlantic County Improvement Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

This report is intended solely for the information and use of the management of the Authority, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

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



**Leon P. Costello**  
**Certified Public Accountant**

March 25, 2010

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

SCHEDULE OF FEDERAL FINANCIAL AWARDS

Year ended December 31, 2009

Department/ Program Title	Federal CFDA Number	Pass - Through Grant Number	Program or Award Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
US Department of Housing and Urban Development: Passed Through The County of Atlantic					
Home Investment Partnership Act (HOME) - 2004	14.239	M-04-DC-34-0229	\$ 879,410	\$ 49,510	\$ 49,510
Home Investment Partnership Act (HOME) - 2005	14.239	M-05-DC-34-0229	795,854	48,068	48,068
Home Investment Partnership Act (HOME) - 2006	14.239	M-06-DC-34-0229	673,087	43,895	43,895
Home Investment Partnership Act (HOME) - 2007	14.239	M-07-DC-34-0229	731,074	210,386	210,386
Home Investment Partnership Act (HOME) - 2008	14.239	M-08-DC-34-0229	700,196	524,562	524,562
Home Investment Partnership Act (HOME) - 2009	14.239	M-09-DC-34-0229	773,958	142,399	142,399
<b>Total Home Investment Partnership Act (HOME)</b>				<u>1,018,820</u>	<u>1,018,820</u>
Community Development Block Grant Entitlement					
Program Grant - 2005	14.218	B-05-UC-34-0111	1,622,568	26,540	26,540
Program Grant - 2006	14.218	B-06-UC-34-0111	1,465,751	44,845	44,845
Program Grant - 2007	14.218	B-07-UC-34-0111	1,365,600	279,196	279,196
Program Grant - 2008	14.218	B-08-UC-34-0111	1,314,398	398,513	398,513
Program Grant - 2009	14.218	B-09-UC-34-0111	1,467,932	103,981	103,981
<b>Total Community Development Block Grant Entitlement</b>				<u>853,075</u>	<u>853,075</u>
<b>Total Federal Financial Awards</b>				<u>\$ 1,871,895</u>	<u>\$ 1,871,895</u>



ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS

Year ended December 31, 2009

Note 1. General

The accompanying Schedule of Federal Financial Awards presents the activity of all federal award programs of the Atlantic County Improvement Authority. The Authority is defined in Note 1(A) to the Authority's financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Financial Awards.

Note 2. Basis of Accounting

The accompanying Schedule of Federal Financial Awards is presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority's financial statements.

Note 3. Relationship To General Purpose Financial Statements

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

Grant Fund	\$ 1,972,112
Less: Program Income	<u>(100,217)</u>
Federal Award Schedule	<u>\$ 1,871,895</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

***Section I - Summary of Auditor's Results***

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified?        yes   X   no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Non-compliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness(es) identified:        yes   X   no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?        yes   X   no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Program
14.239	HOME Investment Partnership Act

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes        No

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(CONTINUED)**

**II FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS**

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

**III FEDERAL AWARDS ASSISTANCE FINDINGS AND QUESTIONED COSTS**

**Federal:**

Our audit disclosed no material Findings or Questioned Costs.

**SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This Section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and U.S. OMB Circular A-133 (Section .315 (a)(b)).

**Status of Prior-Year Findings**

None

## **COMMENTS AND RECOMMENDATIONS**

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY**  
**COUNTY OF ATLANTIC**

**FINDINGS AND RECOMMENDATIONS**

**2009-01**

The 2008 annual audit synopsis published in the Authority's official newspaper in 2009, did not reflect the 2008-01 audit recommendation.

**Criteria:**

In accordance with N.J. Statute 40A:5A-16, the Authority is required to publish the synopsis together with audit recommendations of the annual audit report.

**Condition:**

The Authority's publication indicated "none noted" under the recommendation section.

**Cause:**

Inadvertent oversight.

**Effect:**

Non-compliance with NJ Local Authorities Fiscal Control Law.

**Recommendation:**

That the audit synopsis recommendation of the 2008 annual audit be accurately published in the official newspaper of the Authority in accordance with State statute.

**2009-02**

The Authority's self prepared financial statements, including footnotes, consisted of some errors that required adjustments.

**Criteria:**

The Authority is required to present accurate financial statements from its subsidiary records with sufficient oversight or review of these self prepared financial statements.

**Condition:**

Debt expenses were recorded on the cash basis, depreciation expense was incorrect, one HOME mortgage was recorded at an overstated amount, two Agency Fund cash accounts were not reflected, and some accounts receivable balances were recorded in duplication.

**Cause:**

Several excel spreadsheet formulas were in error and financial data per Quickbooks finance package were not carried forward properly to the financial statements.

**Effect:**

Without the proper adjustments to a number of amounts presented in the financial statements, these statements would be misstated.

**Recommendation:**

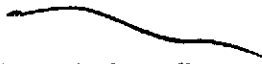
That the Authority review its excel spreadsheets and finance accounting package to incorporate a linkage of spreadsheets and account balances to their financial statements.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC

In accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to comments, if any.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

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

  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

March 25, 2010