

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

**Financial Statements and Supplementary Information**

**For the years ended December 31, 2014 and 2013**

**(With Independent Auditor's Report thereon)**

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

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**INTRODUCTORY SECTION**

# ACTIA

Atlantic County Improvement Authority  
1333 Atlantic Avenue, Suite 700 · Atlantic City, NJ 08401  
Phone: 609-343-2390 Fax: 609-343-2188

John C. Lamey, Jr.  
Executive Director

April 15, 2015

Chairperson Foster and Authority Commissioners:

Presented to you are the audited financial statements for the 2014 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 independent auditors' 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. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

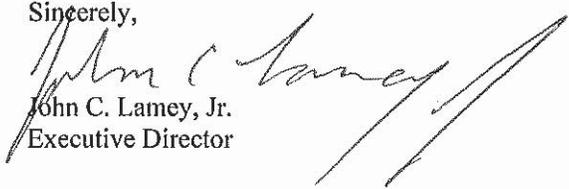
*Government Auditing Standards* and New Jersey statutes require that the Atlantic County Improvement Authority publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards. The financial statements for the 2014 year are presented as required.

The Management Discussion & Analysis ("MD&A") report consists of management's representations concerning the finances of the Administrative, Bonds, 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 Authority'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's staff prepared the basic financial statements and the supplemental financial statements and schedules as discussed above. Holman Frenia Allison, PC, 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 statements 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, 2014.

Sincerely,

  
John C. Lamey, Jr.  
Executive Director

**FINANCIAL SECTION**



HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the  
Atlantic County Improvement Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of business-type activities of the Atlantic County Improvement Authority, a component unit of the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Atlantic County Improvement Authority as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic County Improvement Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and other information such as the introductory section and supplementary information contained in schedules 2 through 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal 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 is also not a required part of the basic financial statements.

The supplementary information contained in schedules 2 through 28 and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information contained in schedules 2 through 28 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2015 on our consideration of the Atlantic County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic County Improvement Authority's internal control over financial reporting and compliance.

*HOLMAN, FRENIA, ALLISON*  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 15, 2015  
Toms River, New Jersey

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 \$31,420,769 and exceeded liabilities in the amount of \$618,386 (i.e. net position). \$594,786 was available to support short-term operations.
- Unrestricted net position increased \$49,328 over fiscal year 2014. This resulted from the Administrative Funds ability to generate more revenues to cover all operating expenses.
- Operating revenues were \$4,325,510, an increase from year 2013 in the amount of \$1,858,234. This resulted from an increase in grant funding of \$1,624,022 compared to 2013.
- Operating expenses increased \$1,695,954 from 2013, which was a result of an increase in project costs related to grant administration and increased grant funding.

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 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 Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements.

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

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

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 for Project Management, grant administration, 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 Statement of Net Position

		<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash and Investments	\$ 6,119,410	\$ 6,187,986	\$ 6,081,989
Current Assets (Less Cash)			
And Capital Assets, Net	2,975,331	6,974,991	6,996,564
Noncurrent Assets:			
Net Mortgage and Note Receivable	22,326,028	23,282,632	24,200,449
Net Lease Payments Receivable	<u>-</u>	<u>785,000</u>	<u>6,475,798</u>
 Total Assets	 <u>\$ 31,420,769</u>	 <u>\$ 37,230,609</u>	 <u>\$ 43,754,800</u>
 Current Liabilities	 \$ 8,392,596	 \$ 7,273,408	 \$ 7,084,650
Long Term Liabilities:			
Other	85,826	106,870	104,076
Certificates of Participation	-	6,015,000	11,670,000
Bonds Payable	<u>22,323,961</u>	<u>23,282,632</u>	<u>24,200,449</u>
 Total Liabilities	 <u>30,802,383</u>	 <u>36,677,910</u>	 <u>43,059,175</u>
 Net Position:			
Restricted or Net Invested in			
Capital Assets	23,600	7,241	38,495
Unrestricted	<u>594,786</u>	<u>545,458</u>	<u>657,130</u>
 Total Net Position	 <u>618,386</u>	 <u>552,699</u>	 <u>695,625</u>
Total Liabilities and Net Position	<u>\$ 31,420,769</u>	<u>\$ 37,230,609</u>	<u>\$ 43,754,800</u>

## Condensed Statement of Activities

	2014 <u>Actual</u>	2013 <u>Actual</u>	2012 <u>Actual</u>
Revenues:			
Fees	\$ 819,114	\$ 729,759	\$ 864,510
Grants	2,912,555	1,288,533	2,502,394
Other Revenues	<u>593,841</u>	<u>448,984</u>	<u>368,488</u>
Total Operating Revenues	4,325,510	2,467,276	3,735,392
Expenses:			
Project Costs	2,832,122	998,111	2,114,640
Service Fees	80,433	290,422	387,754
Depreciation	920	801	2,696
General and Administrative	<u>1,348,594</u>	<u>1,276,781</u>	<u>1,385,926</u>
Total Operating Expenses	4,262,069	2,566,115	3,891,016
Operating Surplus/(Deficit)	63,441	(98,839)	(155,624)
Non-Operating Revenues (Expenses), Net	<u>2,246</u>	<u>(44,087)</u>	<u>(58,759)</u>
Increase/(Decrease) in Net Position	<u>\$ 65,687</u>	<u>\$ (142,926)</u>	<u>\$ (214,383)</u>

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## General Trends and Significant Events

The Authority was awarded Social Service Block Grant (SSBG) monies in 2014 to distribute to residents of Atlantic County on behalf of the County. The Authority continues to implement the Community Development Block Grant (CDBG) and HOME Programs on behalf of Atlantic County, provide various services to other agencies, administer bond issues, and undertake its other responsibilities, including manage the County's Golf Course and this year implemented and Economic Development Initiative.

## 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 \$5.8 million or 15.6%. The decrease was primarily related to the annual bond payments.

Noncurrent assets decreased \$1.7 million or 7.2%.

## Results of Operations

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

In comparison with the prior year, grants increased by \$1,624,022 due to new funding from SSBG and Economic Development funds. Also, the fees for grant administration increased by \$53,069. This is primarily due to increase in grant funding, directly resulting in increased grant administration fees for the Authority.

Expenses: Total operating expenses of the Authority increased \$1,695,954 from fiscal year 2013 primarily due to project costs rising with the increase of projects as a result of additional funding in current year.

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

	<u>Actual Amounts in 000's</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Expenses:			
Total	\$ 4,262	\$ 2,566	\$ 3,891
Excluding Project Costs	1,430	1,568	1,776
Excluding Project Costs and Service Fees	1,349	1,278	1,389

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

	<u>Actual Amounts</u>					
	<u>2014</u>		<u>2013</u>		<u>2012</u>	
Salaries	\$ 785,583	18.43%	\$ 744,017	28.99%	\$ 814,937	20.94%
Fringe & Payroll Taxes	271,929	6.38%	284,930	11.10	331,290	8.50
Professional Services	143,591	3.37%	100,572	3.92	88,548	2.28
Insurance	76,055	1.78%	84,430	3.29	93,228	2.40
Rent & Administrative & General	71,436	1.68%	62,832	2.45	57,923	1.49
Project Costs	2,832,122	66.45%	998,111	38.90	2,114,640	54.35
Service Fees	80,433	1.89%	290,422	11.32	387,754	9.97
Depreciation	920	0.02%	801	0.03	2,696	0.07
Total	<u>\$ 4,262,069</u>	<u>100.00%</u>	<u>\$ 2,566,115</u>	<u>100.00%</u>	<u>\$ 3,891,016</u>	<u>100.00%</u>

### 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>2014</u>	<u>2013</u>	<u>2012</u>
Total Operating Revenues	\$ 4,325,510	\$ 2,467,276	\$ 3,735,392
Net Cash Provided/ (Used) by Operations	31,530	46,571	(184,053)
Net Operating Cash as a % of Operating Revenue	0.73%	1.89%	-4.93%

### 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 2012, the Authority had two Certificates of Participation for Atlantic City and Atlantic County, one Guaranteed Note 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 Note is 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, 1333 Atlantic Ave, Suite 700 Atlantic City, New Jersey 08401 or at 609-343-2390.

**BASIC FINANCIAL STATEMENTS**

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Statements of Net Position

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>LIABILITIES AND NET POSITION</u>		<u>2014</u>	<u>2013</u>
<b>ASSETS</b>						
Unrestricted Assets:			Unrestricted Liabilities:			
Current Assets:			Current Liabilities:			
Cash and Cash Equivalents	\$ 430,508	\$ 520,022	Accounts Payable	\$ 18,291	\$ 6,960	
Accounts Receivable	271,723	162,788	Unearned Program Income	129,542	187,801	
Total Unrestricted Current Assets	<u>702,231</u>	<u>682,810</u>	Total Unrestricted Current Liabilities	<u>147,833</u>	<u>194,761</u>	
Restricted Assets:			Restricted Liabilities:			
Current Assets:			Current Liabilities:			
Cash and Cash Equivalents	5,688,902	5,667,964	Accounts Payable	866,149	124,651	
Interest Receivable	112,487	116,627	Interest Payable	249,019	381,146	
Accounts Receivable	802,499	118,339	Due to Atlantic County	155,874	-	
Mortgages Receivable	591,654	567,850	Current Portion of Long-Term Debt	6,973,721	6,572,850	
Guaranteed Note Receivable	365,000	350,000	Total Current Liabilities Payable From			
Net Lease Payments Receivable	816,932	5,658,986	Restricted Assets	8,244,763	7,078,647	
Total Restricted Current Assets	<u>8,377,474</u>	<u>12,479,766</u>	Long-Term Liabilities:			
Non-Current Assets:			Accrued Sick and Vacation	85,826	106,870	
Mortgages Receivable	22,081,494	22,240,033	Certificates of Participation	-	6,015,000	
Valuation Allowance for Loan Losses	(7,800,466)	(7,367,401)	Bonds Payable	22,323,961	23,282,632	
Guaranteed Note Receivable	8,045,000	8,410,000	Total Long-Term Liabilities	22,409,787	29,404,502	
Net Lease Payments Receivable	-	785,000	Total Liabilities	<u>30,802,383</u>	<u>36,677,910</u>	
Total Restricted Non-Current Assets	<u>22,326,028</u>	<u>24,067,632</u>	Net Position:			
Total Restricted Assets	<u>30,703,502</u>	<u>36,547,398</u>	Invested in Capital Assets, Net of Related Debt	15,036	401	
Capital Assets, Net of Depreciation	<u>15,036</u>	<u>401</u>	Restricted for Capital Activity and Debt Service	8,564	6,840	
			Unrestricted	594,786	545,458	
			Total Net Position	<u>618,386</u>	<u>552,699</u>	
Total Assets	<u>\$ 31,420,769</u>	<u>\$ 37,230,609</u>	Total Liabilities and Net Position	<u>\$ 31,420,769</u>	<u>\$ 37,230,609</u>	

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statements of Revenues, Expenses and Changes in Net Position**

**For the years ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Project Administration Fees	\$ 439,925	\$ 403,639
Bond Fees	21,000	21,000
Grant and Agency Fund Fees	358,189	305,120
Grants	2,912,555	1,288,533
Reimbursement and Other	593,841	448,984
	<hr/>	<hr/>
Total Operating Revenues	4,325,510	2,467,276
	<hr/>	<hr/>
Operating Expenses:		
Payroll Expenses	785,583	744,017
Employee Benefits	271,929	284,930
Rent	29,717	29,717
Professional Fees	143,591	100,572
Insurance	76,055	84,430
Administrative and General	41,719	33,115
Project Costs	2,832,122	998,111
Service Fees	80,433	290,422
Depreciation	920	801
	<hr/>	<hr/>
Total Operating Expenses	4,262,069	2,566,115
	<hr/>	<hr/>
Operating Surplus/(Deficit)	63,441	(98,839)
	<hr/>	<hr/>
Non-Operating Revenues/(Expenses):		
Investment and Interest Income	985,562	975,079
Lease Rental	382,831	690,434
Bond and Note Interest Expense	(1,366,147)	(1,709,600)
	<hr/>	<hr/>
Total Non-Operating Revenues/(Expenses)	2,246	(44,087)
	<hr/>	<hr/>
Increase/(Decrease) in Net Position	65,687	(142,926)
	<hr/>	<hr/>
Total Net Position - Beginning of Year	552,699	695,625
	<hr/>	<hr/>
Total Net Position - End of Year	\$ 618,386	\$ 552,699
	<hr/> <hr/>	<hr/> <hr/>

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

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statements of Cash Flows**

**For the years ended December 31, 2014 and 2013**

	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Project Administration Fees	\$ 439,925	\$ 413,360
Bond Fees	21,000	21,000
Grant and Agency Fees	318,082	351,263
Grants	2,318,372	1,119,175
Program Income	7,500	21,500
Reimbursement and Other	(1,208)	530,297
Payroll Expenses	(780,249)	(736,074)
Employee Benefits	(273,402)	(284,990)
Rent	(29,717)	(29,717)
Professional Fees	(149,824)	(100,971)
Insurance	(76,055)	(84,430)
Administrative and General	506,458	(33,543)
Cash Paid To Subcontractor and Vendors	<u>(2,269,352)</u>	<u>(1,140,299)</u>
Net Cash Flows From Operating Activities	<u>31,530</u>	<u>46,571</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment and Interest Income	<u>873</u>	<u>1,010</u>
Net Cash Flows From Investing Activities	<u>873</u>	<u>1,010</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal Payments Received on Mortgages	28,405	188,961
Mortgages Issued	(51,008)	(86,980)
Principal Payments Made on Bonds	(5,655,000)	(5,315,000)
Fees Paid To ACIA	(77,966)	(43,252)
Lease Rental	6,217,940	6,227,165
Interest Paid on Bonds	<u>(563,350)</u>	<u>(912,478)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(100,979)</u>	<u>58,416</u>
(Decrease)/Increase in Cash and Cash Equivalents	(68,576)	105,997
Cash and Cash Equivalents - Beginning of Year	<u>6,187,986</u>	<u>6,081,989</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 6,119,410</u></u>	<u><u>\$ 6,187,986</u></u>
<b>Reconciliation To Statements of Net Position:</b>		
Unrestricted Cash	\$ 430,508	\$ 520,022
Restricted Cash	<u>5,688,902</u>	<u>5,667,964</u>
Total Cash and Cash Equivalents	<u><u>\$ 6,119,410</u></u>	<u><u>\$ 6,187,986</u></u>

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

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statements of Cash Flows**

**For the years ended December 31, 2014 and 2013**

	<u><b>2014</b></u>	<u><b>2013</b></u>
Reconciliation of Operating Deficit To Net Cash		
Flows From Operating Activities:		
Operating Income/(Loss)	\$ 63,441	\$ (98,839)
Adjustments To Reconcile Operating Income To		
Net Cash Flows From Operating Activities:		
Depreciation	920	801
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(775,932)	305,195
(Decrease)/Increase in Accounts Payable	756,624	(178,207)
Decrease Due to Atlantic County	7,521	14,826
Increase in Accrued Sick and Vacation	<u>(21,044)</u>	<u>2,795</u>
Net Cash Flows From Operating Activities	<u><u>\$ 31,530</u></u>	<u><u>\$ 46,571</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Statements of Net Position - Agency Fund

For the years ended December 31, 2014 and 2013

<b>ASSETS</b>	<u><b>2014</b></u>	<u><b>2013</b></u>
Cash	\$ 1,949,148	\$ 2,900,236
Mortgage Interest Receivable	5,318,644	5,244,094
Accounts Receivable - Other	5,719	1,805
Mortgages Receivable	17,150,077	16,450,855
Mortgages Receivable - Valuation Allowance	<u>(22,416,775)</u>	<u>(21,600,905)</u>
Total Assets	<u><u>\$ 2,006,813</u></u>	<u><u>\$ 2,996,085</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 36,352	\$ 2,269
Due To:		
Various Agencies	<u>1,970,461</u>	<u>2,993,816</u>
Total Liabilities	<u><u>\$ 2,006,813</u></u>	<u><u>\$ 2,996,085</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**For the years ended December 31, 2014 and 2013**

**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, loan repayments on the Egg Harbor Township Golf Course bonds and non-profit bonds

The Authority also administers various housing projects funded by the Atlantic City Development Fund. The Authority also undertakes public facilities projects on behalf of governments, school districts and other authorities. The Authority implements the Community Development Block Grant and HOME Programs on behalf of Atlantic County and operates the County's Golf Course.

A new initiative being undertaken by the Authority is economic development on behalf of the 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 County Executive appoints the organization's board of commissioners
- 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 (continued)**

**For the years ended December 31, 2014 and 2013**

**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 65, and related interpretations issued through December 31, 2012. 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.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

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 statements of net position. Net positions (i.e. total assets net of total liabilities and total deferred inflow of resources) are segregated into "invested in capital assets, net of related liabilities"; "restricted for capital activity and debt service"; and "unrestricted" components.

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,

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

certain interest and general functions, and other charges for the fiscal year.

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.

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. 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. See note 14 for additional information.

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

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Post-Retirement Benefits (continued)

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.

As of December 31, 2014 and 2013 the Authority has recorded \$85,826 and \$106,870, respectively, in accrued sick & vacation leave liability and has not recorded a liability for post-retirement health insurance.

Use of Estimates

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

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.

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 (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash, Cash Equivalents and Investments - Restricted

Restricted cash and 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 Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: Invested in capital assets, net of related debt; Restricted for capital activity and debt service; and unrestricted net position. 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 position 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 positions 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. These mortgages are deed restricted, and the Authority will not collect against them unless the terms of the deed restriction are violated. The Authority does not anticipate any violations in the terms, and therefore does not anticipate collections on those removed balances. There has been no allowance for loan losses recorded for mortgages receivable held as security for bond repayments or first mortgages held in the 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 (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets

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

Capital assets consist primarily of furniture and equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated lives:

Furniture and equipment	5 years
-------------------------	---------

Depreciation expense for 2014 and 2013 was \$920 and \$801, respectively.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 and April 15, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that would require disclosure.

**NOTE 3: 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.

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand Deposits	\$ 8,068,558
Total Deposits	<u>\$ 8,068,558</u>
<b>Reconciliation of Statements of Net Position:</b>	
Governmental-Type Activity	\$ 6,119,410
Fiduciary Fund	<u>1,949,148</u>
Total Cash and Cash Equivalents	<u>\$ 8,068,558</u>

As of December 31, 2014 and 2013, the Authority's bank balance of \$8,074,359 and \$9,086,846, respectively was not exposed to custodial credit risk. Of the bank balances, \$757,521 and \$756,918 was covered by FDIC Insurance. As of December 31, 2014 and 2013, the remaining balances of \$7,316,838 and \$8,329,928 were collateralized in the Authority's name under GUDPA.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2014, follows:

	<u>Furniture &amp; Equipment</u>	<u>Accumulated Depreciation</u>	<u>Fixed Assets Net</u>
Balance: January 1, 2014	\$ 32,523	\$ 32,122	\$ 401
Additions	<u>15,555</u>	<u>920</u>	<u>14,635</u>
Balance: December 31, 2014	<u><u>\$ 48,078</u></u>	<u><u>\$ 33,042</u></u>	<u><u>\$ 15,036</u></u>

A summary of changes in capital assets for the year ended December 31, 2013, follows:

	<u>Furniture &amp; Equipment</u>	<u>Accumulated Depreciation</u>	<u>Fixed Assets Net</u>
Balance: January 1, 2013	\$ 32,523	\$ 31,321	\$ 1,202
Additions	<u>-</u>	<u>801</u>	<u>801</u>
Balance: December 31, 2013	<u><u>\$ 32,523</u></u>	<u><u>\$ 32,122</u></u>	<u><u>\$ 401</u></u>

**NOTE 5: LEASE PAYMENT RECEIVABLE**

The investment in direct financing leases as of December 31, 2014 and 2013, assuming related bonds payable are held to maturity, is as follows:

	<u>2014</u>	<u>2013</u>
Gross Lease Payments Receivable	\$ 6,206,735	\$ 12,425,204
Less:		
Unearned Income	(55,203)	(490,716)
Net Debt Service Funds	<u>(5,334,600)</u>	<u>(5,490,502)</u>
Subtotal	<u>(5,389,803)</u>	<u>(5,981,218)</u>
Net Lease Payments Receivable	<u><u>\$ 816,932</u></u>	<u><u>\$ 6,443,986</u></u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 5: LEASE PAYMENT RECEIVABLE (continued)**

At December 31, 2014, minimum lease payments receivable (principal and interest), assuming related bonds payable are held to maturity, are approximately as follows:

2015	<u>\$ 6,206,735</u>
	<u><u>\$ 6,206,735</u></u>

**NOTE 6: MORTGAGES RECEIVABLE - BOND FUNDS**

The following represents a summary of mortgages receivable held in Bond Funds:

	<u>2014</u>	<u>2013</u>
Balance: January 1, 2014	\$ 15,440,482	\$ 15,985,458
Less: Repayments	<u>(567,800)</u>	<u>(544,976)</u>
Balance: December 31, 2014	<u><u>\$ 14,872,682</u></u>	<u><u>\$ 15,440,482</u></u>

The ARC of Atlantic County mortgage receivable balance as of December 31, 2014 was \$1,750,424. The original agreement earned interest at a rate of 3.93% with fixed monthly payments due to the Authority of \$12,653, maturing October 1, 2030. An amendment and restatement was executed on December 21, 2010, with an indicative swap interest rate of 3.25%. The “estimated” combined loan and swap monthly payment is \$9,300.00, per TD Bank. The payment fluctuates each month due to the number of days in each month. This 2005 bond was amended and restated in accordance with the terms of the bond documents supporting the mortgages.

The Faith Baptist Church mortgage receivable balance as of December 31, 2014 was \$694,784 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, 2014 was \$12,427,474 and earned interest at a rate of 4.14%. The original agreement had interest-only payments due until it was converted to a permanent mortgage on June 1, 2008. Beginning June 1, 2008, there are 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 (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 6: MORTGAGES RECEIVABLE - BOND FUNDS (continued)**

The following represents a summary of mortgages and interest receivable held in the Authority's Grant Fund as of December 31, 2014 and 2013 which are considered impaired:

	<u>2014</u>	<u>2013</u>
Mortgages Receivable - Schedule to be Forgiven if Conditions are Met	\$ 7,800,466	\$ 7,367,401
Total allowance for Loan Forgiveness	<u>(7,800,466)</u>	<u>(7,367,401)</u>
Net Loan Value: December 31	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7: MORTGAGES RECEIVABLE - IMPAIRED ASSETS**

The following represents the activity of the allowance for mortgage losses in the Grant Fund during 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance of Allowance for Mortgage Receivable Losses January 1	\$ 7,367,401	\$ 7,042,568
Increases:		
Allowance for Additional Mortgages	<u>488,346</u>	<u>428,338</u>
Subtotal Increases:	488,346	428,338
Subtotal:	7,855,747	7,470,906
Decreases:		
Forgiven	(5,038)	(13,067)
Recoveries-Amounts Previously Reserved	<u>(50,243)</u>	<u>(90,438)</u>
Subtotal Decreases:	<u>(55,281)</u>	<u>(103,505)</u>
Balance of Allowance for Mortgage Receivable Losses: December 31	<u>\$ 7,800,466</u>	<u>\$ 7,367,401</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 7: 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, 2014 and 2013 which are considered impaired:

	<u>2014</u>	<u>2013</u>
Mortgages Receivable - Collection:		
Deemed Doubtful	\$ 22,468,721	\$ 21,694,949
 Total Allowance	 <u>(22,416,775)</u>	 <u>(21,600,905)</u>
 Net Mortgage Receivable - December 31	 <u>\$ 51,946</u>	 <u>\$ 94,044</u>

The following represents the activity of the allowance for mortgage losses in the Agency Fund during 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance of Allowance for Mortgage Receivable Losses: January 1	\$ 21,600,905	\$ 20,978,671
Increases:		
Allowance for Interest Receivable	227,224	218,930
Allowance for Mortgages Receivable	<u>786,180</u>	<u>538,210</u>
Subtotal Increases:	1,013,404	757,140
Decreases:		
Reclassified Mortgages Receivable	(44,860)	(7,400)
Interest Paid	<u>(152,674)</u>	<u>(127,506)</u>
Subtotal Decreases:	<u>(197,534)</u>	<u>(134,906)</u>
Balance of Allowance for Mortgage Receivable Losses: December 31	<u>\$ 22,416,775</u>	<u>\$ 21,600,905</u>
Analysis of Balance:		
Interest Receivable	\$ 5,318,644	\$ 5,244,094
Mortgage Receivable	<u>17,098,131</u>	<u>16,356,811</u>
Balance:	<u>\$ 22,416,775</u>	<u>\$ 21,600,905</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 8: 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.

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 statements of net position ending balances and the statements of revenues expenses and changes in net position show only the 2006 Egg Harbor Township guaranteed revenue refunding bonds.

Egg Harbor Township Golf Corporation Trustee Activity

The summary on the following page represents the Egg Harbor Township Golf Corporation's trustee activity during the years ended December 31, 2014 and 2013:

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 8: LONG-TERM DEBT (continued)**

	<u>2014</u>	<u>2013</u>
Opening Cash and Cash Equivalents - January 1:	\$ 1,008,094	\$ 819,411
Increases:		
Interest Earned	172	188
Payment from Egg Harbor Township Golf Course	<u>900,000</u>	<u>950,000</u>
Subtotal Increases:	900,172	950,188
Revised Cash and Equivalents Balance:	1,908,266	1,769,599
Decreases:		
Administrative Costs	(3,597)	(17,180)
Interest Paid	(390,725)	(404,325)
Principal Paid	<u>(350,000)</u>	<u>(340,000)</u>
Subtotal Decreases:	<u>(744,322)</u>	<u>(761,505)</u>
Ending Cash and Cash Equivalents - December 31:	<u><u>\$ 1,163,944</u></u>	<u><u>\$ 1,008,094</u></u>

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 were fixed for the first five-year period. A refunding adjusted interest rates to an indicative swap interest rate of 3.25% as of December 21, 2010, continuing through October 2030 in accordance with the bond issue documentation. A new amortization schedule was presented to the Authority in early 2012 by TD Bank showing only principal payments. Future interest payments are calculated monthly by TD bank based on the swap interest rate; however interest shown in the schedule below is estimated at \$2,700 per month based on 2013 payments to TD Bank.

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.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 8: LONG-TERM DEBT (continued)**

St. Augustine Preparatory School

On January 5, 2007, the Authority issued bonds in an original amount of \$15,000,000 to provide funds for a portion of 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.

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>
2015	\$ 958,721	\$ 953,497	\$ 1,912,218
2016	996,964	914,726	1,911,690
2017	1,049,502	871,305	1,920,807
2018	1,096,549	827,078	1,923,627
2019	1,140,740	784,528	1,925,268
2020-2024	6,487,595	3,210,513	9,698,108
2025-2029	7,656,665	1,825,988	9,482,653
2030-2033	3,895,946	282,464	4,178,410
	<u>\$ 23,282,682</u>	<u>\$ 9,670,099</u>	<u>\$ 32,952,781</u>

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.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 8: LONG-TERM DEBT (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	6,015,000	191,735	6,206,735
	\$ 6,015,000	\$ 191,735	\$ 6,206,735

Long-term debt as of December 31, 2014 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	\$ 24,200,482	\$ -	\$ (917,800)	\$ 23,282,682	\$ 958,721
Certificates of Participation	11,670,000	-	(5,655,000)	6,015,000	6,015,000
Compensated Absences	106,870	-	(21,044)	85,826	-
	\$ 35,977,352	\$ -	\$ (6,593,844)	\$ 29,383,508	\$ 6,973,721

**NOTE 9: NET POSITION**

Net Position presents the difference between assets and liabilities. The net position amounts on the following page were as follows:

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 9: NET POSITION (continued)**

	<u>2014</u>	<u>2013</u>
Invested in Capital Assets, Net of Related Liabilities		
Net Plant and Equipment in Service	\$ 15,036	\$ 401
Restricted for Capital Activity and Debt Service:		
Restricted Cash and Equivalents	5,688,902	5,667,964
Other Current Restricted Assets	2,112,861	6,811,802
Non-Current Assets	<u>22,326,028</u>	<u>24,067,632</u>
Subtotal Restrictions	<u>30,127,791</u>	<u>36,547,398</u>
Subtotal	30,142,827	36,547,799
Deductions:		
Current Liabilities Payable from Restricted Assets	(7,663,657)	(7,055,125)
Long-Term Liabilities	<u>(22,455,570)</u>	<u>(29,485,433)</u>
Subtotal Deductions	<u>(30,119,227)</u>	<u>(36,540,558)</u>
Restricted Subtotal	23,600	7,241
Unrestricted	<u>594,786</u>	<u>545,458</u>
Total Net Positions	<u>\$ 618,386</u>	<u>\$ 552,699</u>

**NOTE 10: 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

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 10: PENSION PLAN (continued)**

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.

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. As of October 1, 2011, PERS increased the employee contribution rate to 6.5% of employees' annual compensation, as defined. A second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018. 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, 2014, 2013 and 2012 was \$785,582, \$744,016, and \$840,908, respectively, and covered payroll was \$558,452, \$588,636, and \$690,015, 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:

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 10: PENSION PLAN (continued)**

<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>
12/31/2014	\$ 38,213	6.78% & 6.92%*	\$ 82,509	11.00%
12/31/2013	40,314	6.64% & 6.78%*	96,182	11.00%
12/31/2012	35,775	6.5% & 6.64%*	93,607	12.00%

\*6.5% began 10/1/11; 6.64% 7/1/12-6/30/13; 6.78% 7/1/13-6/30/14; 6.92% 7/1/14-12/31/14

For 2012, 2013 and 2014, 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.

**NOTE 11: 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 12: 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, 2014 and 2013, assuming all employees are eligible for accrued sick leave at termination, is approximately \$85,826 and \$106,870, respectively.

**NOTE 13: POST-RETIREMENT BENEFITS**

The Authority has adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. This Statement requires governmental entities to

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 13: POST-RETIREMENT BENEFITS (continued)**

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, 2014, based on the eligible employees, the unfunded liability for the maximum three-year post-retirement benefit would be \$73,171. This includes the present value at 5% of 3 years of insurance payments to all current employees assuming all will work until eligibility.

**NOTE 14: 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 15: RELATED PARTY TRANSACTIONS**

The Authority has a net lease receivable due from the County of Atlantic as of December 31, 2014 and 2013 with a balance of \$0 and \$4,877,769 respectively. The County remits payments equal to debt service on associated certificates of participation fewer 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 2014 and 2013 was \$29,717 and \$29,717, respectively.

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 enter 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 of the Golf Course equipment which is currently owned by the County shall remain County property but shall be made available for the use and benefit of the Authority. At the discretion of the County Treasurer, the Authority began makes one annual payment of revenue and interest to the County, if net proceeds are available. The net revenue shall be based upon the gross revenues of the Golf Course (including green fees, net pro shop sales, and any other revenue generated in connection with Golf Course operations) less operating and management expenses that are incurred by the Authority pursuant to the agreement. For 2014 and 2013, no payments were made to the County, as net proceeds available as of December 31, 2014 and 2013, would need to be utilized for additional expenses paid by the Golf Course under the Authority’s management. A renewed agreement was finalized on December 27, 2013 that was substantially comparable to the previous agreement.

**NOTE 16: AGENCY FUND LITIGATION**

During the year ended December 31, 2014, the Authority was involved in pending litigation concerning the mortgage to Barlinvis Associates. As of December 31, 2014, the amounts due and owing to the Authority in order to satisfy the Second Mortgage comprised unpaid Principal in the amount of \$1,600,000 and accrued unpaid interest in the amount of \$4,622,342 for an aggregate amount of \$6,222,342. The

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**For the years ended December 31, 2014 and 2013**

**NOTE 16: AGENCY FUND LITIGATION (continued)**

mortgage was a second mortgage after a US Department of Housing and Urban Development (HUD) mortgage which had been satisfied and discharged. The second mortgage was a no recourse mortgage secured by a 68 unit affordable housing project situated at 2006 Beach Avenue in Atlantic City, New Jersey (the "Property").

The Authority closed on the purchase of the Property on January 23, 2015. As of the date of closing, Barlinvis Associates transferred to the Authority all funds on hand, with the exception of a retainage of \$65,000 to be held for a period of ninety days for the purpose of paying any prior incurred obligations. At the expiration of the ninety days, the remaining funds shall be transferred to the Authority. In the interim, Barlinvis is providing the Authority with monthly accounting of expenditures from the retainage and any income received subsequent to closing. Following closing, the litigation was dismissed with prejudice and the lien of the second mortgage against the property was released but not satisfied.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Schedule of Appropriations Compared to Budget - Administrative Fund**

**For the year ended December 31, 2014**

	<b>2014 Budget</b>	<b>2014 Final Budget</b>	<b>2014 Actual</b>	<b>Unexpended Balance/ (Excess)</b>
Operating Revenues:				
Project Administration Fees	\$ 629,000	\$ 439,925	\$ 439,925	\$ -
Bond Fees	21,000	21,000	21,000	-
Grant and Agency Fund Fees	312,126	358,189	358,189	-
Reimbursement and Other	433,524	593,841	593,841	-
	<u>1,395,650</u>	<u>1,412,955</u>	<u>1,412,955</u>	<u>-</u>
Total Operating Revenues				
Operating Expenses:				
Payroll Expenses	819,845	785,583	785,583	-
Employee Benefits	343,850	271,929	271,929	-
Rent	29,717	29,717	29,717	-
Professional Fees	81,850	143,591	143,591	-
Insurance	93,500	76,055	76,055	-
Administrative and General	22,330	41,719	41,719	-
Depreciation	401	920	920	-
	<u>1,391,493</u>	<u>1,349,514</u>	<u>1,349,514</u>	<u>-</u>
Total Operating Expenses				
Other Income/(Expenses):				
Investment Income	350	522	522	-
Additions to Reserves	(1,500)	-	-	-
	<u>(1,150)</u>	<u>522</u>	<u>522</u>	<u>-</u>
Total Other Income/(Expenses)				
Net Income/(Loss)	<u>\$ 3,007</u>	<u>\$ 63,963</u>	<u>\$ 63,963</u>	<u>\$ -</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position**

**December 31, 2014**

**ASSETS**

	<b><u>Total</u></b>	<b><u>Administrative Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Grant Fund</u></b>
Unrestricted Assets:				
Current Assets:				
Cash	\$ 430,508	\$ 430,508	\$ -	\$ -
Accounts Receivable	271,723	271,723	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Current Assets	702,231	702,231	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted Assets:				
Current Assets:				
Cash	5,688,902	8,564	5,490,474	189,864
Interest Receivable	112,487	-	112,487	-
Accounts Receivable	802,499	575,711	-	226,788
Guaranteed Note Receivable	365,000	-	365,000	-
Net Lease Payments Receivable	816,932	-	816,932	-
Mortgages Receivable	591,654	-	591,654	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Current Assets	8,377,474	584,275	7,376,547	416,652
	<hr/>	<hr/>	<hr/>	<hr/>
Non-Current Assets:				
Mortgages Receivable	22,081,494	-	14,281,028	7,800,466
Valuation Allowance for Loan Losses	(7,800,466)	-	-	(7,800,466)
Guaranteed Note Receivable	8,045,000	-	8,045,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Non-Current Assets	22,326,028	-	22,326,028	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Assets	30,703,502	584,275	29,702,575	416,652
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets, Net of Depreciation	15,036	15,036	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 31,420,769</u>	<u>\$ 1,301,542</u>	<u>\$ 29,702,575</u>	<u>\$ 416,652</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position**

**December 31, 2014**

**LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION**

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
Unrestricted Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 18,291	\$ 18,291	\$ -	\$ -
Unearned Program Income	129,542	-	-	129,542
	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Current Liabilities	147,833	18,291	-	129,542
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted Liabilities:				
Current Liabilities:				
Accounts Payable	866,149	579,039	-	287,110
Interest Payable	249,019	-	249,019	-
Due to Atlantic County	155,874	-	155,874	-
Current Portion of Long-Term Debt	6,973,721	-	6,973,721	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities Payable From Restricted Assets	8,244,763	579,039	7,378,614	287,110
	<hr/>	<hr/>	<hr/>	<hr/>
Long-Term Liabilities:				
Accrued Sick and Vacation	85,826	85,826	-	-
Bonds Payable	22,323,961	-	22,323,961	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Long-Term Liabilities	22,409,787	85,826	22,323,961	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	30,802,383	683,156	29,702,575	416,652
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position:				
Invested in Capital Assets, Net of Related Debt	15,036	15,036	-	-
Restricted for Capital Activity and Debt Service	8,564	8,564	-	-
Unrestricted	594,786	594,786	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Positions	618,386	618,386	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Position	<u>\$ 31,420,769</u>	<u>\$ 1,301,542</u>	<u>\$ 29,702,575</u>	<u>\$ 416,652</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Bond Funds

December 31, 2014

ASSETS

	<u>Total</u>	<u>Atlantic City Certificate of Participation Series 1991</u>	<u>Atlantic County Certificate of Participation Series 1991</u>	<u>Egg Harbor Township Golf Course Series 2006</u>	<u>ARC of Atlantic County</u>	<u>Faith Baptist Church</u>	<u>St. Augustine</u>
Restricted Assets:							
Current Assets:							
Cash	\$ 5,490,474	\$ -	\$ 5,490,474	\$ -	\$ -	\$ -	\$ -
Interest Receivable	112,487	-	-	62,787	2,495	2,818	44,387
Guaranteed Note Receivable	365,000	-	-	365,000	-	-	-
Net Lease Payments Receivable	816,932	816,932	-	-	-	-	-
Mortgages Receivable	591,654	-	-	-	85,670	48,747	457,237
<b>Total Restricted Current Assets</b>	<b>7,376,547</b>	<b>816,932</b>	<b>5,490,474</b>	<b>427,787</b>	<b>88,165</b>	<b>51,565</b>	<b>501,624</b>
Non-Current Assets:							
Guaranteed Note Receivable	8,045,000	-	-	8,045,000	-	-	-
Mortgages Receivable	14,281,028	-	-	-	1,664,754	646,037	11,970,237
<b>Total Restricted Non-Current Assets</b>	<b>22,326,028</b>	<b>-</b>	<b>-</b>	<b>8,045,000</b>	<b>1,664,754</b>	<b>646,037</b>	<b>11,970,237</b>
<b>Total Restricted Assets</b>	<b>29,702,575</b>	<b>816,932</b>	<b>5,490,474</b>	<b>8,472,787</b>	<b>1,752,919</b>	<b>697,602</b>	<b>12,471,861</b>
<b>Total Assets</b>	<b>\$ 29,702,575</b>	<b>\$ 816,932</b>	<b>\$ 5,490,474</b>	<b>\$ 8,472,787</b>	<b>\$ 1,752,919</b>	<b>\$ 697,602</b>	<b>\$ 12,471,861</b>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Bond Funds

December 31, 2014

LIABILITIES

	Atlantic City Certificate of Participation Series 1991	Atlantic County Certificate of Participation Series 1991	Egg Harbor Township Golf Course Series 2006	ARC of Atlantic County	Faith Baptist Church	St. Augustine
<b>Total</b>						
Restricted Liabilities:						
Current Liabilities:						
Interest Payable	\$ 31,932	\$ 104,600	\$ 62,787	\$ 2,495	\$ 2,818	\$ 44,387
Due to Atlantic County	-	155,874	-	-	-	-
Current Portion of Long-Term Debt	785,000	5,230,000	365,000	85,910	48,944	458,867
	<u>\$ 249,019</u>	<u>\$ 155,874</u>	<u>\$ 62,787</u>	<u>\$ 2,495</u>	<u>\$ 2,818</u>	<u>\$ 44,387</u>
Total Current Liabilities Payable From Restricted Assets	7,378,614	5,490,474	427,787	88,405	51,762	503,254
Long-Term Liabilities:						
Bonds Payable	-	-	8,045,000	1,664,514	645,840	11,968,607
	<u>22,323,961</u>	<u>22,323,961</u>	<u>8,045,000</u>	<u>1,664,514</u>	<u>645,840</u>	<u>11,968,607</u>
Total Long-Term Liabilities	\$ 816,932	\$ 5,490,474	\$ 8,472,787	\$ 1,752,919	\$ 697,602	\$ 12,471,861
Total Liabilities	<u>\$ 29,702,575</u>	<u>\$ 5,490,474</u>	<u>\$ 8,472,787</u>	<u>\$ 1,752,919</u>	<u>\$ 697,602</u>	<u>\$ 12,471,861</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position - Grant Funds**

**December 31, 2014**

**ASSETS**

	<b><u>Total</u></b>	<b><u>CDBG</u></b>	<b><u>HOME Funds</u></b>	<b><u>SSBG</u></b>	<b><u>Other Funds</u></b>
Restricted Assets:					
Current Assets:					
Cash	\$ 189,864	\$ 64,164	\$ 89,522	\$ 25,080	\$ 11,098
Accounts Receivable	226,788	146,786	45,314	34,688	-
	<u>416,652</u>	<u>210,950</u>	<u>134,836</u>	<u>59,768</u>	<u>11,098</u>
Total Restricted Current Assets					
Non-Current Assets:					
Mortgages Receivable	7,800,466	1,127,106	6,573,435	-	99,925
Valuation Allowance for Loan Losses	(7,800,466)	(1,127,106)	(6,573,435)	-	(99,925)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted Non-Current Assets					
Total Restricted Assets	<u>416,652</u>	<u>210,950</u>	<u>134,836</u>	<u>59,768</u>	<u>11,098</u>
Total Assets	<u>\$ 416,652</u>	<u>\$ 210,950</u>	<u>\$ 134,836</u>	<u>\$ 59,768</u>	<u>\$ 11,098</u>

**LIABILITIES**

Restricted Liabilities:					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 287,110	\$ 181,658	\$ 45,684	\$ 59,768	\$ -
Unearned Program Income	129,542	29,292	89,152	-	11,098
	<u>416,652</u>	<u>210,950</u>	<u>134,836</u>	<u>59,768</u>	<u>11,098</u>
Total Current Liabilities Payable From Restricted Assets					
Total Liabilities	<u>\$ 416,652</u>	<u>\$ 210,950</u>	<u>\$ 134,836</u>	<u>\$ 59,768</u>	<u>\$ 11,098</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Grant Funds - CDBG

December 31, 2014

	Total	CDBG 2001-06 Entitlement	CDBG 2007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	CDBG 2010 Entitlement	CDBG 2011 Entitlement	CDBG 2012 Entitlement	CDBG 2013 Entitlement	CDBG 2014 Entitlement	Small Cities	Program Income
<b>ASSETS</b>												
Cash	\$ 64,164	\$ 1	\$ -	\$ -	\$ -	\$ 25,019	\$ -	\$ 51	\$ -	\$ -	\$ 9,801	\$ 29,292
Accounts Receivable	146,786	-	-	-	-	4,660	49,250	34,389	-	58,487	-	-
Mortgages Receivable	1,127,106	397,665	89,006	86,958	66,190	130,910	74,124	24,733	-	-	211,193	46,327
Mortgages Receivable Valuation Allowance	(1,127,106)	(397,665)	(89,006)	(86,958)	(66,190)	(130,910)	(74,124)	(24,733)	-	-	(211,193)	(46,327)
Total Assets	\$ 210,950	\$ 1	\$ -	\$ -	\$ -	\$ 29,679	\$ 49,250	\$ 34,440	\$ -	\$ 58,487	\$ 9,801	\$ 29,292
<b>LIABILITIES</b>												
Accounts Payable and Accrued Expenses	\$ 181,658	\$ 1	\$ -	\$ -	\$ -	\$ 29,679	\$ 49,250	\$ 34,440	\$ -	\$ 58,487	\$ 9,801	\$ -
Unearned Program Income	29,292	-	-	-	-	-	-	-	-	-	-	29,292
Total Liabilities	\$ 210,950	\$ 1	\$ -	\$ -	\$ -	\$ 29,679	\$ 49,250	\$ 34,440	\$ -	\$ 58,487	\$ 9,801	\$ 29,292

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Grant Funds - HOME

December 31, 2014

	1997-2006	2007	2008	2009	2010	2011	2012	2013	2014	Program Income
	Atlantic County HOME	HOME								
<b>ASSETS</b>										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ -	\$ -	\$ 89,152
Accounts Receivable	-	-	-	-	-	-	-	31,338	13,976	-
Mortgages Receivable	2,946,016	501,930	503,570	582,620	609,594	448,067	222,373	172,483	-	586,782
Mortgages Receivable Valuation Allowance	(2,946,016)	(501,930)	(503,570)	(582,620)	(609,594)	(448,067)	(222,373)	(172,483)	-	(586,782)
<b>Total</b>	\$ 89,522	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ -	\$ -	\$ 89,152
	\$ 45,314									
	6,573,435									
	(6,573,435)									
<b>Total Assets</b>	\$ 134,836	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ 31,338	13,976	\$ 89,152
<b>LIABILITIES</b>										
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ 31,338	13,976	\$ -
Deferred Program Income	-	-	-	-	-	-	-	-	-	89,152
<b>Total Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ 31,338	13,976	\$ 89,152

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position - Grant Funds - SSBG**

**December 31, 2014**

	<u><b>Total</b></u>	<u><b>SSBG</b></u>
<b>ASSETS</b>		
Cash	\$ 25,080	\$ 25,080
Accounts Receivable	<u>34,688</u>	<u>34,688</u>
Total Assets	<u><u>\$ 59,768</u></u>	<u><u>\$ 59,768</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 59,768	\$ 59,768
Unearned Program Income	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>\$ 59,768</u></u>	<u><u>\$ 59,768</u></u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position - Grant Funds - Other**

**December 31, 2014**

	<u><b>Total</b></u>	<u><b>Economic Development</b></u>	<u><b>USDA</b></u>	<u><b>Jobs Bill</b></u>
<b>ASSETS</b>				
Cash	\$ 11,098	\$ -	\$ 6,475	\$ 4,623
Accounts Receivable	-	-	-	-
Mortgages Receivable	99,925	-	51,045	48,880
Mortgages Receivable Valuation Allowance	<u>(99,925)</u>	<u>-</u>	<u>(51,045)</u>	<u>(48,880)</u>
Total Assets	<u><u>\$ 11,098</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,475</u></u>	<u><u>\$ 4,623</u></u>
<b>LIABILITIES</b>				
Unearned Program Income	<u>\$ 11,098</u>	<u>\$ -</u>	<u>\$ 6,475</u>	<u>\$ 4,623</u>
Total Liabilities	<u><u>\$ 11,098</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,475</u></u>	<u><u>\$ 4,623</u></u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Net Position - Agency Funds**

**December 31, 2014**

	<b><u>Housing Projects</u></b>	<b><u>Other</u></b>	<b><u>Mortgages</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>				
Cash	\$ 1,449,134	\$ 375,567	\$ 124,447	\$ 1,949,148
Mortgage Interest Receivable	77,037	-	5,241,607	5,318,644
Accounts Receivable - Other	-	5,719		5,719
Mortgages Receivable	2,934,028	-	14,216,049	17,150,077
Mortgages Receivable Valuation Allowance	<u>(2,959,119)</u>	<u>-</u>	<u>(19,457,656)</u>	<u>(22,416,775)</u>
Total Assets	<u>\$ 1,501,080</u>	<u>\$ 381,286</u>	<u>\$ 124,447</u>	<u>\$ 2,006,813</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 20,628	\$ 5,719	\$ 10,005	\$ 36,352
Due To Various Agencies	<u>1,480,452</u>	<u>375,567</u>	<u>114,442</u>	<u>1,970,461</u>
Total Liabilities	<u>\$ 1,501,080</u>	<u>\$ 381,286</u>	<u>\$ 124,447</u>	<u>\$ 2,006,813</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Agency Funds - Housing Projects

December 31, 2014

	Grammercy Park Mortgage Subsidy	Habitat for Humanity	Westside Façade	Convention Hall Relocation	Atlantic City Downpayment Assistance Program	Atlantic City Rehabilitation Program	Brighton Towers 2009	Brighton Towers 2013	Total
<b>ASSETS</b>									
Cash	\$ 42,818	\$ 150,952	\$ -	\$ 9,912	\$ 829,876	\$ 112,526	\$ 1,337	\$ 301,713	\$ 1,449,134
Mortgage Interest Receivable	-	-	-	37,742	-	-	32,204	7,091	77,037
Mortgages Receivable	-	-	22,580	84,787	1,726,564	728,859	206,958	164,280	2,934,028
Mortgages Receivable Valuation Allowance	-	-	(22,580)	(70,583)	(1,726,564)	(728,859)	(239,162)	(171,371)	(2,959,119)
Total Assets	\$ 42,818	\$ 150,952	\$ -	\$ 61,858	\$ 829,876	\$ 112,526	\$ 1,337	\$ 301,713	\$ 1,501,080
<b>LIABILITIES</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ 20,415	\$ 20,628
Due To Various Agencies	42,818	150,952	-	61,858	829,876	112,526	1,124	281,298	1,480,452
Total Liabilities	\$ 42,818	\$ 150,952	\$ -	\$ 61,858	\$ 829,876	\$ 112,526	\$ 1,337	\$ 301,713	\$ 1,501,080

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Agency Funds - Other

December 31, 2014

	Continuum of Care	Green Tree Golf Course	Hammonton Affordable Housing	Linwood Affordable Housing	Somers Point Affordable Housing	Revel	Misc.	Total
<b>ASSETS</b>								
Cash	\$ -	\$ 114,665	\$ 63,246	\$ 20,855	\$ 174,231	\$ 2,105	\$ 465	\$ 375,567
Accounts Receivable - Other	5,719	-	-	-	-	-	-	5,719
Total Assets	\$ 5,719	\$ 114,665	\$ 63,246	\$ 20,855	\$ 174,231	\$ 2,105	\$ 465	\$ 381,286
<b>LIABILITIES</b>								
Accounts Payable and Accrued Expenses Due To Various Agencies	\$ 5,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,719
	-	114,665	63,246	20,855	174,231	2,105	465	375,567
Total Liabilities	\$ 5,719	\$ 114,665	\$ 63,246	\$ 20,855	\$ 174,231	\$ 2,105	\$ 465	\$ 381,286

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Net Position - Agency Funds - Mortgages

December 31, 2014

	<u>Barlinvis Apartments</u>	<u>Garden Court Apartments</u>	<u>Vermont Plaza</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 124,447	\$ -	\$ -	\$ 124,447
Mortgage Interest Receivable	4,622,342	-	619,265	5,241,607
Mortgages Receivable	1,600,000	9,523,320	3,092,729	14,216,049
Mortgages Receivable Valuation Allowance	<u>(6,222,342)</u>	<u>(9,523,320)</u>	<u>(3,711,994)</u>	<u>(19,457,656)</u>
Total Assets	<u>\$ 124,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,447</u>
<b>LIABILITIES</b>				
Liabilities:				
Due To Admin Fund	\$ 10,005	-	-	\$ 10,005
Due To Various Agencies	<u>114,442</u>	<u>-</u>	<u>-</u>	<u>114,442</u>
Total Liabilities	<u>\$ 124,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,447</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Activities**

**For the year ended December 31, 2014**

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
Operating Revenues:				
Project Administration Fees	\$ 439,925	\$ 439,925	\$ -	\$ -
Bond Fees	21,000	21,000	-	-
Grant and Agency Fund Fees	358,189	358,189	-	-
Grants	2,912,555	-	-	2,912,555
Reimbursement and Other	593,841	593,841	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	4,325,510	1,412,955	-	2,912,555
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Expenses:				
Payroll Expenses	785,583	785,583	-	-
Employee Benefits	271,929	271,929	-	-
Rent	29,717	29,717	-	-
Professional Fees	143,591	143,591	-	-
Insurance	76,055	76,055	-	-
Administrative and General	41,719	41,719	-	-
Project Costs	2,832,122	-	-	2,832,122
Service Fees	80,433	-	-	80,433
Depreciation	920	920	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	4,262,069	1,349,514	-	2,912,555
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Loss	63,441	63,441	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Non-Operating Revenues/(Expenses):				
Investment and Interest Income	983,838	522	983,316	-
Additions to Reserves-NJCM & SUI	1,724	1,724	-	-
Lease Rental	382,831	-	382,831	-
Bond and Note Interest Expense	(1,366,147)	-	(1,366,147)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues/(Expenses)	2,246	2,246	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Increase/(Decrease) in Net Positions	65,687	65,687	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Positions - Beginning of Year	552,699	552,699	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Positons - End of Year	<u>\$ 618,386</u>	<u>\$ 618,386</u>	<u>\$ -</u>	<u>\$ -</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Activities - Bond Funds

For the year ended December 31, 2014

	Atlantic City Certificate of Participation Series 1991	Atlantic County Certificate of Participation Series 1991	Egg Harbor Township Golf Course Series 2006	ARC of Atlantic County	Faith Baptist Church	St. Augustine
Total						
Operating Expenses:						
Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	-	-	-	-	-	-
Operating Loss	-	-	-	-	-	-
Non-Operating Revenues/(Expenses):						
Investment and Interest Income	\$ 983,316	\$ 2	\$ 348	\$ 30,155	\$ 34,199	\$ 530,210
Lease Rental	382,831	72,329	310,502	-	-	-
Bond and Note Interest Expense	(1,366,147)	(72,331)	(310,850)	(30,155)	(34,199)	(530,210)
Total Non-Operating Revenues/(Expenses)	-	-	-	-	-	-
Change in Net Position	-	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Activities - Grant Fund**

**For the year ended December 31, 2014**

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>	<u>SSBG</u>	<u>Economic Development</u>
Operating Revenues:					
Grants	\$ 2,912,555	\$ 1,552,211	\$ 361,475	\$ 468,196	\$ 530,673
Program Income	-	-	-	-	-
	<u>2,912,555</u>	<u>1,552,211</u>	<u>361,475</u>	<u>468,196</u>	<u>530,673</u>
Total Operating Revenues					
Operating Expenses:					
Project Costs	2,832,122	1,551,711	281,542	468,196	530,673
Service Fees	80,433	500	79,933	-	-
	<u>2,912,555</u>	<u>1,552,211</u>	<u>361,475</u>	<u>468,196</u>	<u>530,673</u>
Total Operating Expenses					
Change in Net Position	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Activities - Grant Fund - CDBG

For the year ended December 31, 2014

	CDBG 2003-2005 Entitlement	CDBG 2006 Entitlement	CDBG 2007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	CDBG 2010 Entitlement	CDBG 2011 Entitlement	CDBG 2012 Entitlement	CDBG 2013 Entitlement	CDBG 2014 Entitlement	CDBG Program Income	Total
Operating Revenues:												
Grants	\$ 4,075	\$ 67,581	\$ 36,969	\$ 73,523	\$ 115,907	\$ 197,361	\$ 185,635	\$ 329,087	\$ 483,586	\$ 58,487	\$ -	\$ 1,552,211
Program Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	4,075	67,581	36,969	73,523	115,907	197,361	185,635	329,087	483,586	58,487	-	1,552,211
Operating Expenses:												
Project Costs	4,075	67,581	36,469	73,523	115,907	197,361	185,635	329,087	483,586	58,487	-	1,551,711
Fees Paid To ACIA	-	-	500	-	-	-	-	-	-	-	-	500
Total Operating Expenses	4,075	67,581	36,969	73,523	115,907	197,361	185,635	329,087	483,586	58,487	-	1,552,211
Change in Net Position	-	-	-	-	-	-	-	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Activities - Grant Fund - HOME

For the year ended December 31, 2014

	2009 Atlantic County <u>HPRP</u>	2009 Atlantic County <u>HOME</u>	2010 Atlantic County <u>HOME</u>	2011 Atlantic County <u>HOME</u>	2012 Atlantic County <u>HOME</u>	2013 Atlantic County <u>HOME</u>	2014 Atlantic County <u>HOME</u>	Program Income <u>HOME</u>	<u>Total</u>
Operating Revenues:									
Grants	\$ -	\$ 18,351	\$ 10,000	\$ 15,370	\$ 27,738	\$ 211,026	\$ 13,976	\$ 65,014	\$ 361,475
Program Income	-	-	-	-	-	-	-	-	-
Total Operating Revenues	-	18,351	10,000	15,370	27,738	211,026	13,976	65,014	361,475
Operating Expenses:									
Project Costs	-	18,351	10,000	15,370	25,788	161,174	-	50,859	281,542
Fees Paid To ACIA	-	-	-	-	1,950	49,852	13,976	14,155	79,933
Total Operating Expenses	-	18,351	10,000	15,370	27,738	211,026	13,976	65,014	361,475
Change in Net Position	-	-	-	-	-	-	-	-	-
Net Position - Beginning of Year	-	-	-	-	-	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Combining Statement of Activities - Grant Fund - SSBG**

**For the year ended December 31, 2014**

	<b>SSBG Sandy Relief Funding</b>	<b>Total</b>
Operating Revenues:		
Grants	\$ 468,196	\$ 468,196
Program Income	-	-
	<u>468,196</u>	<u>468,196</u>
Total Operating Revenues	<u>468,196</u>	<u>468,196</u>
Operating Expenses:		
Project Costs	468,196	468,196
Fees Paid To ACIA	-	-
	<u>468,196</u>	<u>468,196</u>
Total Operating Expenses	<u>468,196</u>	<u>468,196</u>
Change in Net Position	<u>-</u>	<u>-</u>
Net Position - Beginning of Year	<u>-</u>	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 COUNTY OF ATLANTIC, NEW JERSEY

Combining Statement of Activities - Grant Fund - Economic Development

For the year ended December 31, 2014

	<u>Economic Development</u>	<u>Total</u>
Operating Revenues:		
Grants	\$ 530,673	\$ 530,673
Program Income	-	-
	<hr/>	<hr/>
Total Operating Revenues	530,673	530,673
	<hr/>	<hr/>
Operating Expenses:		
Project Costs	530,673	530,673
Fees Paid To ACIA	-	-
	<hr/>	<hr/>
Total Operating Expenses	530,673	530,673
	<hr/>	<hr/>
Change in Net Position	-	-
	<hr/>	<hr/>
Net Position - Beginning of Year	-	-
	<hr/>	<hr/>
Net Position - End of Year	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statement of Cash Flows**

**For the year ended December 31, 2014**

	<u>Total</u>	<u>Administrative Fund</u>	<u>Bond Fund</u>	<u>Grant Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Project Administration Fees	\$ 439,925	\$ 439,925	\$ -	\$ -
Bond Fees	21,000	21,000	-	-
Grant and Agency Fees	318,082	318,082	-	-
Grants	2,318,372	-	-	2,318,372
Program Income	7,500	-	-	7,500
Reimbursement and Other	(1,208)	(1,208)	-	-
Payroll Expenses	(780,249)	(780,249)	-	-
Employee Benefits	(273,402)	(273,402)	-	-
Rent	(29,717)	(29,717)	-	-
Professional Fees	(149,824)	(149,824)	-	-
Insurance	(76,055)	(76,055)	-	-
Administrative and General	506,458	506,458	-	-
Cash Paid To Subcontractor and Vendors	(2,269,352)	-	-	(2,269,352)
Net Cash Flows From Operating Activities	<u>31,530</u>	<u>(24,990)</u>	<u>-</u>	<u>56,520</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment and Interest Income	<u>873</u>	<u>522</u>	<u>351</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>873</u>	<u>522</u>	<u>351</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal Payments Received on Mortgages	28,405	-	-	28,405
Mortgages Issued	(51,008)	-	-	(51,008)
Principal Payments Made on Bonds	(5,655,000)	-	(5,655,000)	-
Fees Paid To ACIA	(77,966)	(63,322)	-	(14,644)
Lease Rental	6,217,940	-	6,217,940	-
Interest Paid on Bonds	(563,350)	-	(563,350)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(100,979)</u>	<u>(63,322)</u>	<u>(410)</u>	<u>(37,247)</u>
Change in Cash and Cash Equivalents	(68,576)	(87,790)	(59)	19,273
Cash and Cash Equivalents - Beginning of Year	<u>6,187,986</u>	<u>526,862</u>	<u>5,490,533</u>	<u>170,591</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,119,410</u>	<u>\$ 439,072</u>	<u>\$ 5,490,474</u>	<u>\$ 189,864</u>
<b>Reconciliation To Statements of Net Position:</b>				
Unrestricted Cash	\$ 430,508	\$ 430,508	\$ -	\$ -
Restricted Cash	<u>5,688,902</u>	<u>8,564</u>	<u>5,490,474</u>	<u>189,864</u>
	<u>\$ 6,119,410</u>	<u>\$ 439,072</u>	<u>\$ 5,490,474</u>	<u>\$ 189,864</u>
<b>Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:</b>				
Operating Loss	\$ 63,441	\$ 63,441	\$ -	\$ -
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:				
Depreciation	920	920	-	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(775,932)	(635,156)	-	(140,776)
Increase/(Decrease) in Accounts Payable	756,624	566,849	-	189,775
Decrease in Due To Atlantic County	7,521	-	-	7,521
Increase/(Decrease) in Accrued Sick and Vacation	(21,044)	(21,044)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 31,530</u>	<u>\$ (24,990)</u>	<u>\$ -</u>	<u>\$ 56,520</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statement of Cash Flows - Bond Fund**

**For the year ended December 31, 2014**

	<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 INVESTING ACTIVITIES:</b>			
Investment and Interest Income	\$ 351	\$ 2	\$ 349
Net Cash Flows From Investing Activities	<u>351</u>	<u>2</u>	<u>349</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal Payments Made on Mortgages/Bonds	(5,655,000)	\$ (720,000)	(4,935,000)
Lease Rental	6,217,940	821,846	5,396,094
Interest Paid on Bonds	<u>(563,350)</u>	<u>(101,850)</u>	<u>(461,500)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(410)</u>	<u>(4)</u>	<u>(406)</u>
Change in Cash and Cash Equivalents	(59)	(2)	(57)
Cash and Cash Equivalents - Beginning of Year	<u>5,490,533</u>	<u>2</u>	<u>5,490,531</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,490,474</u>	<u>\$ -</u>	<u>\$ 5,490,474</u>
<b>Reconciliation To Statements of Net Position:</b>			
Restricted Cash	<u>\$ 5,490,474</u>	<u>\$ -</u>	<u>\$ 5,490,474</u>
<b>Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:</b>			
Operating Loss	\$ -	\$ -	\$ -
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:			
Decrease in Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statement of Cash Flows - Grant Fund**

**For the year ended December 31, 2014**

	<u>Total</u>	<u>CDBG</u>	<u>HOME Funds</u>	<u>SSBG</u>	<u>Other Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Grants	\$ 2,318,372	\$ 1,552,211	\$ 297,965	\$ 468,196	\$ -
Program Income	7,500	7,500	-	-	-
Cash Paid To Subcontractors and Vendors	<u>(2,269,352)</u>	<u>(1,548,641)</u>	<u>(277,595)</u>	<u>(443,116)</u>	<u>-</u>
Net Cash Flows From Operating Activities	<u>56,520</u>	<u>11,070</u>	<u>20,370</u>	<u>25,080</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal Payments Received on Mortgages	28,405	-	28,388	-	17
Mortgages Issued	(51,008)	-	(50,858)	-	(150)
Fees Paid To ACIA	<u>(14,644)</u>	<u>(488)</u>	<u>(14,156)</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(37,247)</u>	<u>(488)</u>	<u>(36,626)</u>	<u>-</u>	<u>(133)</u>
Change in Cash and Cash Equivalents	19,273	10,582	(16,256)	25,080	(133)
Cash and Cash Equivalents - Beginning of Year	<u>170,591</u>	<u>53,582</u>	<u>105,778</u>	<u>-</u>	<u>11,231</u>
Cash and Cash Equivalents - End of Year	<u>\$ 189,864</u>	<u>\$ 64,164</u>	<u>\$ 89,522</u>	<u>\$ 25,080</u>	<u>\$ 11,098</u>
<b>Reconciliation To Statements of Net Position:</b>					
Restricted Cash	<u>\$ 189,864</u>	<u>\$ 64,164</u>	<u>\$ 89,522</u>	<u>\$ 25,080</u>	<u>\$ 11,098</u>
<b>Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:</b>					
Operating Income/(Loss)					
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:					
Increase/(Decrease) in Accounts Receivable	\$ (140,776)	\$ (75,265)	\$ (30,823)	\$ (34,688)	\$ -
Increase/(Decrease) in Accounts Payable	189,775	78,835	51,193	59,747	-
Increase/(Decrease) in Due To Various Agencies	<u>7,521</u>	<u>7,500</u>	<u>-</u>	<u>21</u>	<u>-</u>
	<u>\$ 56,520</u>	<u>\$ 11,070</u>	<u>\$ 20,370</u>	<u>\$ 25,080</u>	<u>\$ -</u>

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Statement of Cash Flows - Grant Fund - CDBG

For the year ended December 31, 2014

	CDBG 2001-2006 Entitlement	CDBG 2007 Entitlement	CDBG 2008 Entitlement	CDBG 2009 Entitlement	CDBG 2010 Entitlement	CDBG 2011 Entitlement	CDBG 2012 Entitlement	CDBG 2013 Entitlement	CDBG 2014 Entitlement	Small Cities	Program Income
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>											
Grants	\$ 71,656	\$ 36,969	\$ 73,524	\$ 115,907	\$ 197,361	\$ 185,635	\$ 329,087	\$ 483,586	\$ 58,486	\$ -	\$ -
Program Income	-	-	-	-	-	-	-	-	-	7,500	-
Cash Paid To Subcontractors and Vendors	(71,656)	(36,969)	(73,524)	(115,907)	(172,342)	(185,635)	(329,036)	(483,586)	(58,486)	-	(21,500)
Net Cash Flows From Operating Activities	-	-	-	-	25,019	-	51	-	-	7,500	(21,500)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>											
Principal Payments Received on Mortgages	-	-	-	-	-	-	-	-	-	-	-
Fees Paid To ACIA	-	-	-	-	-	-	-	-	-	(488)	-
Net Cash Flows From Capital and Related Financing Activities	-	-	-	-	-	-	-	-	-	(488)	-
Change in Cash and Cash Equivalents	10,582	-	-	-	25,019	-	51	-	-	7,012	(21,500)
Cash and Cash Equivalents - Beginning of Year	53,582	1	-	-	-	-	-	-	-	2,789	50,792
Cash and Cash Equivalents - End of Year	\$ 64,164	\$ 1	\$ -	\$ -	\$ 25,019	\$ -	\$ 51	\$ -	\$ -	\$ 9,801	\$ 29,292
Reconciliation To Statements of Net Position:											
Restricted Cash	\$ 64,164	\$ 1	\$ -	\$ -	\$ 25,019	\$ -	\$ 51	\$ -	\$ -	\$ 9,801	\$ 29,292
Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:											
Operating Income/(Loss)											
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:											
(Increase)/Decrease in Accounts Receivable	\$ (75,265)	\$ 1,900	\$ -	\$ 32,298	\$ 12,549	\$ (49,250)	\$ (34,389)	\$ 32,023	\$ (72,463)	\$ -	\$ -
Increase/(Decrease) in Accounts Payable	78,835	(1,900)	(2,067)	(32,298)	12,470	49,250	34,440	(32,023)	72,463	-	(21,500)
Increase/(Decrease) in Due To Various Agencies	7,500	-	-	-	-	-	-	-	-	7,500	-
	\$ 11,070	\$ -	\$ -	\$ -	\$ 25,019	\$ -	\$ 51	\$ -	\$ -	\$ 7,500	\$ (21,500)

ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY

Statement of Cash Flows - Grant Fund - HOME

For the year ended December 31, 2014

	1997 - 2006	2007	2008	2009	2010	2011	2012	2013	2014	Program
	Atlantic	Atlantic	Atlantic	Atlantic	Atlantic	Atlantic	Atlantic	Atlantic	Atlantic	Income
	County	County	County	County	County	County	County	County	County	
	HOME	HOME	HOME	HOME	HOME	HOME	HOME	HOME	HOME	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
Grants	\$ -	\$ -	\$ -	\$ 18,351	\$ 10,000	\$ 15,370	\$ 36,429	\$ 203,839	\$ 13,976	\$ -
Cash Paid To Subcontractors and Vendors	(277,595)	-	-	(18,351)	(10,000)	(15,000)	(27,738)	(192,530)	(13,976)	-
Net Cash Flows From Operating Activities	20,370	-	-	-	-	370	8,691	11,309	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>										
Principal Payments Received on Mortgages	28,388	14,058	-	-	-	14,330	-	-	-	-
Transfer To Deferred Program Income	-	(14,058)	-	-	-	(14,330)	-	-	-	28,388
Mortgages Issued	(50,858)	-	-	-	-	-	-	-	-	(50,858)
Fees Paid To ACIA	(14,156)	-	-	-	-	-	-	-	-	(14,156)
Net Cash Flows From Capital and Related Financing Activities	(36,626)	-	-	-	-	-	-	-	-	(36,626)
Change in Cash and Cash Equivalents	(16,256)	-	-	-	-	370	8,691	11,309	-	(36,626)
Cash and Cash Equivalents - Beginning of Year	105,778	-	-	-	-	-	(8,691)	(11,309)	-	125,778
Cash and Cash Equivalents - End of Year	\$ 89,522	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ -	\$ -	\$ 89,152
Reconciliation To Statements of Net Position:										
Restricted Cash	\$ 89,522	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ -	\$ -	\$ -	\$ 89,152
Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:										
Operating Income/(Loss)										
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:										
Decrease/(Increase) in Accounts Receivable	\$ (30,823)	\$ -	\$ -	\$ (18,351)	\$ -	\$ -	\$ 8,691	\$ (7,187)	\$ (13,976)	\$ -
Increase/(Decrease) in Accounts Payable	51,193	-	-	18,351	-	370	-	18,496	13,976	-
	\$ 20,370	\$ -	\$ -	\$ -	\$ -	\$ 370	\$ 8,691	\$ 11,309	\$ -	\$ -

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statement of Cash Flows - Grant Fund - SSBG**

**For the year ended December 31, 2014**

	<b><u>Total</u></b>	<b>SSBG Sandy Relief <u>Funding</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Grants	\$ 468,196	\$ 468,196
Cash Paid To Subcontractors and Vendors	<u>(443,116)</u>	<u>(443,116)</u>
Net Cash Flows From Operating Activities	<u>25,080</u>	<u>25,080</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal Payments Received on Mortgages	-	-
Fees Paid To ACIA	<u>-</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Change in Cash and Cash Equivalents	25,080	25,080
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 25,080</u></u>	<u><u>\$ 25,080</u></u>
Reconciliation To Statements of Net Position:		
Restricted Cash	<u><u>\$ 25,080</u></u>	<u><u>\$ 25,080</u></u>
Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:		
Operating Income/(Loss)		
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:		
Increase/(Decrease) in Accounts Receivable	\$ (34,688)	\$ (34,688)
Increase/(Decrease) in Accounts Payable	59,747	59,747
Increase/(Decrease) in Due To Various Agencies	<u>21</u>	<u>21</u>
	<u><u>\$ 25,080</u></u>	<u><u>\$ 25,080</u></u>

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Statement of Cash Flows - Grant Fund - Other**

**For the year ended December 31, 2014**

	<u>Total</u>	<u>Economic Development</u>	<u>USDA</u>	<u>Jobs Bill</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal Payments Received on Mortgages	\$ 17	\$ -	\$ -	\$ 17
Mortgages Issued	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(133)</u>	<u>-</u>	<u>-</u>	<u>(133)</u>
Change in Cash and Cash Equivalents	(133)	-	-	(133)
Cash and Cash Equivalents - Beginning of Year	<u>11,231</u>	<u>-</u>	<u>6,475</u>	<u>\$ 4,756</u>
Cash and Cash Equivalents - End of Year	<u>\$ 11,098</u>	<u>\$ -</u>	<u>\$ 6,475</u>	<u>\$ 4,623</u>
Reconciliation To Statements of Net Position:				
Restricted Cash	<u>\$ 11,098</u>	<u>\$ -</u>	<u>\$ 6,475</u>	<u>\$ 4,623</u>
Reconciliation of Operating Deficit To Net Cash Flows From Operating Activities:				
Operating Income/(Loss)				
Adjustments To Reconcile Operating Income To Net Cash Flows From Operating Activities:				
(Increase)/Decrease in Accounts Receivable	\$ -	\$ -	\$ -	\$ -
Increase/(Decrease) in Accounts Payable	-	-	-	-
Increase/(Decrease) in Interfunds Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SINGLE AUDIT SECTION**



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

To the Board of Commissioners of the  
Atlantic County Improvement Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Atlantic County Improvement Authority (herein referred to as “the Authority”), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated April 15, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*HOLMAN, FRENIA, ALLISON*

**HOLMAN FRENIA ALLISON, P.C.**

*Certified Public Accountants*

April 15, 2015  
Toms River, New Jersey



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners of the  
Atlantic County Improvement Authority

**Report on Compliance for Each Major Federal Program**

We have audited Atlantic County Improvement Authority’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2014. Atlantic County Improvement Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of Atlantic County Improvement Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Atlantic County Improvement 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Atlantic County Improvement Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Atlantic County Improvement Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

### **Report on Internal Control Over Compliance**

Management of Atlantic County Improvement Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Atlantic County Improvement Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Atlantic County Improvement 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*HOLMAN, FRENIA, ALLISON*

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 15, 2015  
Toms River, New Jersey

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY**

**Schedule of Expenditures of Federal Awards**

**For the year ended December 31, 2014**

<b>Department/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass - Through Grant Number</b>	<b>Program or Award Amount</b>	<b>Balance as of 12/31/13</b>	<b>Receipts or Revenue Recognized</b>	<b>Disbursements/ Expenditures</b>	<b>Balance as of 12/31/14</b>
US Department of Housing and Urban Development: Passed Through The County of Atlantic				\$ -	\$ 65,014	\$ (65,014)	-
Home Investment Partnership Act (HOME):							
Home - Program Income - (not in totals - information only)							
Home Investment Partnership Act (HOME) - 2009	* 14.239	M-09-DC-34-0229	\$ 773,958	-	18,351	(18,351)	-
Home Investment Partnership Act (HOME) - 2010	* 14.239	M-09-DC-34-0229	\$ 766,606	-	10,000	(10,000)	-
Home Investment Partnership Act (HOME) - 2011	* 14.239	M-09-DC-34-0229	\$ 678,142	-	15,370	(15,370)	-
Home Investment Partnership Act (HOME) - 2012	* 14.239	M-09-DC-34-0229	\$ 428,254	-	27,738	(27,738)	-
Home Investment Partnership Act (HOME) - 2013	* 14.239	M-09-DC-34-0229	\$ 431,531	-	211,026	(211,026)	-
Home Investment Partnership Act (HOME) - 2014	* 14.239	M-09-DC-34-0229	\$ 451,181	-	13,976	(13,976)	-
Total Home Investment Partnership Act (HOME)				-	296,461	(296,461)	-
Community Development Block Grant Entitlement:							
Program Grant - 2003-2005	14.218	B-05-UC-34-0111	\$ 5,073,568	-	4,075	(4,075)	-
Program Grant - 2006	14.218	B-06-UC-34-0111	\$ 1,465,751	-	67,581	(67,581)	-
Program Grant - 2007	14.218	B-07-UC-34-0111	\$ 1,365,600	-	36,969	(36,969)	-
Program Grant - 2008	14.218	B-08-UC-34-0111	\$ 1,671,395	-	73,523	(73,523)	-
Program Grant - 2009	14.218	B-09-UC-34-0111	\$ 1,467,932	-	115,907	(115,907)	-
Program Grant - 2010	14.218	B-09-UC-34-0111	\$ 1,424,682	-	197,361	(197,361)	-
Program Grant - 2011	14.218	B-09-UC-34-0111	\$ 1,332,979	-	185,635	(185,635)	-
Program Grant - 2012	14.218	B-09-UC-34-0111	\$ 1,087,317	-	329,087	(329,087)	-
Program Grant - 2013	14.218	B-09-UC-34-0111	\$ 1,069,866	-	483,586	(483,586)	-
Program Grant - 2014	14.218	B-09-UC-34-0111	\$ 1,048,743	-	58,487	(58,487)	-
Total Community Development Block Grant Entitlement				-	1,552,211	(1,552,211)	-
US Department of Health and Human Services:							
Social Services Block Grant:							
Program Grant - 2014	* 93.667	00-1376-AAAC-2	\$ 668,282	-	468,196	(468,196)	-
Total Social Services Block Grant				-	468,196	(468,196)	-
Total Federal Financial Awards				\$ -	\$ 2,316,868	\$ (2,316,868)	\$ -

\* Denotes major programs

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ATLANTIC, NEW JERSEY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2014**

**NOTE 1: GENERAL**

The accompanying schedule of expenditures of federal awards includes federal award activity of the Atlantic County Improvement Authority. The Atlantic County Improvement Authority is defined in Note 1 to the Authority’s basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of federal awards.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedule of federal awards is presented on the modified accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority’s basic financial statements.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Authority’s financial statements.

	<u><b>Federal</b></u>
Grant Fund	\$ 2,381,882
Less: Program Income	<u>(65,014)</u>
Total Financial Assistance	<u>\$ 2,316,868</u>

**NOTE 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended December 31, 2014**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

1. Type of auditors' report issued	<u>Unmodified</u>
2. Internal control over financial reporting:	
a. Material Weakness(es) Identified?	None Noted
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
3. Noncompliance material to the financial statements?	None Noted

**Federal Awards:**

1. Dollar threshold used to determine Type A Programs	\$300,000
2. Auditee qualified as low-risk Auditee?	Yes
3. Type of auditors' report on compliance for major programs	<u>Unmodified</u>
4. Internal Control over compliance:	
a. Material weakness(es) identified?	None Noted
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	None Noted
5. Identification of major programs:	

**C.F.DA Numbers**

14.239  
93.667

**Name of Federal Program or Cluster**

Home Investment Partnerships Program  
Social Services Block Grant

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the year ended December 31, 2014**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

**Section III – Federal Awards Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133.

No Current Year Findings

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the year ended December 31, 2014**

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

No Prior Findings

**GENERAL COMMENTS & RECOMMENDATIONS**



To the Board of Commissioners of the  
Atlantic County Improvement Authority  
Atlantic City, New Jersey 08401

We have audited the financial accounts and transactions of the Atlantic County Improvement Authority, a component unit of the County of Atlantic, State of New Jersey for the year ended December 31, 2014. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

## GENERAL COMMENTS AND RECOMMENDATIONS

### **Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)**

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

We reviewed disbursements to determine whether any clear-cut violations of the bid and quote thresholds established by the Authority existed. The results of our examination did not disclose any discrepancies.

## **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

## **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

## **Payroll Account**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

## **Follow-up on Prior Years' Findings**

In accordance with *Government Auditing Standards* we have included a review of all prior year findings. There were no findings in the prior year.

## **Acknowledgment**

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Any problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, or should you desire any additional assistance, please call us.

*HOLMAN, FRENIA, ALLISON*  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 15, 2015  
Toms River, New Jersey