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

Financial Statements and
Supplementary Information

For the years ended December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

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(A Component Unit of the County of Atlantic, State of New Jersey)
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Single Audit Section:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Atlantic County Improvement Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Atlantic County Improvement Authority (hereafter referred to as the Authority), a component unit of the County of Atlantic, State of New Jersey, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Prior Period Restatement of Prior Year Financial Statements

We draw attention to Note 17 of the financial statements, which explains that the financial statements for the year ended December 31, 2021, have been restated to correct a material error related to the failure to report cash and cash equivalent balances in prior periods. As a result, cash and cash equivalents has been adjusted, and prior year financial statements have been restated to reflect cash activity in accordance with generally accepted accounting principles. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Holman Frenia Allison

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 28, 2024
Lakewood, New Jersey

As management of the Atlantic County Improvement Authority, a component unit of the County of Atlantic (hereafter referred to as the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the years ended December 31, 2022 and 2021. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the information furnished in the notes to the financial statements and financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Authority, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, resulted in a surplus of $453,000 at the close of the current year.
- As of the close of the current year, the Authority's net position of $453,000 decreased by $570,745 or 56%, in comparison with the prior year net position of $1,023,745. This was primarily due to a decrease in unrestricted net position of $573,776 or 60%.
- As described in Note 2: *Summary of Accounting Significant Policies* to the financial statements, the Authority has adopted the provisions of GASB Statement to No. 87, *Leases* the year ended December 31, 2022. As a result of this statement, the Authority recognized lease receivables as of December 31, 2022 of $1,684,544 and deferred inflows of resources of $1,637,077.
- As described in Note 2: *Summary of Accounting Significant Policies* to the financial statements, the Authority has adopted the provisions of GASB Statement to No. 91, *Conduit Debt Obligations* the year ended December 31, 2022. Implementation of this statement did not have a material impact on the Authority's financial statements.
- As described in Note 17: *Restatement of Prior-Year Financial Statements* to the financial statements, the Authority restated the financial statements to correct cash and cash equivalent balances omitted in prior periods. Prior year balances reflected in the MD&A have also been updated for comparison purposes. The Authority has implemented controls to prevent similar errors from occurring in the future.

FINANCIAL POSITION SUMMARY

During 2021, the Authority's net position decreased by $570,745, decreasing from a surplus of $1,023,745 in 2021 to a surplus of $453,000. The analyses that follow focus on the net position (Table 1) and changes in net position (Table 2) of the Authority.

FINANCIAL POSITION SUMMARY (continued)

Table 1 - Statements of Net Position
As of December 31,

	2022	2021	2020
Unrestricted and Restricted Assets			
and Deferred Outflow of Resources	$ 15,778,025	$ 13,473,790	$ 12,270,393
Capital Assets, net of Depreciation	15,178,784	15,551,506	15,917,104
Total Assets and Deferred Outflows of Resources	$ 30,956,809	$ 29,025,296	$ 28,187,497
Unrestricted and Restricted Liabilities			
and Deferred Inflows of Resources	$ 30,503,809	$ 28,001,551	$ 27,577,630
Total Liabilities and Deferred Inflows of Resources	30,503,809	28,001,551	27,577,630
Net Position			
Net Investment in Capital Assets	-	-	1,326,950
Restricted for Unemployment Reserve	27,385	23,497	11,818
Unrestricted (Deficit)	425,615	1,000,248	(728,901)
Total Net Position	453,000	1,023,745	609,867
Total Liabilities and Deferred Inflows of Resources			
and Net Position	$ 30,956,809	$ 29,025,296	$ 28,187,497

In total, assets and deferred outflows of resources increased by $1,931,513 while liabilities and deferred inflows of resources increased by $2,502,258. The increase in assets and deferred inflows or resources was primarily attributed to the implementation of GASB Statement No. 87: *Leases*, where the Authority recognized $1,684,544 of lease receivables. The increase in liabilities and deferred inflows of resource is attributable to the implementation of GASB Statement No. 87: *Leases*, where the Authority recognized $1,637,077 deferred outflows related to lease receivables (see notes 2 and 5 of the notes to financial statements, respectively).

$-0- of the Authority's net position at the end of the current year reflects its net investment in capital assets (i.e. buildings and improvements, various equipment, and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

The Authority uses these assets to run their general operations consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Unemployment reserve is restricted pursuant to *N.J.S.A. 43:21-7.3(g),* which requires that employer and employee contributions be held in a trust fund maintained by the governmental entity or instrumentally for unemployment benefit cost purposes and any surplus remaining in this trust fund must be retained in reserve for payment of benefit costs in subsequent years.

FINANCIAL POSITION SUMMARY (continued)

The final component of net position is unrestricted. The unrestricted net position at year-end is a surplus of $453,000. This component represents resources and uses that do not meet the criteria of any other component of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions and other postemployment benefits, in which the Authority is not required to fund in accordance with State budgetary rules and regulations, but instead funds on a pay-as-you-go basis via contractual contributions. Table 2 that follows illustrates the changes in net position of the Authority.

Table 2 - Statements of Revenues, Expenses and Changes in Net Position
For the years Ended December 31,

	2022	2021	2020
Operating Revenues:			
Project Administration Fees	$ 590,804	$ 362,641	$ 358,252
Bond Fees	219,744	243,238	180,269
Grant and Agency Fund Fees	132,205	940,497	740,549
Grants	14,206,820	6,114,228	688,748
Reimbursement, Rent and Other	1,842,925	1,899,337	1,519,221
Total Operating Revenues	16,992,498	9,559,941	3,487,039
Operating Expenses:			
Payroll Expenses	1,474,469	1,319,341	1,211,486
Employee Benefits	298,017	377,348	619,226
Professional Fees	187,188	235,239	736,991
Insurance	76,588	73,252	87,215
Administrative and General	279,558	202,130	69,317
Project Costs	14,206,820	6,114,228	688,748
Depreciation	427,374	427,427	426,377
Total Operating Expenses	16,950,014	8,748,965	3,839,360
Operating Income (Loss)	42,484	810,976	(352,321)
Non-Operating Revenues/(Expense):			
Investment and Interest Income	75,195	2,618	20,893
Interest Income from Leasing Arrangements	47,467	-	-
Amortization Income/(Expense)	-	68,975	(365,096)
Cost of Issuance	-	(220,375)	(107,255)
Contributed Capital	-	-	1,999,135
Gain on Disposal of Asset	-	-	1,236,870
Foreclosure Registry	(310,450)	-	-
Interest Expense	(425,441)	(196,287)	-
Bad Debt Expense	-	(52,029)	-
Total Non-Operating Expenses, net	(613,229)	(397,098)	2,784,547
Changes in Net Position	(570,745)	413,878	2,432,226
Net Position - Beginning of Year	1,023,745	609,867	(1,822,359)
Net Position - End of Year	$ 453,000	$ 1,023,745	$ 609,867

FINANCIAL POSITION SUMMARY (continued)

During 2022, the Authority's operating revenues increased by $7,432,557, increasing from $9,559,941 in 2021 to $16,992,498 in 2022.

Overall, in 2022, grant revenues constituted 84% of the Authority's operating revenues, while project management fees, financing and related fees and other revenues constituted 16%.

Regarding operating expenses, the Authority experienced an increase of $8,201,049 compared to 2021. This net increase is largely attributable to the project costs increasing by $8,092,592 or 132% from 2021. Overall, in 2022, administration expenses constituted 2% of the Authority's operating expenses, while cost of providing services and depreciation constituted 12% and 3%, respectively.

Regarding nonoperating revenues and expenses, the amount increased by $216,131, increasing from $(397,098) in 2021 to $(613,229) in 2022. This increase is largely attributable to an increase in interest expense and foreclosure registry expenses which was offset by $122,662 of interest revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority's net investment in capital assets as of December 31, 2022, amounts to a historical cost of $16,496,755, or $15,178,784 net of accumulated depreciation (see Table 3 that follows). This net investment in capital assets includes buildings and improvements, and various types of equipment and vehicles. The net change in capital assets was attributable to the following:

- the Authority had an increase of $54,652 for building improvement and equipment; and
- depreciation expense for the current year was $427,374.

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Table 3 - Summary of Capital Assets
As of December 31,

	2022	2021	2020
Capital assets being depreciated:			
Buildings and improvements	$ 16,347,546	$ 16,296,271	$ 16,240,106
Equipment, furniture, and vehicles	149,209	145,832	197,355
Total capital assets being depreciated	16,496,755	16,442,103	16,437,461
Less: accumulated depreciation	(1,317,971)	(890,597)	(520,357)
Total capital assets being depreciated net of accumulated depreciation	$ 15,178,784	$ 15,551,506	$ 15,917,104

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Additional information on the Authority's capital assets can be found in note 6 of the notes to financial statements.

Debt Administration

Bonds Payable. At the end of the current year, the Authority had total bonds and notes outstanding of $15,335,000. Under a Bond Authorization of $15,500,000 to facilitate the financing, construction, and operation of a portion of the Stockton Aviation Research and Technology Park of New Jersey, Inc. on September 27, 2016, the Authority issued a note in an original amount of $8,000,000 to provide the initial funding to begin construction of the first building. In September of 2017, the Authority issued a note in the amount of $11,000,000 to refund the 2016 note and provide additional capital required for the construction of the building. In 2018, the Authority issued a note in the amount of $15.5 million that refunded the initial $11 million and provided additional capital required for the construction of the project. In 2021, bond anticipation note was converted to County guaranteed revenues bonds, series 2021B.

Notes Payable. On June 1, 2015, the Authority, entered into a loan agreement with the County of Atlantic to loan the South Jersey Economic Development District, Inc (SJEDD). $277,508 over eight (8) year with an annual interest rate of 3.00%. In which the SJEDD signed a promissory note to reimburse the Authority for the payments the Authority would make to the County of Atlantic. As of December 31, 2022, this agreement was paid in full.

Net Pension Liability. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis. For additional details on the net pension liability, see note 11 to the financial statements.

Other Postemployment Benefits Liability. The Authority's annual required contributions to the state health benefit plan are budgeted and paid monthly. For additional details on the other postemployment benefits liability, see note 12 to the financial statements.

Compensated Absences. At the end of the current year, the liability for compensated absences was $86,167. Compensated absences are those absences for which employees will be paid, such as sick and vacation. Additional information on compensated absences can be found in note 9 to the financial statements.

Additional information on the Authority's debt can be found in note 9 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2022 year, the Authority was able to sustain its budget through revenues from grants and related fees, project management fees, and other miscellaneous revenue sources. Approximately 84% of total revenue is from grant revenues. The 2023 budget was adopted on December 8, 2022, by the Commissioners.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Atlantic County Improvement Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jessica Wheeley, Comptroller, at the Atlantic County Improvement Authority, 600 Aviation Research Blvd., Egg Harbor Township, New Jersey 08234

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Statements of Net Position
December 31, 2022 and 2021

	2022	2021 (restated)
ASSETS		
Unrestricted Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 5,803,949	$ 5,090,066
Accounts Receivable	533,121	1,038,186
Total Unrestricted Current Assets	6,337,070	6,128,252
Restricted Assets:		
Current Assets:		
Cash and Cash Equivalents	5,940,517	4,959,484
Accounts Receivable	303,527	200,310
Grant Receivable	155,901	876,305
Current Portion of Lease Receivable	837,817	-
Mortgage Interest Receivable	976,158	961,501
Interest Receivable	-	6,901
Due from Various Agencies	14,321	386,420
Notes Receivable	-	41,007
Total Restricted Current Assets	8,228,241	7,431,928
Non-Current Assets:		
Mortgages Receivable	24,749,441	24,862,992
Valuation Allowance for Loan Losses	(25,673,653)	(25,772,547)
Mortgages Receivable, net	(924,212)	(909,555)
Lease Receivable, Net of Current Portion	846,727	-
Total Restricted Non-Current Assets	(77,485)	(909,555)
Total Restricted Assets	8,150,756	6,522,373
Capital Assets, Net of Depreciation	15,178,784	15,551,506
Total Assets	29,666,610	28,202,131
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	262,649	100,648
Deferred Outflows Related to OPEB	1,027,550	722,517
Total Deferred Outflows of Resources	1,290,199	823,165
Total Assets and Deferred Outflows of Resources	$ 30,956,809	$ 29,025,296

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

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Statements of Net Position (continued)
December 31, 2022 and 2021

	2022	2021
LIABILITIES		
Unrestricted Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 132,077	$ 62,451
Unearned Program Income	40,921	53,392
Pension Payable	174,964	150,876
Total Unrestricted Current Liabilities	347,962	266,719
Restricted Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	2,431,516	1,614,318
Due to Various Agencies	3,471,254	3,449,623
Interest Payable	-	6,901
Notes Payable	-	41,007
Current Portion of Bonds Payable	180,000	165,000
Total Current Liabilities Payable from Restricted Liabilities	6,082,770	5,276,849
Long-Term Liabilities:		
Accrued Sick and Vacation	86,167	84,176
Bonds Payable, net of Current Portion	15,155,000	15,335,000
Net Pension Liability	2,093,852	1,526,196
Net OPEB Liability	2,735,741	2,728,587
Total Long-Term Liabilities	20,070,760	19,673,959
Total Liabilities	26,501,492	25,217,527
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Lease Receivables	1,637,077	-
Deferred Inflows Related to Pensions	434,225	1,104,715
Deferred Inflows Related to OPEB	1,931,015	1,679,309
Total Deferred Inflows of Resources	4,002,317	2,784,024
Total Liabilities and Deferred Inflows of Resources	30,503,809	28,001,551
NET POSITION		
Restricted for Unemployment	27,385	23,497
Unrestricted	425,615	1,000,248
Total Net Position	453,000	1,023,745
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 30,956,809	$ 29,025,296

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

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2022 and 2021

	2022	2021 (restated)
Operating Revenues:		
Project Administration Fees	$ 590,804	$ 362,641
Bond Fees	219,744	243,238
Grant and Agency Fund Fees	132,205	940,497
Grants	14,206,820	6,114,228
Reimbursement and Other	1,165,909	1,046,390
Rent Income	677,016	852,947
Total Operating Revenues	16,992,498	9,559,941
Operating Expenses:		
Payroll Expenses	1,474,469	1,319,341
Employee Benefits	298,017	377,348
Professional Fees	187,188	235,239
Insurance	76,588	73,252
Administrative and General	279,558	202,130
Project Costs	14,206,820	6,114,228
Depreciation	427,374	427,427
Total Operating Expenses	16,950,014	8,748,965
Operating Income (Loss)	42,484	810,976
Non-Operating Revenues/(Expense):		
Investment and Interest Income	75,195	2,618
Interest Income from Leasing Arrangements	47,467	-
Amortization Income/(Expense)	-	68,975
Cost of Issuance	-	(220,375)
Foreclosure Registry	(310,450)	-
Interest Expense	(425,441)	(196,287)
Bad Debt Expense	-	(52,029)
Total Non-Operating Expenses, net	(613,229)	(397,098)
Changes in Net Position	(570,745)	413,878
Net Position - Beginning of Year	1,023,745	609,867
Net Position - End of Year	$ 453,000	$ 1,023,745

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

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022	2021 (restated)
Cash Flows from Operating Activities:		
Cash Received from Customers and Users	$ 4,220,091	$ 2,775,494
Cash Received from Grants	14,206,820	6,114,228
Cash Paid to Employees	(2,057,415)	(1,841,860)
Cash Paid to Subcontractor and Vendors	(14,152,149)	(5,210,040)
Net Cash Flows from Operating Activities	2,217,347	1,837,822
Cash Flows from Investing Activities:		
Investment and Interest Income	75,195	2,618
Interest Income from Leasing Arrangements	47,467	-
Net Cash Flows from Investing Activities	122,662	2,618
Cash Flows From Capital And Related Financing Activities:		
Acquisitions of Capital Assets	(54,652)	(61,829)
Cost of Bond Issuance	-	(220,375)
Payments Paid on Long-term Debt	(165,000)	(196,287)
Interest Paid on Long-term Debt	(425,441)	-
Net Cash Flows from Capital and Related Financing Activities	(645,093)	(478,491)
Change in Cash and Cash Equivalents	1,694,916	1,361,949
Cash and Cash Equivalents - Beginning of Year	10,049,550	8,687,601
Cash and Cash Equivalents - End of Year	$ 11,744,466	$ 10,049,550
Reconciliation to Statements of Net Position:		
Unrestricted Cash	$ 5,803,949	$ 5,090,066
Restricted Cash	5,940,517	4,959,484
Total Cash and Cash Equivalents	$ 11,744,466	$ 10,049,550

	2022	2021 (restated)
Reconciliation of Operating (Loss) Income to Net Cash Flows from Operating Activities:		
Operating Income (Loss)	$ 42,484	$ 810,976
Adjustments to Reconcile Operating (Loss) Income to Net Cash Flows from Operating Activities:		
Depreciation	427,374	427,427
Bad Debt Expense	-	(52,029)
Foreclosure Registry	(310,450)	-
Changes in Assets and Liabilities:		
Accounts Receivable	1,494,351	(433,951)
Lease Receivable	(1,684,544)	-
Accounts Payable and Accrued Expenses	908,455	1,466,838
Unearned Program Revenue	(12,471)	(236,268)
Accrued Sick and Vacation	1,991	(65,205)
Net Pension Liability Credit	(240,747)	(4,581)
OPEB Liability Credit	(46,173)	(75,385)
Deferred Outflows of Resources Related to Lease Receivables	1,637,077	-
Net Cash Flows from Operating Activities	$ 2,217,347	$ 1,837,822

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

NOTE 1: ORGANIZATION

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

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

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

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

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

A new program initiated in 2016 was the Foreclosure Registry Program with PROCHAMPS. Through a Shared Services agreement with twenty participating municipalities the program was designed to facilitate code enforcement for abandoned properties that are in some stage of foreclosure. On July 13, 2023 the Board of Commissioners of the Authority authorized the termination of an agreement with PROCHAMPS as they ceased operations, became insolvent and entered into an Assignment for the Benefit of Creditors. After an RFP process, the program was resumed after the Board of Commissioners authorized an award to HERA Property Registry on August 10, 2023.

In 2014, the Authority undertook a new Economic Development Initiative. In 2022, activities under that initiative included the continuation of a Redevelopment Program where the Authority provides funds and technical assistance to six municipalities in advancing redevelopment projects. In addition to the administration of the HUD CDBG Section 108 Business Loan Program, support provided to the newly formed Atlantic County Economic Alliance and oversight of the construction of the Building at the Aviation Research and Technology Park, which was completed May 2019, the Authority's Project Management Division undertakes projects on behalf of governments, school districts and other authorities under shared services agreements.

NOTE 1: ORGANIZATION (continued)

In 2022, the Authority managed several projects for Atlantic Cape Community College, completed construction of the first building at Cape May Tech Village at Cape May Airport, managed several projects for Atlantic County Facilities Department, managed a tenant fit-out at Aviation Research and Technology Park and continued managing a Demolition Program for the City of Atlantic City.

Since 2007, the Authority has operated Atlantic County's John F. Gaffney Green Tree Golf Course "Golf Course". In 2016, the Authority also entered into a shared services agreement with the City of Brigantine to operate the City-owned Links at Brigantine Golf Course. Both agreements continued in 2021 and are in place for 2022.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Financial Statements

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

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 change in net position (deficit) is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Budgets and Budgetary Accounting

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

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

Cash and Cash Equivalents

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

New Jersey authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, the State of New Jersey, or the New Jersey Cash Management Fund.

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

N.J.S.A. 17:9-41 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. It is the Authority's policy to maintain collateralization in accordance with State of New Jersey requirements.

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

Accounts Receivable

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

Mortgages Receivables

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Authority's is a lessor for noncancellable leases of excess space in its central office building (approximately 86% of the total square footage) to various intergovernmental agencies and other tenants. The Authority recognizes a lease receivable in its financial statements. The Authority recognizes lease receivables for leases with a term greater than 12 months. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how the Authority determines: 1) the discount rate it uses to discount the expected lease receivable to present value, 2) lease term, and 3) lease revenue:

- The Authority uses a rate of 3.25% at the lease inception date as the discount rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed and variable payments expected to be received during the lease period.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. The Authority's policy is to capitalize assets with a cost of greater than $1,000. Capital assets consist primarily of buildings and improvement, equipment, furniture, and vehicles. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Description:	**Useful Lives**
Buildings and improvements	40 Years
Equipment, furniture, and vehicles	5 to 7 Years

Revenue Recognition

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

Unearned Revenue

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension and Other Post-employment Benefits

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* requires participating employers, including the Authority, in the State of New Jersey Public Employees Retirement System (PERS) plan to recognize their proportionate share of the collective total pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 11: *Pension Obligations* for more information about the plan.

GASB Statement No. 75, *Accounting and Financial Reporting for the Post-employment Benefits Other Than Pensions* requires participating employers in the New Jersey State Health Benefit Local Government Retired Employees (OPEB Plan) plan to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 12: *Other post-employment Benefits Other Than Pension* for more information about the plan.

Deferred Inflows/Outflows of Resources

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

Net Position

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks of Loss

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

Leave Policies

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

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

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.

Impact of Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements:

In the current year, the Authority adopted GASB Statement No. 87: *Leases*, which requires the Authority to recognize most leases on the statements of net position. Adoption of this statement resulted in the recognition of lease receivable of $2,476,278 and deferred inflows of resources of $2,403,865. These amounts were determined based on the present value of remaining minimum rent payments expected to be received, at a discounted rate (3.25%) as of the date of adoption. There was no material impact to the timing of expense or income recognition in the statements of revenue, expenses, and changes in net position. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures regarding the Authority’s leasing activities are presented in Note 5: *Lease Receivable* for more information.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Pronouncements (continued)

Recently Adopted Accounting Pronouncements (continued):

Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of this statement did not have a material impact on the Authority's financial statements and related disclosures.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has elected for earlier adoption, see noted 17 for additional information.

Accounting Pronouncements Effective in Future Reporting Periods:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management has yet to determine the potential impact of this pronouncement on the Authority's financial statements.

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of this pronouncement on the Authority's financial statements.

Subsequent Events

The Authority has evaluated subsequent events occurring after December 31, 2022 through October 28, 2024, which is the date the financial statements were available to be issued. See Note 16: *Subsequent Events* for additional information.

NOTE 3: CASH AND CASH EQUIVALENTS

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

- Each deposit participating in the NJGUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million. The minimum 5% pledge applies to institutions that are categorized as “well capitalized” by Federal banking standards. The percentage of the required pledge will increase for institutions that are less than “well capitalized.”
- No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund (“NCUSIF”) insurance. The collateral which may be pledged to support these deposits includes obligations of the State and Federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under NJGUDPA has ever lost protected deposits. The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2022 and 2021, and reported at fair value are shown below.

	Carrying Value	
Type	**2022**	**2021**
Deposits:		
Demand deposits	$ 11,744,466	$ 10,049,550
Total deposits	$ 11,744,466	$ 10,049,550
Reconciliation to the Statements of Net Position:		
Governmental-type Activities:		
Current unrestricted assets:		
Cash and cash equivalents	$ 5,803,949	$ 5,090,066
Current restricted assets:		
Cash and cash equivalents	5,940,517	4,959,484
Total cash and cash equivalents	$ 11,744,466	$ 10,049,550

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the GUDPA or in qualified investments established in New Jersey Statutes *40A:5-15.1(a)* that are treated as cash equivalents. However, GUDPA does not protect intermingled trust funds such as trust and agency funds that may pass to the Authority relative to the happening of a future condition.

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk Related to Deposits (continued)

If the Authority had any such funds, they would be shown as uninsured and uncollateralized in the schedule below. As of December 31, 2022 and 2021, the Authority's bank balances of $11,668,171 and $10,527,050, respectively were exposed to custodial credit risk as follows:

	2022	2021
Insured by FDIC and GUDPA	$ 7,780,866	$ 6,701,794
Collateralized not in the Authority's name		
(New Jersey Cash Management)	27,385	23,497
Uninsured and uncollateralized	3,859,920	3,801,759
Total	$ 11,668,171	$ 10,527,050

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2022 and 2021, consisted of the following for the business-type activities of the Authority:

	2022	2021
Unrestricted:		
Accounts receivable – Other	$ 533,121	$ 1,038,186
Restricted:		
Accounts receivable – Other	303,527	200,310
Accounts receivable – Grants	155,901	876,305
Subtotal	459,428	1,076,615
Total	$ 992,549	$ 2,114,801

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

NOTE 5: LEASE RECEIVABLE

The Authority has entered into various agreements to lease the Authority's central office building (approximately 86% of the total square footage). The lease terms arrange from three to forty years including noncancelable period of the lease and extensions the Authority is reasonably certain to exercise and vary with every agreement. Various agreements allow for a two to three percent annual increase to the lease payments on the anniversary of the agreements. The required payments to be received range from $2,765 to $59,183. During the fiscal year, the Authority recognized $677,016 in lease revenues and $47,467 in interest income related to these agreements. At December 31, 2022, the Authority recorded $1,684,544 in lease receivables for these arrangements. Also, the Authority has deferred inflows of resources associated with these leases that will be recognized as revenues over the lease terms. The deferred inflows of resources related to lease receivables are amortized on a straight-line basis over the terms of the related lease. Deferred inflows of resources related to lease receivables for the year ended December 31, 2022, was $1,637,077. The following is a schedule of the remaining future minimum rent payments to be received under these lease obligations at December 31,:

NOTE 5: LEASE RECEIVABLE (continued)

	Principal	Interest	Total
2023	$ 837,817	$ 42,854	$ 880,671
2024	790,366	15,227	805,593
2025	31,814	1,361	33,175
2026	24,547	334	24,881
Total	$ 1,684,544	$ 59,776	$ 1,744,320

NOTE 6: CAPITAL ASSETS

A summary of changes in capital assets for the years ended December 31, 2022 and 2021 follows:

	For the Year Ended December 31, 2022			
	Beginning Balance	Additions	Adjustments /Retirements	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	$ 16,296,271	$ 51,275	$ -	$ 16,347,546
Equipment, furniture, and vehicles	145,832	3,377	-	149,209
Total capital assets being depreciated	16,422,103	54,652	-	16,496,755
Less: accumulated depreciation:	(890,597)	(427,374)	-	(1,317,971)
Total capital assets being depreciated net of accumulated depreciation	$ 15,551,506	$ (372,722)	$ -	$ 15,178,784

	For the Year Ended December 31, 2021			
	Beginning Balance	Additions	Adjustments /Retirements	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	$ 16,240,106	$ 56,165	$ -	$ 16,296,271
Equipment, furniture, and vehicles	197,355	5,664	(57,187)	145,832
Total capital assets being depreciated	16,437,461	61,829	(57,187)	16,422,103
Less: accumulated depreciation:	(520,357)	(427,427)	57,187	(890,597)
Total capital assets being depreciated net of accumulated depreciation	$ 15,917,104	$ (365,598)	$ -	$ 15,551,506

NOTE 7: MORTGAGES RECEIVABLE

The following represents a summary of mortgages and interest receivable held by the Authority's as of December 31, 2022 and 2021, which are considered impaired:

	2022	2021
Mortgages receivable – scheduled to be forgiven if conditions are met	$ 24,749,441	$ 24,862,992
Mortgage interest receivable	976,158	961,501
Allowance for loan forgiveness	(25,673,653)	(25,772,547)
Total mortgages receivable, net	$ 51,946	$ 51,946

NOTE 8: MORTGAGE RECEIVABLE – IMPAIRED ASSETS

The following represents the activity of the valuation allowance for loan losses during 2022 and 2021:

	2022	2021
Balance of valuation allowance for loan losses, January 1,	$ 25,772,547	$ 25,931,578
Increases (Decreases):		
Recoveries and write-offs	(98,894)	(159,031)
Balance of valuation allowance for loan losses, December 31,	$ 25,673,653	$ 25,772,547

NOTE 9: OTHER LONG-TERM LIABILITIES

Long-term liabilities as of December 31, 2022 and 2021, consisted of the following:

	For the Year Ended December 31, 2022				
	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Balance Due Within One Year
Notes payable	$ 41,007	$ -	$ (41,007)	$ -	$ -
Compensated absences	84,176	1,991	-	86,167	-
Bonds payable	15,500,000	-	(165,000)	15,335,000	180,000
Net pension liability	1,526,196	567,656	-	2,093,852	-
Net other postemployment benefit liability	2,728,587	7,154	-	2,735,741	-
Total	$19,879,966	$ 576,801	$ (206,007)	$19,879,966	$ 180,000

	For the Year Ended December 31, 2021				
	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Balance Due Within One Year
Notes payable	$ 127,179	$ -	$ (86,172)	$ 41,007	$ 41,007
Compensated absences	149,381	-	(65,205)	84,176	-
Bond anticipation note	15,500,000	-	(15,500,000)	-	-
Bonds payable	-	15,500,000	-	15,500,000	165,000
Net pension liability	2,216,162	-	(689,966)	1,526,196	-
Net other postemployment benefit liability	2,755,702	-	(27,115)	2,728,587	-
Total	$20,748,424	$15,500,000	$(16,368,458)	$19,879,966	$ 206,007

Bonds Payable

Under a Bond Authorization of $15,500,000 to facilitate the financing, construction and operation of a portion of the Stockton Aviation Research and Technology Park of New Jersey, Inc. on September 27, 2016, the

NOTE 9: OTHER LONG-TERM LIABILITIES (continued)

Bonds Payable (continued)

Authority issued a note in an original amount of $8,000,000 to provide the initial funding to begin construction of the first building. In September of 2017, the Authority issued a note in the amount of $11,000,000 to refund the 2016 note and provide additional capital required for the construction of the building. In 2018, the Authority issued a note in the amount of $15.5 million that refunded the initial $11 million and provided additional capital required for the construction of the project. In 2021, bond anticipation note was converted to County guaranteed revenues bonds, series 2021B. The following is a schedule of the remaining future minimum payments to be made under these bond obligations at December 31,

	Principal	Interest	Total
2023	$ 180,000	$ 424,751	$ 604,751
2024	190,000	423,591	613,591
2025	160,000	421,996	581,996
2026	175,000	420,012	595,012
2027	190,000	417,496	607,496
2028 - 2032	1,195,000	2,025,827	3,220,827
2033 - 2037	1,955,000	1,854,431	3,809,431
2038 - 2042	3,500,000	1,458,162	4,958,162
2043 - 2047	4,060,000	895,893	4,955,893
2048 - 2051	3,730,000	236,208	3,966,208
Total	$ 15,335,000	$ 8,578,367	$ 23,913,367

Compensated Absences

Employees become eligible to receive sick leave in accordance with Note 2: *Significant Accounting Policies*. 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, 2022 and 2021, assuming all employees are eligible for accrued sick leave at termination, is approximately $86,167 and $84,176, respectively.

Notes Payable

On June 1, 2015, the Authority, entered into a loan agreement with the County of Atlantic to loan the South Jersey Economic Development District, Inc (SJEDD), $277,508 over eight (8) year with an annual interest rate of 3.00%. In which the SJEDD signed a promissory note to reimburse the Authority for the payments the Authority would make to the County of Atlantic. As of December 31, 2023 the loan agreement was paid in full.

Net Pension Liability

For details on the net pension liability, see Note 11: *Pension Obligations*. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Other Postemployment Benefits Liability

For details on the other postemployment benefits liability, see Note 12: *Postemployment Benefits Other Than Pensions*. The Authority's contribution into the postemployment benefits plan is budgeted and paid on an annual basis.

NOTE 10: CONDUIT DEBT

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

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

The principal amount outstanding on the debt related to these projects at December 31, 2022 and 2021, was $184,099,759 and $190,879,435, respectfully. This amount is excluded from the financial statements of the Authority.

Egg Harbor Township Guaranteed Revenue Bonds

In 2000, the Authority issued bonds in the original amount of $10,880,000. The bonds are special and limited obligations of the Authority, and the principal or redemption price of and interest on the Bonds are payable from properties and funds pledged under the bond resolution ("Resolution") and are secured by a guaranty agreement with the Township of Egg Harbor dated as of September 1, 2000.

The guaranty agreement is authorized by a Township ordinance finally adopted July 26, 2000, requiring the Township to pledge its full faith and credit to the punctual payment of the principal of and interest on the bonds so that the debt service reserve fund (as defined in the Resolution) is maintained at the debt service reserve fund requirement (as defined in the Resolution), to the extent that revenues or certain other funds under the Resolution are not available to pay the principal of or interest on the bonds.

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

Egg Harbor Township Guaranteed Revenue Refunding Bonds

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

Egg Harbor Township Golf Corporation Trustee Activity

The following represents the Egg Harbor Township Golf Corporation's trustee activity during the years ended December 31, 2022 and 2021:

NOTE 10: CONDUIT DEBT (continued)

Egg Harbor Township Golf Corporation Trustee Activity (continued)

	2022	2021
Opening cash and cash equivalents, January 1	$ 1,183,488	$ 1,088,400
Increases:		
Interest earned	15,917	106
Payment from Egg Harbor Township Golf Course	550,000	780,007
Subtotal	565,917	780,113
Decreases:		
Administrative costs	(9,000)	(4,000)
Interest paid	(219,025)	(241,025)
Principal paid	(460,000)	(440,000)
Subtotal	(688,025)	(685,025)
Ending cash and cash equivalents, December 31	$ 1,061,380	$ 1,183,488

St. Augustine Preparatory School

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

The ARC of Atlantic County

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

Faith Baptist Church

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

Stockton University

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

NOTE 11: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR), which can be found at http://www.nj.gov/treasury/pensions/financial-reports.shtml. The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{th}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

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

Contributions

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

NOTE 11: PENSION OBLIGATIONS (continued)

Contributions (continued)

Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Authority's contractually required contribution to PERS plan was $174,964.

Components of Net Pension Liability

At December 31, 2022, the Authority's proportionate share of the PERS net pension liability was $2,093,852. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Authority's proportion measured as of June 30, 2022, was 0.0138744915% which was an increase of 0.0009913979% from its proportion measured as of June 30, 2021.

	Balances, December 31,	
	2022	**2021**
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	$ 262,649	$ 100,648
Deferred Inflows of Resources	434,225	1,104,715
Net Pension Liability	2,093,852	1,526,196
Authority's portion of the plan's total Net Pension Liability	0.01387%	0.01288%

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources

At December 31, 2022, the Authority's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2022 measurement date is $(89,870) At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 15,112	$ 13,327
Changes of assumptions	6,487	313,533
Net difference between projected and actual earnings on pension plan investments	86,663	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	154,387	107,365
	$ 262,649	$ 434,225

NOTE 11: PENSION OBLIGATIONS (continued)

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)

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

Year Ending December 31,	Amount
2023	$ (170,205)
2024	(82,101)
2025	(35,221)
2026	106,759
2027	9,192
Total	$ (171,576)

Special Funding Situation

Under *N.J.S.A. 43:15A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. At December 31, 2022, the State's proportionate share of the PERS expense, associated with the Authority, calculated by the plan as of the June 30, 2021 measurement date was $4,406.

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75% - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General Below – Median Income Employee Mortality table fully generational mortality improvement projections from the central year using Scale MP-2021

NOTE 11: PENSION OBLIGATIONS (continued)

Actuarial Assumptions (continued)

Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Long-Term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long –Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

NOTE 11: PENSION OBLIGATIONS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the Net Pension Liability	$ 2,712,768	$ 2,093,852	$ 1,599,954

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the Other Post-employment Benefits Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

General Information about the Other Post-employment Benefits Plan (continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were $3,361,552,823 and $12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Allocation Methodology (continued)

Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The components of the collective net OPEB liability of the plan as of June 30, 2022 is as follows:

Total OPEB liability	$ 16,090,925,144
Plan fiduciary net position	(58,670,334)
Net OPEB liability	$ 16,149,595,478

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases*:	
PERS:	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate of all future years	3.25% to 16.25%
Mortality Rate Table:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
PFRS	Pub-2010 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

* Salary increases are based on years of service within the respective plan

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Obligation and OPEB (Benefit) Expense

The Authority's proportionate share of the total OPEB liability was $2,735,741. The OPEB liability was measured as of June 30, 2022, and the total OPEB Obligation used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the OPEB Obligation associated with the Authority was based on projection of the State's long-term contributions to the OPEB plan associated with the Authority relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2022, the State proportionate share of the OPEB Obligation attributable to the Authority was 0.016940%, which was an increase of 0.0017810% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized an OPEB (benefit) expense in the amount of $(242) for the State's proportionate share of the OPEB (benefit) expense attributable to the Authority. This OPEB (benefit) expense was based on the OPEB plans June 30, 2022, measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the trend rate is initially (1.89%) for PPO plans and (1.99%) for HMO plans with both increasing to a 4.5% long-term trend rate after seven years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2022, was 2.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's proportionate share of the total OPEB liability associate with the Authority	$ 2,320,812	$ 2,735,741	$ 3,267,149
State's total non-employer OPEB Liability	$ 13,700,188,049	$ 16,149,595,478	$ 19,286,596,671

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1 % Decrease (1.54%%)	Current Discount Rate (2.54%)	1% Increase (3.54 %)
State's proportionate share of the total OPEB liability associate with the Authority	$ 3,171,275	$ 2,735,741	$ 2,385,314
State's total non-employer OPEB Liability	$ 18,720,632,230	$ 16,149,595,478	$ 14,080,955,857

Additional Information

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2022:

	Balances, December 31,	
	2022	2021
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	$ 1,027,550	$ 722,517
Deferred Inflows of Resources	1,931,015	1,679,309
Net OPEB Liability	2,735,741	2,728,587
Authority's portion of the plan's total Net OPEB Liability	0.01694%	0.01516%

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2022, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2022 measurement date is $1,027,550 and $1,931,015, respectively. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,277	$ 507,090
Changes of assumptions	365,096	933,656
Net difference between projected and actual earnings on pension plan investments	720	-
Changes in proportion	520,457	490,269
	$ 1,027,550	$ 1,931,015

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Deferred Outflows/Inflows of Resources (continued)

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

Year Ending December 31,	Amount
2023	$ (243,584)
2024	(243,803)
2025	(191,620)
2026	(83,192)
2027	(15,305)
2028 – 2029	(125,961)
Total	$ (903,465)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At July 1, 2021, the Program membership consisted of the following:

Active plan members	65,360
Retirees currently receiving benefits	33,684
Total plan members	99,044

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the measurement date June 30, 2022 is as follows:

Service cost	$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Changes in benefit terms	402,474,416
Differences in expected and actual experience	572,046,963
Changes in assumptions	(3,599,550,175)
Contributions from the employer	(389,490,003)
Contributions from non-employer contributing entities	(45,792,081)
Net investment income	(235,962)
Administrative expenses	12,334,441
Net changes	(1,850,185,757)
Total OPEB Liability (Beginning)	17,999,781,235
Total OPEB Liability (Ending)	$ 16,149,595,478

NOTE 13: CONTINGENCIES

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

NOTE 14: 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 previously leased its primary office space from the County under annual lease agreements. As of December 31, 2021, and 2020, respectively, the County did not request lease payments. As of February 2022, the Authority moved locations and its primary office space is now located at 600 Aviation Research Boulevard, Egg Harbor Township, New Jersey, NARTP Building No. 3. The Authority pays itself rent in the amount of $3,644 per month, which is paid toward bond debt service.

The Authority entered into an agreement with the County for the Authority to operate the Green Tree Golf Course (the “Golf Course”) effective June 1, 2007, for a renewable one-year term ending May 31, 2008. On July 14, 2008, the Authority and County amended the initial agreement to December 31, 2007, and enter into a renewal agreement for one year commencing January 1, 2008, and ending December 31, 2008. A renewed agreement was finalized on December 27, 2013, that was substantially comparable to the previous agreement and is still effective to date. The Authority performs the day-to-day operation of the Golf Course including the Golf Course’s pro shop and club house.

All of the Golf Course equipment which is currently owned by the County shall remain County property but shall be made available for the use and benefit of the Authority. At the discretion of the County Treasurer, the Authority makes one annual payment of revenue and interest to the County if net proceeds are available. The net revenue shall be based upon the gross revenues of the Golf Course (including green fees, net pro shop sales, and any other revenue generated in connection with Golf Course operations) less operating and management expenses that are incurred by the Authority pursuant to the agreement. For 2022 and 2021, no payments were made to the County, as no net proceeds were available as of December 31, 2022, and 2021.

NOTE 16: SUBSEQUENT EVENTS

Subsequent to year-end, the Authority entered into several significant construction contracts for various projects. These projects involve [1] Hammonton Public Works roof replacement funded by the County of Atlantic, [2] Cape May County tech hangers funded by the County of Cape May, and [3] the National Aerospace Research and Technology Park (NARTP) building No. 2 funded through the State of New Jersey Economic Development (NJEDA) grant passed through the Atlantic County Economic Alliance and United States Economic Development Administration (USEDA). These construction contracts have a total contract value of $13,568,617.

NOTE 17: RESTATEMENT OF PRIOR-YEAR FINANCIAL STATEMENTS

In the current year, management identified an error in the previously issued financial statements relating to the omission of cash and cash equivalents and related cash flow activities. Specifically, during prior years, it was identified that cash and cash equivalent accounts held with TD Wealth were not included in prior year's financial reporting.

Impact of the Restatement

As a result of this omission, the prior year's financial statements have been restated to reflect the cash and cash equivalent accounts and the related cash flow activities. The restatement affects the following accounts:

1. **Statements of Net Position**: Cash and Cash Equivalents have been increased by $656,870 to reflect the inclusion of previously omitted cash and cash equivalent balances.
2. **Statements of Revenue, Expenses and Changes in Net Position**: Operating revenues (rent income) increase by $852,947, non-operating revenues (interest income) have been increased by $20 and non-operating expenses (interest expense) increased by $196,287. Net income increased by $656,680 due to the recognition of unreported rent income and interest income, net of interest expense.
3. **Statements of Cash flows**: The restatement has also affected the cash flow statement. Previously, rent income, interest income, were omitted for the statement of cash flows. With the correction, net operating activities increased by $852,947 due to the recognition of omitted rent income. Cash flows from investing activities increased by $20 due to the recognition of omitted interest income. Cash flows from capital and related financing activities increased by $196,287 reflecting the payment of omitted interest expenses on outstanding bonds payable. Cash and cash equivalents at the beginning of the period remain unchanged. Cash and cash equivalents at the end of the period increased by $656,680 due to the inclusion of previously omitted balances.
4. **Unrestricted Net Position**: The net impact on net position at the beginning of the earliest comparative period is an increase of $656,680 reflecting the cumulative effect of the adjustments.

A summary of the restatement's effect on the relevant financial statement line items is presented below:

	As Previously Reported	Adjustment	as Restated
Cash and cash equivalents (Current restricted assets)	$ 4,302,804	$ 656,680	$ 4,959,484
Operating revenues – rent income	-	852,947	852,947
Non-operating revenue – interest income	2,598	20	2,618
Non-operating expenses – interest expense	-	196,287	196,287
Change in net position	(242,802)	656,680	413,878
Net Cash Flows from Operating Activities	984,875	852,947	1,837,822
Net Cash Flows from Investing Activities	2,6598	20	2,618
Net Cash Flows from Capital and Related Financing Activities	(282,204)	(196,287)	(478,491)

Schedule I

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of the Authority's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System
Last Ten Fiscal Years

	Measurment Date Ended June 30,									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Authority's proportion of the net pension liability	0.0138744915%	0.0128830936%	0.0135899318%	0.0135724542%	0.0138253932%	0.0137627319%	0.0105092655%	0.0086302495%	0.0088758224%	0.0109503964%
Authority's proportionate share of net pension liability	$ 2,093,852	$ 1,526,196	$ 2,216,162	$ 2,445,550	$ 2,722,151	$ 3,203,744	$ 3,112,549	$ 1,937,318	$ 1,661,797	$ 2,092,838
Authority's covered-employee payroll	999,451	966,434	927,927	963,895	878,871	687,836	558,071	588,636	578,946	578,946
Authority's proportionate share of net pension liability as a % of payroll	209.50%	157.92%	238.83%	253.72%	309.73%	465.77%	557.73%	329.12%	287.04%	361.49%
Plan fiduciary net position as a % of total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule II

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of Contributions - Public Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 174,964	$ 150,876	$ 148,667	$ 132,020	$ 137,518	$ 127,497	$ 93,363	$ 74,197	$ 74,197	$ 91,875
Contributions in relation to the contractually required contribution	174,964	150,876	148,667	132,020	137,518	127,497	93,363	74,197	74,197	91,875
Agency's covered employee payroll	1,012,307	999,451	966,434	927,927	963,895	878,871	687,836	558,071	558,071	578,946
Contributions as a % of covered employee payroll	17.28%	15.10%	15.38%	14.23%	14.27%	14.51%	13.57%	13.30%	13.30%	15.87%

Schedule III

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of the Authority's Proportionate Share of the Net Other Post-employment Benefits Liability
Last Ten Fiscal Years*

	Measurement Date Ended June 30,						
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Proportion of the net OPEB liability	0.016940%	0.015159%	0.015355%	0.015201%	0.019312%	0.018110%	0.016853%
Proportionate share of net OPEB liability	$ 2,735,741	$ 2,728,587	$ 2,755,702	$ 2,059,138	$ 3,025,537	$ 3,697,299	$ 3,660,044
Plan fiduciary net position (deficit) as a percentage of the total OPEB liability	(0.36%)	0.28%	0.91%	1.98%	1.97%	1.03%	69.00%

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

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

The June 30, 2022, measurement date includes three changes in plan provisions, one of which had an impact on the State's total net pension liability. Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

Changes of Assumptions

The discount rate used as of June 30; measurement date is as follows:

Year	Rate	Year	Rate	Year	Rate
2022	7.00%	2019	6.28%	2016	3.98%
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%

The long-term expected rate of return used as of June 30; measurement date is as follows:

Year	Rate	Year	Rate	Year	Rate
2022	7.00%	2019	7.00%	2016	7.65%
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The increase in benefit terms from June 30, 2021 to June 30, 2022 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2021 to June 30, 2022 was a result of changes to the census, claims and premiums experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2022 to June 30, 2022 is a result of a change in the discount rate, trend update, and the mortality projection scale update.

The discount rate used as of June 30, measurement date for the last six fiscal years is as follows:

Year	Rate	Year	Rate	Year	Rate
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		
2020	2.21%	2017	3.58%		

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of Revenues and Expenses - Budget to Actual
For the year ended December 31, 2022

	2022 Budget (Unaudited)	2022 Final Budget (Unaudited)	2022 Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Project Administration Fees	$ 742,218	$ 742,218	$ 590,804	$ (151,414)
Bond Fees	187,556	187,556	219,744	32,188
Grant and Agency Fund Fees	565,619	565,619	132,205	(433,414)
Reimbursement and Other	1,615,072	1,615,072	1,165,909	(449,163)
Rent Income	-	-	677,016	677,016
Total Operating Revenues	3,110,465	3,110,465	2,785,678	(324,787)
Operating Expenses:				
Payroll Expenses	1,533,495	1,533,495	1,474,469	59,026
Employee Benefits	672,463	672,463	609,025	63,438
Professional Fees	606,000	606,000	187,188	418,812
Insurance	95,500	95,500	76,588	18,912
Administrative and General	104,350	104,350	279,558	(175,208)
Depreciation	-	-	427,374	(427,374)
Total Operating Expenses	3,011,808	3,011,808	3,054,202	(42,395)
Other Income/(Expenses):				
Investment Income	7,500	7,500	75,195	67,695
Foreclosure Registry	-	-	(310,450)	(310,450)
Interest Expense	-	-	(425,441)	(425,441)
Total Other Income/(Expenses)	7,500	7,500	(660,696)	(668,196)
Net Income	$ 106,157	$ 106,157	(929,220)	$ (1,035,378)

Reconciliation to change in net position per Statements of Revenues, Expenses and Changes in Net Position:

Unbudgeted Pension and OPEB Revenue	311,008
Interest Income from Leasing Arrangements	47,467
Subtotal	358,475
Change in net position per Statement of Revenue, Expenses and Change in Net Position	$ (570,745)

Schedule V

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of Revenues and Expenses - Budget to Actual
For the year ended December 31, 2021 (restated)

	2021 Budget (Unaudited)	2021 Final Budget (Unaudited)	2021 Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Project Administration Fees	$ 515,268	$ 515,268	$ 362,641	$ (152,627)
Bond Fees	212,550	212,550	243,238	30,688
Grant and Agency Fund Fees	703,956	703,956	940,497	236,541
Reimbursement and Other	1,738,768	1,738,768	1,046,390	(692,378)
Rent Income	-	-	852,947	852,947
Total Operating Revenues	3,170,542	3,170,542	3,445,713	275,171
Operating Expenses:				
Payroll Expenses	1,380,433	1,380,433	1,319,341	61,092
Employee Benefits	547,709	547,709	607,830	(60,121)
Professional Fees	646,000	646,000	235,239	410,761
Insurance	95,500	95,500	73,252	22,248
Administrative and General	452,610	452,610	202,130	250,480
Depreciation	-	-	427,427	(427,427)
Total Operating Expenses	3,122,252	3,122,252	2,865,219	257,032
Other Income/(Expenses):				
Investment Income	12,500	12,500	2,618	(9,882)
Interest Expense	-	(196,287)	(196,287)	-
Amortization Income	-	-	68,975	68,975
Cost of Issuance	-	-	(220,375)	220,375
Total Other Income/(Expenses)	12,500	(183,787)	(345,069)	(161,282)
Net Income	$ 60,790	$ (135,497)	235,425	$ 370,921

Reconciliation to change in net position per Statements of Revenues, Expenses and Changes in Net Position:

Unbudgeted Pension and OPEB Revenue / Expense	230,482
Bad Debt Expense	(52,029)
Subtotal	178,453
Change in net position per Statement of Revenue, Expenses and Change in Net Position	$ 413,878

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Net Position
December 31, 2022

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
ASSETS						
Unrestricted Assets:						
Current Assets:						
Cash and Cash Equivalents	$ 5,803,949	$ 5,803,949	$ -	$ -	$ -	$ -
Accounts Receivable	533,121	533,121	-	-	-	-
Total Unrestricted Current Assets	6,337,070	6,337,070	-	-	-	-
Restricted Assets:						
Current Assets:						
Cash and Cash Equivalents	5,940,517	636,035	1,113,827	779,701	3,410,954	-
Accounts Receivable	303,527	-	-	-	303,527	-
Grant Receivable	155,901	-	155,901	-	-	-
Current Portion of Lease Receivable	837,817	-	-	837,817	-	-
Mortgage Interest Receivable	976,158	-	-	-	109,474	866,684
Interest Receivable	-	-	-	-	-	-
Interfund - Due From General and Administrative Fund	-	-	-	-	-	-
Due from Various Agencies	14,321	-	-	-	14,321	-
Total Restricted Current Assets	8,228,241	636,035	1,269,728	1,617,518	3,838,276	866,684
Non-Current Assets:						
Mortgages Receivable	24,749,441	-	8,234,819	-	3,898,573	12,616,049
Valuation Allowance for Loan Losses	(25,673,653)	-	(8,234,819)	-	(3,956,101)	(13,482,733)
Mortgages Receivable, net	(924,212)	-	-	-	(57,528)	(866,684)
Lease Receivable, Net of Current Portion	846,727	-	-	846,727	-	-
Total Restricted Non-Current Assets	(77,485)	-	-	846,727	(57,528)	(866,684)
Total Restricted Assets	8,150,756	636,035	1,269,728	2,464,245	3,780,748	-
Capital Assets, Net of Depreciation	15,178,784	50,649	-	15,128,135	-	-
Total Assets	29,666,610	7,023,754	1,269,728	17,592,380	3,780,748	-
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	262,649	262,649	-	-	-	-
Deferred Outflows Related to OPEB	1,027,550	1,027,550	-	-	-	-
Total Deferred Outflows of Resources	1,290,199	1,290,199	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 30,956,809	$ 8,313,953	$ 1,269,728	$ 17,592,380	$ 3,780,748	$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Net Position (continued)
December 31, 2022

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
LIABILITIES						
Unrestricted Liabilities:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	$ 132,077	$ 132,077	$ -	$ -	$ -	$ -
Unearned Program Income	40,921	-	40,921	-	-	-
Pension Payable	174,964	174,964	-	-	-	-
Total Unrestricted Current Liabilities	347,962	307,041	40,921	-	-	-
Restricted Liabilities:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	2,431,516	124,311	1,997,711	-	309,494	-
Interfund - Due To (From)	-	768,904	(768,904)	-	-	-
Due to Various Agencies	3,471,254	-	-	-	3,471,254	-
Current Portion of Bonds Payable	180,000	-	-	180,000	-	-
Total Current Liabilities Payable from Restricted Liabilities	6,082,770	893,215	1,228,807	180,000	3,780,748	-
Long-Term Liabilities:						
Accrued Sick and Vacation	86,167	86,167	-	-	-	-
Bonds Payable, net of Current Portion	15,155,000	-	-	15,155,000	-	-
Net Pension Liability	2,093,852	2,093,852	-	-	-	-
Net OPEB Liability	2,735,741	2,735,741	-	-	-	-
Total Long-Term Liabilities	20,070,760	4,915,760	-	15,155,000	-	-
Total Liabilities	26,501,492	6,116,016	1,269,728	15,335,000	3,780,748	-
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Lease Receivables	1,637,077	-	-	1,637,077	-	
Deferred Inflows Related to Pensions	434,225	434,225	-	-	-	-
Deferred Inflows Related to OPEB	1,931,015	1,931,015	-	-	-	-
Total Deferred Inflows of Resources	4,002,317	2,365,240	-	1,637,077	-	-
NET POSITION						
Restricted for Unemployment	27,385	27,385	-	-	-	-
Unrestricted	425,615	(194,688)	-	620,303	-	-
Total Net Position	453,000	(167,303)	-	620,303	-	-
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 30,956,809	$ 8,313,953	$ 1,269,728	$ 17,592,380	$ 3,780,748	$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Net Position
December 31, 2021 (restated)

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
ASSETS						
Unrestricted Assets:						
Current Assets:						
Cash and Cash Equivalents	$ 5,090,066	$ 5,090,066	$ -	$ -	$ -	$ -
Accounts Receivable	1,038,186	1,038,186	-	-	-	-
Total Unrestricted Current Assets	6,128,252	6,128,252	-	-	-	-
Restricted Assets:						
Current Assets:						
Cash and Cash Equivalents	4,959,484	548,369	253,281	812,578	3,345,256	-
Accounts Receivable	200,310	-	-	-	200,310	-
Grant Receivable	876,305	-	876,305	-	-	-
Mortgage Interest Receivable	961,501	-	-	-	125,744	835,757
Interest Receivable	6,901	-	6,901	-	-	-
Due from Various Agencies	386,420	-	-	-	386,420	-
Notes Receivable	41,007	-	41,007	-	-	-
Total Restricted Current Assets	7,431,928	548,369	1,177,494	812,578	4,057,730	835,757
Non-Current Assets:						
Mortgages Receivable	24,862,992	-	8,212,468	-	4,034,475	12,616,049
Valuation Allowance for Loan Losses	(25,772,547)	-	(8,212,468)	-	(4,108,273)	(13,451,806)
Total Restricted Non-Current Assets	(909,555)	-	-	-	(73,798)	(835,757)
Total Restricted Assets	6,522,373	548,369	1,177,494	812,578	3,983,932	-
Capital Assets, Net of Depreciation	15,551,506	67,240	-	15,484,266	-	-
Total Assets	28,202,131	6,743,861	1,177,494	16,296,844	3,983,932	-
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	100,648	100,648	-	-	-	-
Deferred Outflows Related to OPEB	722,517	722,517	-	-	-	-
Total Deferred Outflows of Resources	823,165	823,165	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 29,025,296	$ 7,567,026	$ 1,177,494	$ 16,296,844	$ 3,983,932	$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Net Position (continued)
December 31, 2021 (restated)

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
LIABILITIES						
Unrestricted Liabilities:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	$ 62,451	$ 62,451	$ -	$ -	$ -	$ -
Unearned Program Income	53,392	-	53,392	-	-	-
Pension Payable	150,876	150,876	-	-	-	-
Total Unrestricted Current Liabilities	266,719	213,327	53,392	-	-	-
Restricted Liabilities:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	1,614,318	3,815	1,076,194	-	534,309	-
Due to Various Agencies	3,449,623	-	-	-	3,449,623	-
Interest Payable	6,901	-	6,901	-	-	-
Notes Payable	41,007	-	41,007	-	-	-
Current Portion of Bonds Payable	165,000	-	-	165,000	-	-
Total Current Liabilities Payable from Restricted Liabilities	5,276,849	3,815	1,124,102	165,000	3,983,932	-
Long-Term Liabilities:						
Accrued Sick and Vacation	84,176	84,176	-	-	-	-
Bonds Payable, net of Current Portion	15,335,000	-	-	15,335,000	-	-
Net Pension Liability	1,526,196	1,526,196	-	-	-	-
Net OPEB Liability	2,728,587	2,728,587	-	-	-	-
Total Long-Term Liabilities	19,673,959	4,338,959	-	15,335,000	-	-
Total Liabilities	25,217,527	4,556,101	1,177,494	15,500,000	3,983,932	-
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	1,104,715	1,104,715	-	-	-	-
Deferred Inflows Related to OPEB	1,679,309	1,679,309	-	-	-	-
Total Deferred Inflows of Resources	2,784,024	2,784,024	-	-	-	-
NET POSITION						
Restricted for Unemployment	23,497	23,497	-	-	-	-
Unrestricted	1,000,248	203,404	-	796,844	-	-
Total Net Position	1,023,745	226,901	-	796,844	-	-
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 29,025,296	$ 7,567,026	$ 1,177,494	$ 16,296,844	$ 3,983,932	$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
Operating Revenues:						
Project Administration Fees	$ 590,804	$ 590,804	$ -	$ -	$ -	$ -
Bond Fees	219,744	219,744	-	-	-	-
Grant and Agency Fund Fees	132,205	132,205	-	-	-	-
Grants	14,206,820	-	14,206,820	-	-	-
Reimbursement and Other	1,165,909	566,758	-	599,151	-	-
Rent Income	677,016	677,016	-	-	-	-
Total Operating Revenues	16,992,498	2,186,527	14,206,820	599,151	-	-
Operating Expenses:						
Payroll Expenses	1,474,469	1,474,469	-	-	-	-
Employee Benefits	298,017	298,017	-	-	-	-
Professional Fees	187,188	187,188	-	-	-	-
Insurance	76,588	76,588	-	-	-	-
Administrative and General	279,558	279,558	-	-	-	-
Project Costs	14,206,820	-	14,206,820	-	-	-
Depreciation	427,374	19,967	-	407,407	-	-
Total Operating Expenses	16,950,014	2,335,787	14,206,820	407,407	-	-
Operating Income (Loss)	42,484	(149,260)	-	191,744	-	-
Non-Operating Revenues/(Expense):						
Investment and Interest Income	75,195	65,506	-	9,689	-	-
Interest Income from Leasing Arrangements	47,467	-	-	47,467	-	-
Foreclosure Registry	(310,450)	(310,450)	-	-	-	-
Interest Expense	(425,441)	-	-	(425,441)	-	-
Total Non-Operating Expenses, net	(613,229)	(244,944)	-	(368,285)	-	-
Changes in Net Position	$ (570,745)	$ (394,204)	$ -	$ (176,541)	$ -	$ -

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended December 31, 2021 (restated)

	Total	General and Administrative Fund	Grant Fund	Bond Fund	Housing and Other Projects	Mortgages
Operating Revenues:						
Project Administration Fees	$ 362,641	$ 362,641	$ -	$ -	$ -	$ -
Bond Fees	243,238	243,238	-	-	-	-
Grant and Agency Fund Fees	940,497	940,497	-	-	-	-
Grants	6,114,228	-	6,114,228	-	-	-
Reimbursement and Other	1,046,390	1,046,390	-	-	-	-
Rent Income	852,947	852,947	-	-	-	-
Total Operating Revenues	9,559,941	3,445,713	6,114,228	-	-	-
Operating Expenses:						
Payroll Expenses	1,319,341	1,319,341	-	-	-	-
Employee Benefits	377,348	377,348	-	-	-	-
Professional Fees	235,239	235,239	-	-	-	-
Insurance	73,252	73,252	-	-	-	-
Administrative and General	202,130	202,130	-	-		-
Project Costs	6,114,228	-	6,114,228	-	-	-
Depreciation	427,427	21,424	-	406,003	-	-
Total Operating Expenses	8,748,965	2,228,734	6,114,228	406,003	-	-
Operating Income (Loss)	810,976	1,216,979	-	(406,003)	-	-
Non-Operating Revenues/(Expense):						
Investment and Interest Income	2,618	2,455	-	163	-	-
Note Interest, Net of Amortization Income	68,975	-	-	68,975	-	-
Cost of Issuance	(220,375)	-	-	(220,375)	-	-
Foreclosure Registry	-	-	-	-	-	-
Interest Expense	(196,287)	-	-	(196,287)	-	-
Bad Debt Expense	(52,029)	(52,029)	-	-	-	-
Total Non-Operating Expenses, net	(397,098)	(49,574)	-	(347,524)	-	-
Changes in Net Position	$ 413,878	$ 1,167,405	$ -	$ (753,527)	$ -	$ -

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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*

Board of Commissioners
Atlantic County Improvement Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of Atlantic County Improvement Authority (hereafter referred to as the "Authority") a component unit of the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2022-001, that we consider a *material weakness*.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as findings 2022-001, 2022-002 and 2022-003.

Atlantic County Improvement Authority's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* and audit requirements as prescribed by the Local Finance Board and 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

October 28, 2024
Lakewood, New Jersey

HFA
Certified Public Accountants + Advisors

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Atlantic County Improvement Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Atlantic County Improvement Authority (hereafter referred to as the Authority) a component unit of the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards, the Uniform Guidance is further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the schedule of findings and questioned costs as finding 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Authority's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2022-003, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Holman Frenia Allison

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 28, 2024
Lakewood, New Jersey

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant or State Project Number	Program or Award Amount	Grant Period	Current Year Expenditures	Total Expenditures	Passed to Sub-Recipients	Total Awards Expended
U.S. Department of Housing and Urban Development								
Passed through Atlantic County, New Jersey								
Home Investment Partnership Act (HOME) - 2018	14.239	Not applicable	$ 717,003	9/1/2018 - 8/31/2025	$ 191,870	$ 191,870	$ -	$ 530,765
Home Investment Partnership Act (HOME) - 2019	14.239	Not applicable	670,111	9/1/2019 - 8/31/2026	26,767	26,767	-	66,435
Home Investment Partnership Act (HOME) - 2020	14.239	Not applicable	694,139	9/1/2020 - 8/31/2027	2,950	2,950	-	69,413
Home Investment Partnership Act (HOME) - 2021	14.239	Not applicable	671,692	9/1/2021 - 8/31/2028	44,932	44,932	-	67,169
Home Investment Partnership Act (HOME) - 2022	14.239	Not applicable	709,569	9/1/2022 - 8/31/2030	34,573	34,573	-	34,573
Total Home Investment Partnership Act (HOME)					301,092	301,092	-	768,355
Passed through Atlantic County, New Jersey								
Community Development Block Grant (CDBG) - Entitlement Grant Cluster:								
Community Development Block Grant (CDBG) - 2014	14.218	Not applicable	1,048,743	9/1/2014 - 8/31/2021	-	-	-	1,048,743
Community Development Block Grant (CDBG) - 2015	14.218	Not applicable	1,033,275	9/1/2015 - 8/31/2022	112,099	112,099	-	1,033,275
Community Development Block Grant (CDBG) - 2016	14.218	Not applicable	1,102,215	9/1/2016 - 8/31/2023	-	-	-	916,566
Community Development Block Grant (CDBG) - 2017	14.218	Not applicable	1,207,139	9/1/2017 - 8/31/2024	-	-	-	1,048,976
Community Development Block Grant (CDBG) - 2018	14.218	Not applicable	1,300,087	9/1/2018 - 8/31/2025	-	-	-	778,324
Community Development Block Grant (CDBG) - 2019	14.218	Not applicable	1,217,645	9/1/2019 - 8/31/2026	-	-	-	476,734
Community Development Block Grant (CDBG) - 2020	14.218	Not applicable	1,197,463	9/1/2020 - 8/31/2027	-	-	-	268,899
Community Development Block Grant (CDBG) - 2021	14.218	Not applicable	1,179,416	9/1/2021 - 8/31/2028	143,159	143,159	-	221,079
Community Development Block Grant (CDBG) - 2022	14.218	Not applicable	1,127,243	9/1/2022 - 8/31/2029	92,312	92,312	-	92,312
Community Development Block Grant (CDBG) - CV I	14.218	Not applicable	3,583,302	10/16/2020 - 10/15/2026	32,957	32,957	-	1,998,306
Community Development Block Grant (CDBG) - CV II	14.218	Not applicable	2,108,082	9/1/2020 - 8/31/2027	117,134	117,134	-	117,134
Total Community Development Block Grant (CDBG) - Entitlement Grant Cluster					497,661	497,661	-	8,000,348
Total U.S. Department of Housing and Urban Development					798,753	798,753	-	8,768,703
U.S. Department of the Treasury								
Passed through Atlantic County, New Jersey								
Emergency Rental Assistance Program (ERA) I *	21.023	Not applicable	7,468,231	1/1/2021 to 9/30/2022	4,348,585	4,348,585	-	7,461,793
Emergency Rental Assistance Program (Administration) I *	21.023	Not applicable	400,000	1/1/2021 to 9/30/2022	173,943	173,943	-	404,973
Emergency Rental Assistance Program (ERA) II *	21.023	Not applicable	8,485,539	9/1/2021 - 8/31/2025	8,485,539	8,485,539	-	8,485,539
Emergency Rental Assistance Program (Administration) II *	21.023	Not applicable	400,000	9/1/2021 - 8/31/2025	400,000	400,000	-	400,000
Total U.S. Department of the Treasury					13,408,067	13,408,067	-	16,752,305
Total Federal Awards					$ 14,206,820	$ 14,206,820	$ -	$ 25,521,008

* Donates Major Program

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards present the activity of all federal award programs of the Authority. The Authority is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3: SUB-RECIPIENTS

The Authority provided no federal assistance to sub-recipients for the year ended December 31, 2022.

NOTE 4: INDIRECT COSTS

The Authority does not have negotiated indirect cost rate, nor has it elected to use the 10% de minimis indirect cost rate.

NOTE 5: RELATIONSHIP TO FEDERAL REPORTS

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

NOTE 6: FEDERAL AND STATE LOANS OUTSTANDING

As of December 31, 2022, the Authority is not the guarantor of any loans outstanding.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Atlantic, State of New Jersey)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified			
Internal control over financial reporting:				
1) Material weakness(es) identified?	X	Yes		None Reported
2) Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?	X	Yes		None Reported

Federal Awards

Internal control over major programs:				
1) Material weakness(es) identified?		Yes	X	None Reported
2) Significant deficiency(ies) identified?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	X	Yes		None Reported

Identification of major programs:

Assistance Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
21.023	Not applicable	Emergency Rental Assistance Program

Dollar threshold used to determine Type A programs	$ 750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding 2022-001: General Ledger Maintenance

The Authority does not currently have a formal close process and does not maintain its general ledger in accordance with generally accepted accounting principles (GAAP). We specifically noted the following issues:

Formal Close Process

Criteria*:* Generally accepted accounting principles in the United States of America provides that the design or operation of an internal control structure over financial reporting allows management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. This includes the need for an individual, not directly involved in the preparation of transactions or financial statement amounts, to provide a review of the work performed. There appears to be a general lack of control consciousness within the Authority.

Condition and context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The extent of the adjusting journal entries proposed by the auditor and accepted by management was material to the financial statements.

Recommendation: We recommend the Authority implement a formalized closing process at least on an annual basis for all financial statement areas. The close process should include an in-depth analysis of all significant accounts, including recording all prior-year audit entries. All significant accounts should have supporting schedules that are prepared and reviewed by separate individuals within the Authority to ensure proper segregation of duties. Furthermore, supporting schedules should agree to the corresponding general ledger accounts. Implementation of these recommendations will improve financial reporting processes and internal controls of the Authority and result in a financial close with minimal proposed adjusting entries.

Management's response: Management will ensure proper segregation of duties and enhanced oversight, providing improved internal controls. Financial procedures and standard operating procedures will be revised, formalized and put into place.

Section II – Financial Statement Findings (continued)

Finding 2022-002: Lateness in Filing of Audited Financial Statements

Criteria: The Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, requires audited financial statement to be filed timely within the established deadline of September 30, 2023.

Condition and Context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The timeliness of filing the audited financial statements of the Authority as required by Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, was not filed timely within the established deadline of September 30, 2023.

Recommendation: The Authority should implement a formalized close process to ensure the Authority's financial statements are filed with the established deadline with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Management's Response: Management recognizes the need to submit their audit report to the Division of Local Government Services, Department of Community Affairs, State of New Jersey within established deadlines to remain compliant with requirements. Management will make an effort to correct their timeliness and file their audits within the appropriate deadlines going forward.

Section III – Federal Expenditures and Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by Uniform Guidance.

Finding 2022-003: Lateness in Submission of Single Audit

Criteria: Uniform Guidance requires a federal single audit to be submitted to the Federal Audit Clearing House (FAC) in accordance with federal guidelines within nine months of year end.

Condition and Context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Section III – Federal Expenditures and Findings and Questioned Costs (continued)

Finding 2021-003: Lateness in Submission of Single Audit (continued)

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The Authority did not submit the federal single audit for the year ended December 31, 2022, within the established deadline of September 30, 2023.

Recommendation: The federal single audit report must be submitted to the FAC in accordance with the deadlines set forth in the federal guidelines.

Management's Response: Management recognizes the need to submit federal single audit reports to the FAC in accordance with federal deadlines in order to remain compliant with requirements. Management will make an effort to correct their timeliness and file their federal single audits within the appropriate deadlines going forward.

ATLANTIC COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County Atlantic, State of New Jersey)
Summary Schedule of Prior Year Audit Findings and Questioned Costs

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

Finding 2021-001: General Ledger Maintenance

The Authority does not currently have a formal close process and does not maintain its general ledger in accordance with generally accepted accounting principles (GAAP). We specifically noted the following issues:

Formal Close Process

Criteria: Generally accepted accounting principles in the United States of America provides that the design or operation of an internal control structure over financial reporting allows management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. This includes the need for an individual, not directly involved in the preparation of transactions or financial statement amounts, to provide a review of the work performed. There appears to be a general lack of control consciousness within the Authority.

Condition and context: The financial information for the year ended December 31, 2021, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The extent of the adjusting journal entries proposed by the auditor and accepted by management was material to the financial statements.

Recommendation: We recommend the Authority implement a formalized closing process at least on an annual basis for all financial statement areas. The close process should include an in-depth analysis of all significant accounts, including recording all prior-year audit entries. All significant accounts should have supporting schedules that are prepared and reviewed by separate individuals within the Authority to ensure proper segregation of duties. Furthermore, supporting schedules should agree to the corresponding general ledger accounts. Implementation of these recommendations will improve financial reporting processes and internal controls of the Authority and result in a financial close with minimal proposed adjusting entries.

Results: This has not been corrected as of the date the audit report. Finding 2021-001 is a repeat finding in the accompanying schedule of findings and questioned costs as finding 2022-001.

Finding 2021-002: Lateness in Filing of Audited Financial Statements

Criteria: The Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, requires audited financial statement to be filed timely within the established deadline of September 30, 2022.

Finding 2021-002: Lateness in Filing of Audited Financial Statements (continued)

Condition and Context: The financial information for the year ended December 31, 2021, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The timeliness of filing the audited financial statements of the Authority as required by Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, was not filed timely within the established deadline of September 30, 2022.

Recommendation: The Authority should implement a formalized close process to ensure the Authority's financial statements are filed with the established deadline with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Results: This has not been corrected as of the date the audit report. Finding 2021-002 is a repeat finding in the accompanying schedule of findings and questioned costs as finding 2022-002.

FEDERAL EXPENDITURES AND FINDINGS AND QUESTIONED COSTS

Finding 2021-003: Lateness in Submission of Single Audit

Criteria: Uniform Guidance requires a federal single audit to be submitted to the Federal Audit Clearing House (FAC) in accordance with federal guidelines within nine months of year end.

Condition and Context: The financial information for the year ended December 31, 2021, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The Authority did not submit the federal single audit for the year ended December 31, 2021, within the established deadline of September 30, 2022.

Recommendation: The federal single audit report must be submitted to the FAC in accordance with the deadlines set forth in the federal guidelines.

Results: This has not been corrected as of the date the audit report. Finding 2021-003 is a repeat finding in the accompanying schedule of findings and questioned costs as finding 2022-003.

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To the Board of Commissioners of
Atlantic County Improvement Authority

We have audited the financial accounts and transactions of the Atlantic County Improvement Authority (hereafter referred to as the Authority), a component unit of, County of Atlantic, State of New Jersey for the year ended December 31, 2022. 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 $44,000 except by contract or agreement.

The Authority has a qualified purchasing agent on staff and therefore may award contracts up to $44,000 without competitive bids.

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 and awarded by resolution.

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

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results or our examination did not disclose any discrepancies.

The examination of expenditures revealed individual payments, contracts or agreements in excess of $17,500 "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*.

The supporting documentation indicates that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

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 partial payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Payroll

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. The results of the examination did not disclose any discrepancies.

Examination of Capital Assets

The capital asset subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority introduced its 2022 operating and capital budget on October 28, 2021, and formally adopted is operating and capital budget on December 9, 2021.

Current Year Findings:

Finding 2022-001: General Ledger Maintenance

The Authority does not currently have a formal close process and does not maintain its general ledger in accordance with generally accepted accounting principles (GAAP). We specifically noted the following issues:

Formal Close Process

Criteria*:* Generally accepted accounting principles in the United States of America provides that the design or operation of an internal control structure over financial reporting allows management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. This includes the need for an individual, not directly involved in the preparation of transactions or financial statement amounts, to provide a review of the work performed. There appears to be a general lack of control consciousness within the Authority.

Condition and context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. In particular, the results of our testing disclosed an instance in which cash and cash equivalent balances and related revenues, expenses, and cash flow activity were omitted from the prior period financial reporting system. As a result, the prior period financial statements were restated to correct the omission of cash and cash equivalent balances and the related revenues, expenses, and cash flow activity. Furthermore, other financial errors caused misstatements in the current year financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected and omitted prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The extent of the omission resulted in a restatement of the prior period financial statements and current year adjusting journal entries proposed by the auditor and accepted by management that were material to the current year financial statements.

Recommendation: We recommend the Authority implement a formalized closing process at least on an annual basis for all financial statement areas. The close process should include an in-depth analysis of all significant accounts, including recording all prior-year audit entries. All assets and liabilities held in the name of the Authority should be reconciled using third party source documentation, if applicable, to the general ledger, with supporting schedules prepared and reviewed by separate individuals within the Authority to ensure proper segregation of duties. Implementation of these recommendations will improve financial reporting processes and internal controls of the Authority and result in a financial statement audit with minimal proposed adjusting entries.

Management's response: Management will ensure a formalized close process will be implemented which will ensure proper segregation of duties and enhanced oversight, providing improved internal controls. Financial procedures and standard operating procedures will be revised, formalized, and put into place.

Finding 2022-002: Lateness in Filing of Audited Financial Statements

Criteria: The Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, requires audited financial statement to be filed timely within the established deadline of September 30, 2023.

Condition and Context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The timeliness of filing the audited financial statements of the Authority as required by Division of Local Government Services (DLGS), Department of Community Affairs, State of New Jersey, was not filed timely within the established deadline of September 30, 2023.

Recommendation: The Authority should implement a formalized close process to ensure the Authority's financial statements are filed with the established deadline with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Management's Response: Management recognizes the need to submit their audit report to the Division of Local Government Services, Department of Community Affairs, State of New Jersey within established deadlines to remain compliant with requirements. Management will make an effort to correct their timeliness and file their audits within the appropriate deadlines going forward.

Finding 2022-003: Lateness in Submission of Single Audit

Criteria: Uniform Guidance requires a federal single audit to be submitted to the Federal Audit Clearing House (FAC) in accordance with federal guidelines within nine months of year end.

Condition and Context: The financial information for the year ended December 31, 2022, included errors in certain accounts that were the result of ineffective monitoring procedures and/or closing processes throughout the year. These errors can cause misstatements in the financial statements, and in certain circumstances resulted in proposed audit adjustments.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, is not being effectively performed. This will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to possibly exist without notice.

Effect: The Authority did not submit the federal single audit for the year ended December 31, 2022, within the established deadline of September 30, 2023.

Recommendation: The federal single audit report must be submitted to the FAC in accordance with the deadlines set forth in the federal guidelines.

Management's Response: Management recognizes the need to submit federal single audit reports to the FAC in accordance with federal deadlines in order to remain compliant with requirements. Management will make an effort to correct their timeliness and file their federal single audits within the appropriate deadlines going forward.

Follow-Up of Prior Years' Findings

In accordance with G*overnment Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. During the current year, it was noted that the Authority had prior year findings 2021-001, 2021-002 and 2021-003 (current year 2022-001, 2022-002 and 2022-003, respectively) which was not corrected in the current 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. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments, please call us.

Holman Frenia Allison

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

October 28, 2024
Lakewood, New Jersey