

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
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 FOR THE YEAR ENDED DECEMBER 31, 2017**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners  
Atlantic County Improvement Authority:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Atlantic County Improvement Authority's, Barlinvis Apartments Project (the "Project") which comprise the statement of net position as of December 31, 2017, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Project as of December 31, 2017, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis report that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

### *Other Information*

Our audit was performed for the purpose of forming an opinion on the financial statements of the Project taken as a whole. The accompanying supplementary information is not a required part of the financial statements and is presented for the purposes of additional analysis as required by the Department of Housing and Urban Development ("HUD"). The supplementary information is the responsibility of management and was derived from, and relates to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The management agent's certification has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project's internal control over financial reporting and compliance.

June 27, 2018  
Toms River, New Jersey

## **FINANCIAL STATEMENTS**

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF NET POSITION  
 AS OF DECEMBER 31, 2017**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 228,712
Tenant security deposits	26,757
Accounts receivable - tenants	22,272
Prepaid expenses	<u>2,447</u>
Total current assets	<u>280,188</u>
Non-current assets:	
Reserve for repairs and replacements	277,920
Capital assets, net	<u>2,501,576</u>
Total non-current assets	<u>2,779,496</u>
Total assets	<u>3,059,684</u>

LIABILITIES

Current liabilities:	
Accounts payable	47,523
Tenant security deposits	<u>23,472</u>
Total current liabilities	<u>70,995</u>

NET POSITION

Net position:	
Net investment in capital assets	2,501,576
Restricted	277,920
Unrestricted	<u>209,193</u>
Total net position	<u>\$ 2,988,689</u>

See accompanying notes to financial statements.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Operating revenues:	
Tenant revenue	\$ 165,005
Subsidy revenue	581,815
Other revenues	<u>3,868</u>
Total operating revenues	<u>750,688</u>
Operating expenses:	
Administrative	112,530
Utilities	92,011
Ordinary maintenance and operations	156,728
Taxes and insurance	47,114
Depreciation	<u>66,676</u>
Total operating expenses	<u>475,059</u>
Operating income	<u>275,629</u>
Non-operating income:	
Investment income	<u>1,394</u>
Change in net position	277,023
Total net position, beginning of year	<u>2,711,666</u>
Total net position, end of year	<u><u>\$ 2,988,689</u></u>

See accompanying notes to financial statements.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 186,433
Cash received from grantors	585,683
Cash paid to suppliers and vendors	(358,804)
Cash paid to employees and contracted labor	<u>(68,208)</u>
Net cash provided by operating activities	<u>345,104</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(327,965)</u>
Net cash used in capital and related financing activities	<u>(327,965)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>1,394</u>
Net cash provided by investing activities	<u>1,394</u>
Net increase in cash	18,533
Cash and cash equivalents, beginning of year	<u>514,856</u>
Cash and cash equivalents, end of year	<u><u>\$ 533,389</u></u>

A reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:

Cash and cash equivalents	\$ 228,712
Tenant security deposits	26,757
Restricted cash	<u>277,920</u>
	<u><u>\$ 533,389</u></u>



**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Reconciliation of operating income to  
net cash provided by operating activities:

Operating income	\$ 275,629
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Adjustments to reconcile operating income to net cash  
provided by operating activities:

Depreciation	66,676
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Changes in operating assets and liabilities:

Accounts receivable - tenants	(8,237)
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Prepaid expenses	(115)
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Accounts payable	7,548
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Tenant security deposits	<u>3,603</u>
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Net cash provided by operating activities	<u>\$ 345,104</u>
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**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Atlantic County Improvement Authority (the "Authority") is a component unit of the County of Atlantic, New Jersey, and was created pursuant to a resolution adopted by the Board of Chosen Freeholders of the County of Atlantic, New Jersey 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.

On January 23, 2015, the Authority acquired substantially all of the assets of the Barlinvis Apartments Project (the "Project"), as a result of a foreclosure on a second mortgage. The second mortgage had an unpaid principal amount of \$1,600,000 and accrued unpaid interest in the amount of \$4,622,342 for an aggregate amount of \$6,222,342. The property was recorded by the Authority at an appraised value of \$1,900,000. As part of the foreclosure, the Authority also took possession of cash reserves and tenant security deposit accounts of \$397,222 and tenant accounts receivable of \$14,518.

The Project was formed in 1983 for the purpose of operating a 68 unit residential housing facility for low income individuals and families.

The Project and the United States Department of Housing and Urban Development ("HUD") entered into a Housing Assistance Payments ("HAP") Contract. Pursuant to the terms and conditions of the HAP contract, HUD agreed to make housing assistance payments monthly to the Project on behalf of each eligible tenant in the amount equal to the difference between the amount specified in the HAP contract as the rental for the leased unit occupied by said tenant and that portion of such rental which is payable by the tenant in accordance with prescribed formulas, but which shall not exceed 30% of the tenant's adjusted gross income. HUD has notified the Project that it has reserved its annual commitment for housing assistance payments under the HAP contract, the amount is based upon the initial schedule of approved contract rents. The terms of the HAP contract will provide for increases and decreases in contract rents and subsidies thereto subject to certain conditions.

The accompanying financial statements present the financial activity of the Project and not the Authority as a whole.

**B. Basis of Accounting**

The Project's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY**  
**BARLINVIS APARTMENTS PROJECT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

The Project's funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities are recognized when the exchange takes place.

In accordance with GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

**C. Use of Management Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

**D. Cash and Cash Equivalents**

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, or 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. 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.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

It is the Authority's policy to maintain collateralization in accordance with State of New Jersey requirements.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Accounts Receivable - Tenants**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

**F. Allowance for Doubtful Accounts**

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

**G. Prepaid Expenses**

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

**H. Taxes**

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

**I. Capital Assets, Net**

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

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

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

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Operating Revenues and Expenses**

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

**K. Equity Classifications**

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

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

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

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2017, the Project had funds on deposit in checking and money market accounts. As of December 31, 2017, the carrying amount of the Project's cash (including tenant security deposits and restricted reserves) was \$533,389, and the bank balances were \$543,172. Cash and cash equivalents consist of the following:

<u>Cash Category</u>	<u>Amount</u>
Operating	\$ 228,712
Tenant security deposits	26,757
Reserves for repairs and replacement	<u>277,920</u>
	<u>\$ 533,389</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2017, the Project's bank balance of \$533,389 was not exposed to custodial credit risk. Of the bank balances, \$250,000 were covered by federal depository insurance. The remaining \$283,389 were collateralized in the Project's name under GUDPA.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 DECEMBER 31, 2017**

**NOTE 3. ACCOUNTS RECEIVABLE - TENANTS**

Management estimates that all accounts receivable - tenants are fully collectible by the Project and therefore an allowance for doubtful accounts is not required.

**NOTE 4. CAPITAL ASSETS, NET**

A summary of the changes in capital assets during December 31, 2017 were as follows:

Description	December 31, 2016	Additions	Dispositions	Transfers	December 31, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 418,508	\$ -	\$ -	\$ -	\$ 418,508
<u>Depreciable capital assets:</u>					
Buildings	1,896,941	322,352	-	-	2,219,293
Furniture and equipment	10,898	5,613	-	-	16,511
Subtotal	<u>1,907,839</u>	<u>327,965</u>	<u>-</u>	<u>-</u>	<u>2,235,804</u>
Total capital assets	2,326,347	327,965	-	-	2,654,312
Less: accumulated depreciation	<u>86,060</u>	<u>66,676</u>	<u>-</u>	<u>-</u>	<u>152,736</u>
Net capital assets	<u>\$ 2,240,287</u>	<u>\$ 261,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,576</u>

Depreciation expense for the year ended December 31, 2017 amounted to \$66,676.

**NOTE 5. RESERVE FOR REPAIRS AND REPLACEMENTS**

The Project is required to set aside money for repairs and replacement of property. These amounts, which totaled \$277,920 as of December 31, 2017 are not generally available for operating purposes.

**NOTE 6. MANAGEMENT AGREEMENT**

The Authority engaged PV Community Development Corporation ("the Managing Agent") to manage the day-to-day operations of the Project. The Managing Agent oversees the rental of the dwelling units, parking spaces, commercial space and other rental facilities and concessions in the Project. The Management Agent will also collect rents, enforce the leases and cause the Project to be maintained and repaired in accordance with the Management Plan and applicable federal, state and local codes and maintain the Project's financial records.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2017**

**NOTE 6. MANAGEMENT AGREEMENT (continued)**

The Management Agent will be compensated at 5.75% of gross residential rental income and miscellaneous income fee collections. The term of the Management Agreement is for one year with automatic renewal provisions if it is not cancelled.

For the year ended December 31, 2017, management fee expense totaled \$44,441.

**NOTE 7. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Project's major asset is a 68 unit housing complex. The Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**NOTE 8. RISK MANAGEMENT**

The Project is exposed to various risks related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs, there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage.

**NOTE 9. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Project through June 27, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners  
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, the financial statements of Atlantic County Improvement Authority's, Barlinvis Apartments Project (the "Project") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements, and have issued our report thereon dated June 27, 2018.

**Internal Control Over Financial Reporting**

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

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

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



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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Project'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

June 27, 2018  
Toms River, New Jersey

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

I. Summary of Auditors' Results

There were no findings or questioned costs in the current year.

II. Summary of Prior Audit Findings

None.

**SUPPORTING DATA REQUIRED BY HUD**

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF FINANCIAL POSITION DATA  
 AS OF DECEMBER 31, 2017**

Account  
 Number

ASSETS

<u>Account Number</u>		
	CURRENT ASSETS	
1120	Cash	\$ 228,712
1130	Tenant accounts receivable	22,272
1200	Prepaid expenses	<u>2,447</u>
1100T	Total current assets	<u>253,431</u>
1191	Tenant deposits held in trust	<u>26,757</u>
	RESTRICTED DEPOSITS	
1320	Replacement reserve	<u>277,920</u>
1300T	Total deposits	<u>277,920</u>
	PROPERTY AND EQUIPMENT	
1410	Land	418,508
1420	Building	2,219,293
1470	Maintenance equipment	<u>16,511</u>
1400T	Total fixed assets	2,654,312
1495	Accumulated depreciation	<u>(152,736)</u>
1400N	Net fixed assets	<u>2,501,576</u>
1000T	Total assets	<u>\$ 3,059,684</u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF FINANCIAL POSITION DATA (continued)  
 AS OF DECEMBER 31, 2017**

Account  
 Number

LIABILITIES AND NET ASSETS

<u>Account Number</u>		
CURRENT LIABILITIES		
2110	Accounts payable - operations	\$ <u>47,523</u>
2122T	Total current liabilities	<u>47,523</u>
2191	Tenant deposits held in trust	<u>23,472</u>
2000T	Total liabilities	<u>70,995</u>
NET ASSETS		
3131	Unrestricted net assets (deficit)	<u>2,988,689</u>
3130	Total net assets (deficit)	<u>2,988,689</u>
2033T	Total liabilities and net assets	\$ <u><u>3,059,684</u></u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF ACTIVITIES DATA  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Account Number</u>		
	REVENUES	
5120	Rent revenue - gross potential	\$ 191,067
5121	Tenant assistance payments	<u>581,815</u>
5100T	Total rent revenue	<u>772,882</u>
5220	Vacancies - apartments	<u>(26,062)</u>
5200T	Total vacancies	<u>(26,062)</u>
5152N	Net rental revenue	<u>746,820</u>
5410	Financial revenue - operations	143
5440	Revenue from investments - reserve for replacements	<u>1,251</u>
5400T	Total financial revenue	<u>1,394</u>
5910	Laundry and vending revenue	3,813
5990	Miscellaneous	<u>55</u>
5900T	Total other revenue	<u>3,868</u>
5000T	Total revenue	<u>752,082</u>
	EXPENSES	
6204	Management consultants	8,451
6310	Office salaries	21,213
6311	Office expenses	11,745
6320	Management fee	44,441
6350	Audit expense	8,950
6351	Bookkeeping fee / accounting services	3,264
6390	Miscellaneous administrative expenses	<u>14,466</u>
6263T	Total administrative expenses	<u>112,530</u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF ACTIVITIES DATA (continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Account Number</u>			
	EXPENSES (continued)		
6420	Fuel oil	\$	336
6450	Electricity		18,718
6451	Water		24,697
6452	Gas		7,290
6453	Sewer		<u>40,970</u>
6400T	Total utilities expense		<u>92,011</u>
6510	Payroll		68,208
6515	Supplies		14,282
6520	Contracts		5,380
6525	Garbage and trash		12,138
6530	Security payroll/contract		1,239
6546	Heating repairs and maintenance		3,003
6548	Snow removal		2,173
6590	Miscellaneous operating and maintenance		<u>50,305</u>
6500T	Total operating and maintenance expenses		<u>156,728</u>
6711	Payroll taxes		6,665
6720	Property and liability insurance		29,254
6722	Workmen's compensation		1,816
6723	Health insurance and other benefits		<u>9,379</u>
6700T	Total taxes and insurance		<u>47,114</u>
6000T	Total cost of operations before depreciation		<u>408,383</u>
5060T	Profit before depreciation		343,699
6600	Depreciation expense		<u>66,676</u>
5060N	Operating income		<u>277,023</u>
3247	Change in unrestricted net assets		<u>277,023</u>
3250	Change in total net assets	\$	<u><u>277,023</u></u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF ACTIVITIES DATA (continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Account Number</u>		
S1000-010	Total mortgage principal payments required during the year.	\$ <u>          -</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement.	\$ <u>      57,672</u>
S1000-030	Replacement reserve or residual receipts releases which are included as expense items on this profit and loss statement.	\$ <u>          -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	\$ <u>          -</u>
S1100-060	Previous year unrestricted net assets	\$ 2,711,666
3247	Change in unrestricted net assets and operations	277,023
S1100-065	Other changes in unrestricted net assets	<u>          -</u>
3131	Unrestricted net assets	\$ <u>  2,988,689</u>
S1100-050	Previous year total net assets	\$ 2,711,666
3250	Change in total net assets from operations	277,023
S1100-056	Other changes in net assets	<u>          -</u>
3130	Total net assets	\$ <u>  2,988,689</u>

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**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF CASH FLOWS DATA  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Account  
 Number

Cash flows from operating activities:

S1200-010	Rental receipts	\$ 768,248
S1200-020	Interest receipts	1,394
S1200-030	Other operating receipts	<u>3,868</u>
S1200-040	Total receipts	<u>773,510</u>
S1200-050	Administrative	(86,603)
S1200-070	Management fees	(44,441)
S1200-090	Utilities	(92,011)
S1200-110	Operating and maintenance	(156,728)
S1200-140	Property insurance	(29,254)
S1200-150	Miscellaneous taxes and insurance	(17,975)
S1200-160	Tenant security deposits	<u>(6,888)</u>
S1200-230	Total disbursements	<u>(433,900)</u>
S1200-240	Net cash provided by operating activities	<u>339,610</u>

Cash flows from investing activities:

S1200-250	Net deposits to reserve for replacements	(58,923)
S1200-330	Purchases of property and equipment	<u>(327,965)</u>
S1200-350	Net cash used by investing activities	<u>(386,888)</u>

S1200-470 Net decrease in cash and cash equivalents (47,278)

S1200-480 Cash - beginning of period 275,990  
 S1200T Cash - end of period \$ 228,712

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 STATEMENT OF CASH FLOWS DATA (continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Account Number</u>			
	Reconciliation of change in net assets to net cash provided by operating activities:		
3250	Increase in net assets	\$	277,023
	Changes in operating assets and liabilities:		
6600	Depreciation expense		66,676
S1200-490	Account receivable		(8,237)
S1200-520	Prepaid expenses		(115)
S1200-530	Tenant security deposits		(6,888)
S1200-540	Accounts payable		7,548
S1200-560	Accrued liabilities		<u>3,603</u>
S1200-610	Net cash provided by operating activities	\$	<u><u>339,610</u></u>

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**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 COMPUTATION OF SURPLUS CASH AND  
 SCHEDULES OF RESERVES FOR REPLACEMENTS AND RESIDUAL RECEIPTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

**Computation of Surplus Cash**

S1300-010	Cash	\$ <u>255,469</u>
S1300-040	Total cash	<u>255,469</u>
	Current obligations:	
S1300-075	Accounts payable due within 30 days	47,523
2191	Tenant security deposits	<u>23,472</u>
S1300-140	Total current obligations	<u>70,995</u>
S1300-150	Surplus (deficit) cash	\$ <u>184,474</u>

**Schedule of Reserve for Replacements**

1320P	Balance at the beginning of year	\$ 218,997
1320DT	Total monthly deposits	57,672
1320INT	Interest income	<u>1,251</u>
1320	Balance at end of year	\$ <u>277,920</u>
1320R	Deposits Suspended or Waived Indicator	<u>No</u>

**Schedule of Residual Receipts**

1340P	Balance at the beginning of year	\$ <u>-</u>
1340	Balance at end of year	\$ <u><u>-</u></u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
 BARLINVIS APARTMENTS PROJECT  
 SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Land	\$ 418,508	\$ -	\$ -	\$ 418,508
Building	1,896,941	322,352	-	2,219,293
Building equipment, fixed	-	-	-	-
Building equipment, portable	-	-	-	-
Furniture, administrative	-	-	-	-
Furnishings	-	-	-	-
Maintenance equipment	10,898	5,613	-	16,511
Parking lot	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,326,347</u>	<u>\$ 327,965</u>	<u>\$ -</u>	2,654,312
Accumulated depreciation	<u>\$ 86,060</u>	<u>\$ 66,676</u>	<u>\$ -</u>	<u>152,736</u>
Net book value				<u>\$ 2,501,576</u>

See report of independent auditors.

**ATLANTIC COUNTY IMPROVEMENT AUTHORITY  
BARLINVIS APARTMENTS PROJECT  
MANAGEMENT AGENT'S CERTIFICATION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

I hereby certify that we have examined the accompanying financial statements and supplemental data of Barlinvis Apartments Project, and, to the best of my knowledge and belief; the same are accurate and complete.

Vernon Lawrence, Executive Director  
PV Community Development Corporation  
June 27, 2018

See report of independent auditors.