



# City of Greensboro

Date: March 28, 2003  
To: Ed Kitchen, City Manager  
From: Internal Audit  
Subject: Raymond S. King Apartments Limited Partnership 2001-2002

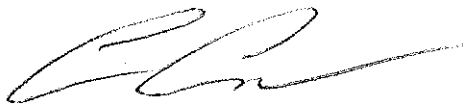
The Internal Audit Division has performed a program and compliance audit for the current year's operations of the Raymond S. King Apartments Limited Partnership, which received a loan in the amount of \$758,169 from the City of Greensboro to help in the rehabilitation of 22 apartments located at 1004 through 1028 John Dimrey Drive. These apartments are designed as transitional housing for homeless individuals or families to achieve independent living within 24 months or within a longer period, determined by HUD, as necessary to facilitate the transition. There was also a Purchase Money Note from the Redevelopment Commission of Greensboro of \$24,000. These apartments are managed by Wynnefield Properties, Incorporated.

The City's loan is due to be repaid on an annual basis beginning on the first day of July and continuing on each July 1 thereafter. The payment would be 50% of gross receipts after deducting all normal and reasonable operating and capital expenses incurred by Raymond S. King Apartments. Their financial statements for the year ended December 2001 reflect that expenses exceeded gross revenues and therefore no payment is due. The balance on the loan is due in full December 1, 2025 and the Purchase Money Note is due in full December 1, 2005. During last year's audit we calculated that the City was owed \$4,725 from the period of December 1996 thru December 2000. The agency's response to this was that there were some allowable expenses for maintaining and reporting purposes not charged to the project. The Housing & Community Development and Legal Staffs have concurred these charges are appropriate and no funds are owed to the City.

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development as he inspected approximately 15% of the units and he noted that these units needed minor repairs. The exterior of the buildings and site appeared to be well maintained. The North Carolina Housing Finance Agency also inspected this property on March 21, 2002 and noted that some minor corrections needed to be made.

We examined selected financial transactions and program documentation maintained by the agency for compliance with the loan agreement. Based on our review, it appears that the funds have been spent according to the terms of the loan agreement.

We would like to thank Ms. Trish Ragan, Property Management Division Head; Ms. Priscilla Walker, Property Manager; Ms. Crystal Nesbit, Site Manager and Mr. Donald Friend, Maintenance Supervisor for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.



Len Lucas  
Internal Auditor

Cc: Mitchell Johnson, Assistant City Manager  
Ben Brown, Assistant City Manager for Economic Development  
Bob Morgan, Assistant City Manager  
Linda Miles, City Attorney  
Andy Scott, Director of Housing & Community Development  
I. Norwood Stone, President of Wynnefield Properties, Incorporated  
Reverend Michael King, President of Project Homestead, Incorporated