



City of Greensboro

Date: March 28, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Wynnefield-Lincoln Grove Limited Partnership 2001-2002

The Internal Audit Division has performed a program and compliance audit of the current year's operations of the Wynnefield-Lincoln Grove Limited Partnership, which received a loan from the City of Greensboro in the amount of \$1,671,583 in December 1990 to help in the rehabilitation of 116 apartments for low-income residents. These apartments are called Lincoln Grove Apartments and are managed by Wynnefield Properties, Incorporated.

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development, as he inspected 15% of the units and noted that several units needed repairs. The North Carolina Housing Finance Agency also inspected this property on September 11, 2002 and noted that some minor corrections needed to be made.

The unpaid balance on this loan is due in full April 2002. Principal payments equal to 75% of the gross receipts less operating and capital expenses actually incurred shall be made annually. There haven't been any payments made to the City for this loan but according to our calculations, the City is owed \$3,997.50 as of the year ended December 2001. During last year's audit, we calculated the City was owed \$16,839.75 from a period of December 1993 thru December 2000, which is still outstanding.

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 except for the aforementioned loan repayments of \$3,997.50 and \$16,839.75. We would like a response about the repayments from the Housing & Community Development Department within 45 days from the date of this letter.

We would like to thank Ms. Trish Ragan, Director of Property Management; Ms. Crystal Nesbit, Site Manager; Mr. Donald Friend, Maintenance Supervisor and the staff of Lincoln Grove Apartments 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