



# City of Greensboro

Date: November 15, 2002  
To: Ed Kitchen, City Manager  
From: Internal Audit  
Subject: Autumn Drive and Camel Street 2001-2002

The Internal Audit Division has performed a program and compliance audit of the current year's operations of the Autumn Drive and Camel Street Apartments, which are owned by the City of Greensboro and are worth approximately \$1,150,000.

These apartments, located at 1601, 1603 and 1605 Autumn Drive and 315 West Camel Street, have 12 and 20 units respectively available for low-income families and individuals. These units are managed for the City by Affordable Housing Management, Incorporated.

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development, as he inspected approximately 15% of the units at both locations and noted the need for some general maintenance of the units. During last year's audit he also noted the need for some major water damage repairs and replacements at the Camel Street site: These repairs still have not been completed and the management agency and H&CD Department are working on them. The management agent has completed a inspection of all units, the work write up is in process, funding is in place and H&CD expects a contract to be executed prior to the end of the year. This water damage has caused vacancies in several of the apartments. The vacancy rate for both properties combined is 11.85%.

Last year we reported that the Camel Street Reserve for Replacements was only \$611. This year the Reserve is only \$63 and the H&CD Dept. funded \$3,689 to help with substantial Reserve for Replacement repairs, which consist of sub-floor, tile replacement, carpet and appliances. The contract states "Manager must maintain occupancy for both properties combined at a rate no less than 93%. In the event occupancy falls below 93%, the manager will have 60 days to increase occupancy. If after 60 days, the occupancy is still less than 93%, the owner has the right to immediately terminate the Agreement." The H&CD staff is aware of this 11.85% vacancy rate and indicated that solving the sub-floor problem caused by the rotten and/or soft flooring would assist in keeping existing residents and afford the property to be marketable to potential residents. H&CD Department has suspended funding to the Reserve for Replacement account on this property due to the additional financial strain. There was a decrease in unrestricted net assets of \$11,259 for the year ended June 30, 2002 at the Camel Street Apartments.

The apartments at Autumn Drive appear to be rented at 93% occupancy and the Reserve for Replacement Account has a balance of \$23,072.

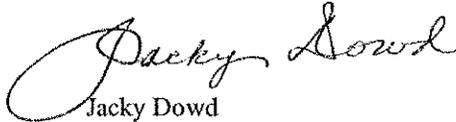
The employee embezzlement reported in the February 19, 2002 report has been resolved and Camel Street has received \$2,432 and Autumn Drive has received \$1,139 in restitution.

We examined selected program documentation and financial transactions maintained by the agency for compliance with the management agreement. Based on our review, it appears that the funds from rental revenues and reserve accounts have been spent according to the terms of the management agreement, however H&CD should continue working with this agency to complete needed repairs to obtain the desired occupancy rate. We would like a response from the Housing & Community Development Department within 45 days from the date of this letter.

We would like to thank Ms. Carol Smith, Property Director and Ms. Wanda Winchester, Property Manager for their courtesies 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



Jacky Dowd  
Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager  
Linda Miles, City Attorney  
Andy Scott, Director of Housing & Community Development  
David Levy, Executive Director of Affordable Housing Management, Incorporated