

WILMINGTON HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2019

**WILMINGTON HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2019**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	16
BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS	17
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	18
STATEMENT OF OPERATIONS AND CHANGES IN PARTNERS' CAPITAL – DISCRETELY PRESENTED COMPONENT UNITS	19
STATEMENT OF CASH FLOWS	20
NOTES TO FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TO LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM	49
SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM	50
SUPPLEMENTARY INFORMATION	
FINANCIAL DATA SCHEDULES	
ENTRY-WIDE BALANCE SHEET SUMMARY	52
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY	56
PROJECT BALANCE SHEET SUMMARY	60
PROJECT REVENUE AND EXPENSE SUMMARY	62
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL – LOW INCOME PUBLIC HOUSING PROGRAM	64
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL – HOUSING CHOICE VOUCHER PROGRAM	65

**WILMINGTON HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2019**

SINGLE AUDIT REPORT

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 <i>GOVERNMENT AUDITING STANDARDS</i>	67
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH UNIFORM GRANT GUIDANCE	69
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	72
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	74
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	78



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Wilmington Housing Authority
Wilmington, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund and the aggregate discretely presented component units of the Wilmington Housing Authority (the Authority), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We did not audit the financial statements of Taylor West, LLC, which represents 24%, 18%, and 16%, respectively, of the assets, member's equity, and revenues of the discretely presented component units. Those statements, which were prepared in accordance with the Accounting Standards issued by the Financial Accounting Standards Board, were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 auditor considers 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.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and the aggregate discretely presented component units of the Authority as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the schedule of the Authority's proportionate share of net pension liability to local government employee retirement system (LGERS) on page 51, and the Authority's schedule of contributions to the LGERS on page 52 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule and schedules of revenues and expenditures – budget to actual, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The financial data schedule, schedules of revenues and expenditures – budget to actual, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Wilmington Housing Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019, 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

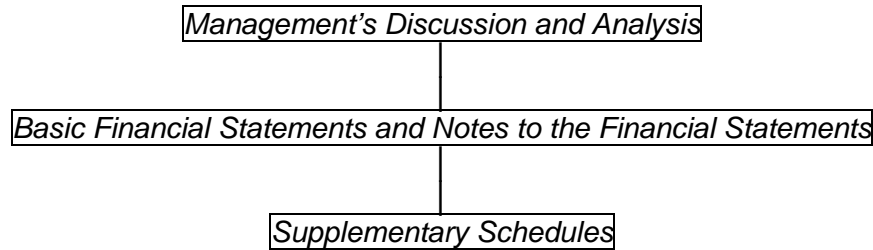
CliftonLarsonAllen LLP

Baltimore, Maryland
December 15, 2019

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

The Wilmington Housing Authority (the Authority) presents this discussion and analysis of its financial performance for the fiscal year (FY) ended March 31, 2019. The MD&A is designed to provide an overview of the financial activity for the year, identify changes in the Authority's financial position, and identify individual fund issues or concerns. Since its design is to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements, which follow this section.

The Authority's FY 2019 annual financial report consists of two parts – the management's discussion and analysis, and the basic financial statements (which include notes to those financial statements). Also included are supplementary schedules that show information sent to the U.S. Department of Housing and Urban Development (HUD) related to our basic financial statements.



The FY 2019 discussion and analysis is based on the financial results of the financial statements of the Authority using accounting methods similar to those used by private sector companies (Enterprise Fund). The discussion and analysis is also based on the financial results represented in three basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position includes all of the Authority's assets, liabilities, and deferred inflow/outflow of resources and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority.

The current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past fiscal year.

The statement of cash flows provides information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations, financing activities, capital activities, and investing activities.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

INTRODUCTION (CONTINUED)

Under GASB 34, the Authority's single business-type activities financial statements for FY 2019 report on all assets, liabilities, revenues, expenses, and net position under the programs it administers. The Authority's FY 2019 highlights are included in the following summary:

- Total assets were approximately \$46 million at March 31, 2019 after elimination of the interfund accounts.
- Total revenues and expenses were approximately \$21 million and \$22 million, respectively. After considering capital grants of \$596,497, the change in net position decreased by \$1 million during the fiscal year.
- Revenues are derived from various sources with approximately 88% from subsidy sources. Rental revenues from Authority-owned properties were approximately \$2 million, or 10% of total revenue.

Financial Statements

The Authority's mission focuses on the management, financing, rehabilitation, preservation, and construction of housing, primarily for low- and moderate-income households, assisting in the revitalization of neighborhoods, and redevelopment of areas in the City of Wilmington. The Authority, as of March 31, 2019, owned 981 residential units that are leased to low-income and moderate-income families and individuals. In addition, housing assistance was being paid to over 1,638 households under the Federal Housing Choice Voucher, HOPWA, HOME and Shelter Plus Care programs for privately owned existing housing.

In view of this mission, the Authority's financial reporting objective under GASB 34 in FY 2019 focuses on the financial activities of the Authority as a whole. They report the net position and changes in net position in full compliance with GASB 34 and on a full accrual basis. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

This entity-wide presentation represents over a dozen programs and activities. Most of these programs are financed by federal grants from HUD, rents, and other user charges resulting from operations of subsidized housing, by development and financing fees, and by investment income.

In FY 2019, the financial statement presentation includes the GASB 61 reporting requirement. GASB 61 effects on the financial statements include:

- Increased emphasis on financial relationships
- Clarifies the requirements to blend certain component units
- Improved recognition of ownership interest in joint partnerships, component units and investments

To comply with GASB Statement No. 61, the Authority included six additional component units to their financial statements. The financial information for Glover Plaza, Inc., Housing and Economic Opportunities, Inc. (HEO), Jervay House, LLC, HEO Partners I, II, III, LLC, WHA Partners I, II, LLC, and Supportive Housing I, LLC are blended as part of the financial statements of the Authority. The financial statements for the LIHTC properties – Taylor West, LLC, Rankin Place Terrace, and Creekwood South LLC, are discretely presented, meaning they are aggregately presented separate from the Authority's activity.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Financial Statements (Continued)

In FY 2019, the following programs made up the Authority's single business-type activities financial statements:

- *Low Income Public Housing Program* – Funding is from federal grants from HUD, rents, and other tenant charges and provides essential affordable housing for low-income and moderate-income families, disabled persons, and the elderly.
- *Housing Choice Voucher* – These programs are funded by HUD and are subsidy programs for low- and moderate-income families seeking housing in the private rental market.
- *Grant Programs (nonmajor funds)* – These programs account for HUD grant funds received for the following activities: Resident Opportunity and Self Sufficiency, Family Self Sufficiency (housing counseling assistance), Shelter Plus Care and Housing Opportunities for Persons with Aids.
- *HOPE VI Program* – This program accounts for the revitalization of severely distressed public housing.
- *Capital Fund Program* – This program uses HUD capital contributions to fund new construction, acquisition, and major improvements to existing public housing properties.
- *Business Activities* – This program finances the activities that involve sources and uses of funds not restricted for a particular program.
- *Blended Component Units* – These programs consist of Glover Plaza, Inc., Housing and Economic Opportunities, Inc. (HEO), Jervay House, LLC, HEO Partners I, II, III, LLC, WHA Partners I, II, LLC, and Supportive Housing I, LLC. All organizations operate as separate entities, each with its own board of directors.
- *Discretely Presented Component Units* – These programs consist of Taylor West, LLC, Creekwood South LLC, and Rankin Place Terrace LLC. All organizations operate as separate entities.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Net Position

The following table reflects the Authority's condensed summary of the balance sheet as of March 31, 2019 and 2018.

**Table 1
Comparative Summary of the Statement of Net Position (Balance Sheet)
March 31, 2019 and 2018**

	FYE 2019	FYE 2018	Variance	% Change
Current Assets	\$ 10,641,987	\$ 10,170,514	\$ 471,473	4.64 %
Capital Assets, Net	21,112,011	22,677,566	(1,565,555)	(6.90)
Noncurrent Assets	14,720,571	14,740,946	(20,375)	(0.14)
Total Assets	<u>46,474,569</u>	<u>47,589,026</u>	<u>(1,114,457)</u>	<u>(2.34)</u>
Deferred Outflow of Resources	938,716	672,900	265,816	39.50
Current Liabilities	1,821,068	3,725,169	(1,904,101)	(51.11)
Noncurrent Liabilities	5,234,858	3,145,929	2,088,929	66.40
Total Liabilities	<u>7,055,926</u>	<u>6,871,098</u>	<u>184,828</u>	<u>2.69</u>
Deferred Inflow of Resources	<u>3,507</u>	<u>27,865</u>	<u>(24,358)</u>	<u>(87.41)</u>
Net Investment in Capital Assets	19,550,279	21,040,029	(1,489,750)	(7.08)
Restricted Net Position	1,052,953	1,259,017	(206,064)	(16.37)
Unrestricted Net Position	19,750,620	19,063,917	686,703	3.60
Total Net Position	<u>\$ 40,353,852</u>	<u>\$ 41,362,963</u>	<u>\$ (1,009,111)</u>	<u>(2.44)</u>

Net position may serve over time as a useful indicator of the Authority's financial position. As illustrated in the statement of net position, the Authority's Net Position for FY 2019 decreased by \$1,009,111 or 2.4% from FY 2018.

Capital assets comprise about 45.4% of the Authority's total assets of \$46 million. These assets carry related current and long-term debt of approximately \$1.6 million, which is about 22.1% of its total liabilities. The net investment in capital assets amounts to about 48.3% of total net position. Net Investment in Capital Assets decreased 7% or \$1.5 million from the prior year.

The Authority's net position also consists of restricted and unrestricted net position. Restricted net position includes cash and investments restricted for housing assistance payments, loan loss and future capital projects less the liabilities that will be paid from these restricted assets. Unrestricted net position would include cash in the bank, receivables net of allowances, and other assets less all other liabilities not previously applied. For FY 2019, restricted and unrestricted net position increased by 2.4% or \$480,639.

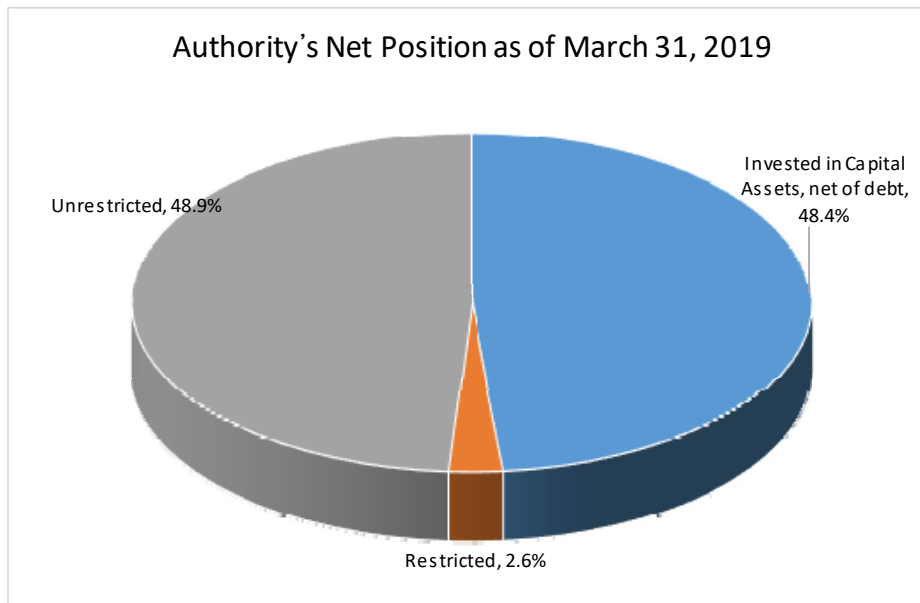
**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Net Position (Continued)

In 2016, the Authority implemented GASB Statement 68 and 71. The Authority has allocated its proportionate share of the Local Government Employee's Retirement System's (LGERS) net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. In 2019, the Authority's portion of the LGERS net position liability was \$677,541. The Authority's portion of the deferred outflows of resources related to this new statement was \$938,716 while deferred inflows of resources was \$3,507. The Authority also recognized pension expense of approximately \$293,231.

Management of the Local Government Employees' Retirement System resides with the LGERS Board of Trustees, which consists of 13 members, including five ex-officio or public Teachers' and State Employees' Retirement System Board members, plus eight members representing local governments. Decisions related to the funding and investing in the plan are made by the Department of State Treasurer, not by the Authority's management.

The following graph illustrates the relative percentage of the Authority's net position, net investment in capital assets, and net position that is restricted and unrestricted.



Current assets increased by \$471,473 due to increased cash and cash equivalents, an increase in HUD accounts receivables.

Capital assets decreased by \$1.6 million. The decrease is the net change in annual depreciation and additions in capital assets between fiscal years.

Total liabilities increased by \$184,828 primarily due to an increase in net pension liability.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Revenues, Expenses, and Changes in Net Position

**Table 2
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended March 31, 2019 and 2018**

	FYE 2019	FYE 2018	Variance	% Change
Tenant Revenue	\$ 2,136,198	\$ 2,306,118	\$ (169,920)	(7.37)%
HUD Subsidies	17,887,138	18,413,918	(526,780)	(2.86)
Other Governmental Grants	-	77,961	(77,961)	(100.00)
Other Income	352,819	937,982	(585,163)	(62.39)
Operating Revenues	<u>20,376,155</u>	<u>21,735,979</u>	<u>(1,359,824)</u>	<u>(6.26)</u>
Administration	2,533,696	2,545,536	(11,840)	(0.47)
Tenant Services	369,012	368,592	420	0.11
Utilities	1,497,878	1,436,403	61,475	4.28
Ordinary Maintenance	2,284,017	2,087,481	196,536	9.41
Protective Services	252,431	284,047	(31,616)	(11.13)
General Expenses	2,067,542	1,992,448	75,094	3.77
Housing Assistance Payments	10,670,360	11,277,111	(606,751)	(5.38)
Depreciation	2,288,704	2,266,089	22,615	1.00
Operating Expenses	<u>21,963,640</u>	<u>22,257,707</u>	<u>(294,067)</u>	<u>(1.32)</u>
Excess (Deficiency) Revenue Over Expenses	(1,587,485)	(521,728)	(1,065,757)	204.27
Investment Income	3,778	2,797	981	35.07
Interest Expense	(28,098)	(47,938)	19,840	(41.39)
Mortgage Interest Income	6,197	6,241	(44)	(0.71)
Capital Grants	596,497	1,389,141	(792,644)	(57.06)
Change in Net Position	<u>(1,009,111)</u>	<u>828,513</u>	<u>(1,837,624)</u>	<u>(221.80)</u>
Net Position - Beginning of Year	<u>41,362,963</u>	<u>40,534,450</u>	<u>828,513</u>	<u>2.04</u>
NET POSITION - END OF YEAR	<u>\$ 40,353,852</u>	<u>\$ 41,362,963</u>	<u>\$ (1,009,111)</u>	<u>(2.44)</u>

As shown in Table 2, during FY 2019, the Authority's total revenues decreased by 9%. The \$2.1 million decrease in revenue was due to several factors. HUD subsidies decreased \$527 thousand or 2.8% from last year due to a decrease in HCVP of \$1.3 million offset by an increase in LIPH of \$750 thousand. Capital Grant revenue decreased by 57% or \$793 thousand due mostly to a decrease in capital improvements. Revenues from HUD grants can vary greatly from year to year due to Authority needs as well as various other economic and market conditions.

Other income reflected a 62.4% decrease of \$585 thousand, which is due to a prior year one-time recognition of amounts earned on deferred ground lease revenue.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Revenues, Expenses, and Changes in Net Position (Continued)

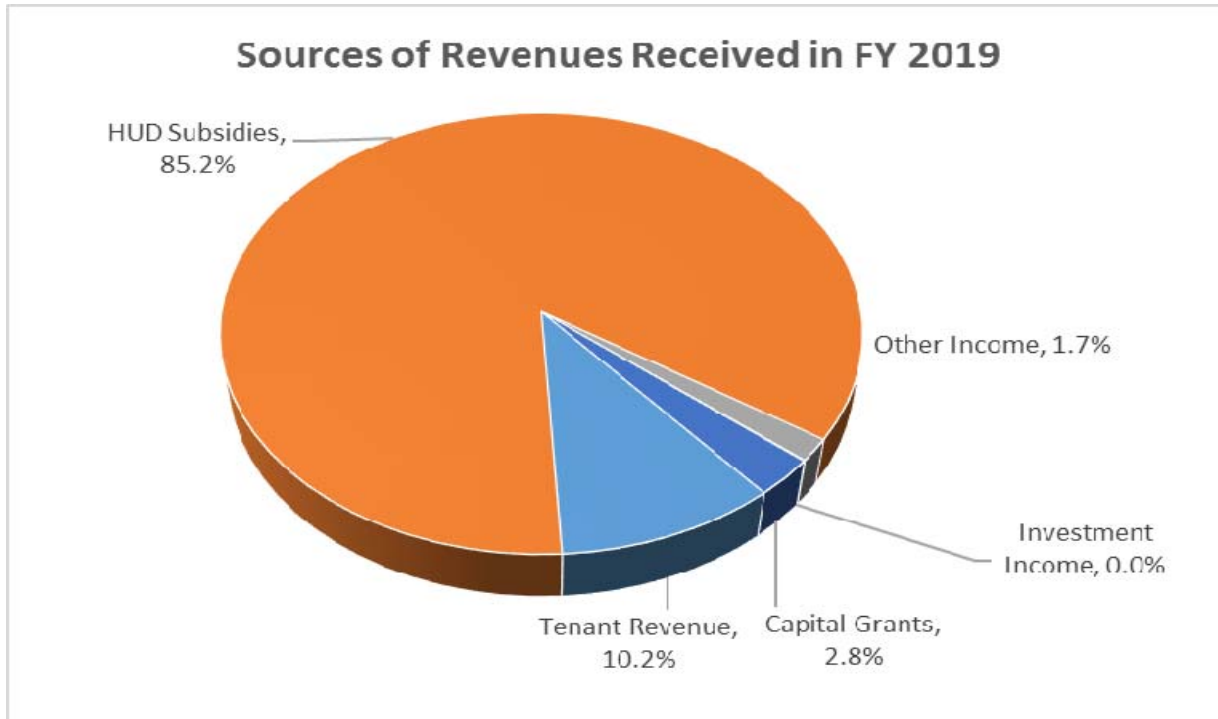
Total expenses in FY 2019 decreased \$314 thousand or 1.4%. Spending in the HCV program decreased \$607 thousand from the prior year. The HCV reduction was due to reduced housing assistance payments utilization.

At the end of fiscal year 2019, the Authority's Net Position decreased by \$1,009,111 thousand.

Sources of Revenues and Expenses

The majority of revenues received came from subsidies which amounted to 88% of total revenue. Total operating subsidies including capital funds received from HUD FY 2019 were \$18.8 million. Tenant rent revenues received in FY 2019 amounted to 10% of the total revenues received for the year. Rental income decreased by 7.9% as compared to FY 2018.

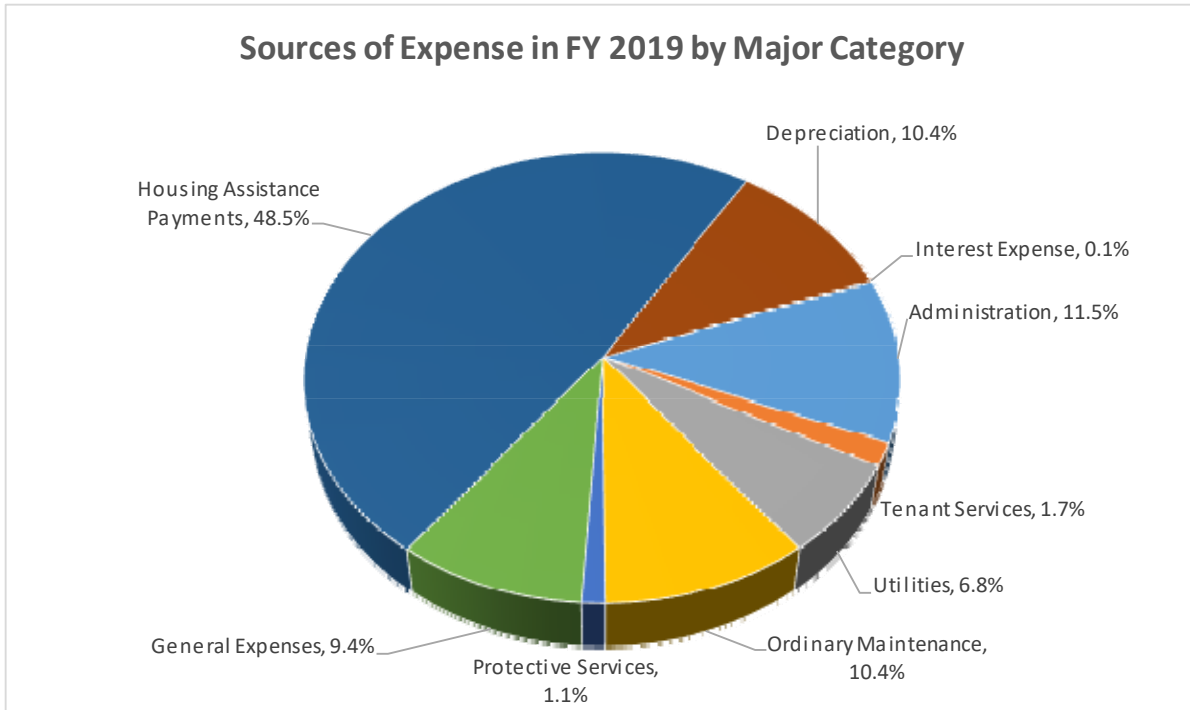
The following graph illustrates the major sources of these revenues and related percentages:



**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Sources of Revenues and Expenses (Continued)

The following graph illustrates the major expense groups and the percent that each category represents to total expenses incurred.



The Authority's expenses decreased 1.4% from last year.

Ordinary Maintenance expenses increased by \$196,536 due to an increase in maintenance contract materials.

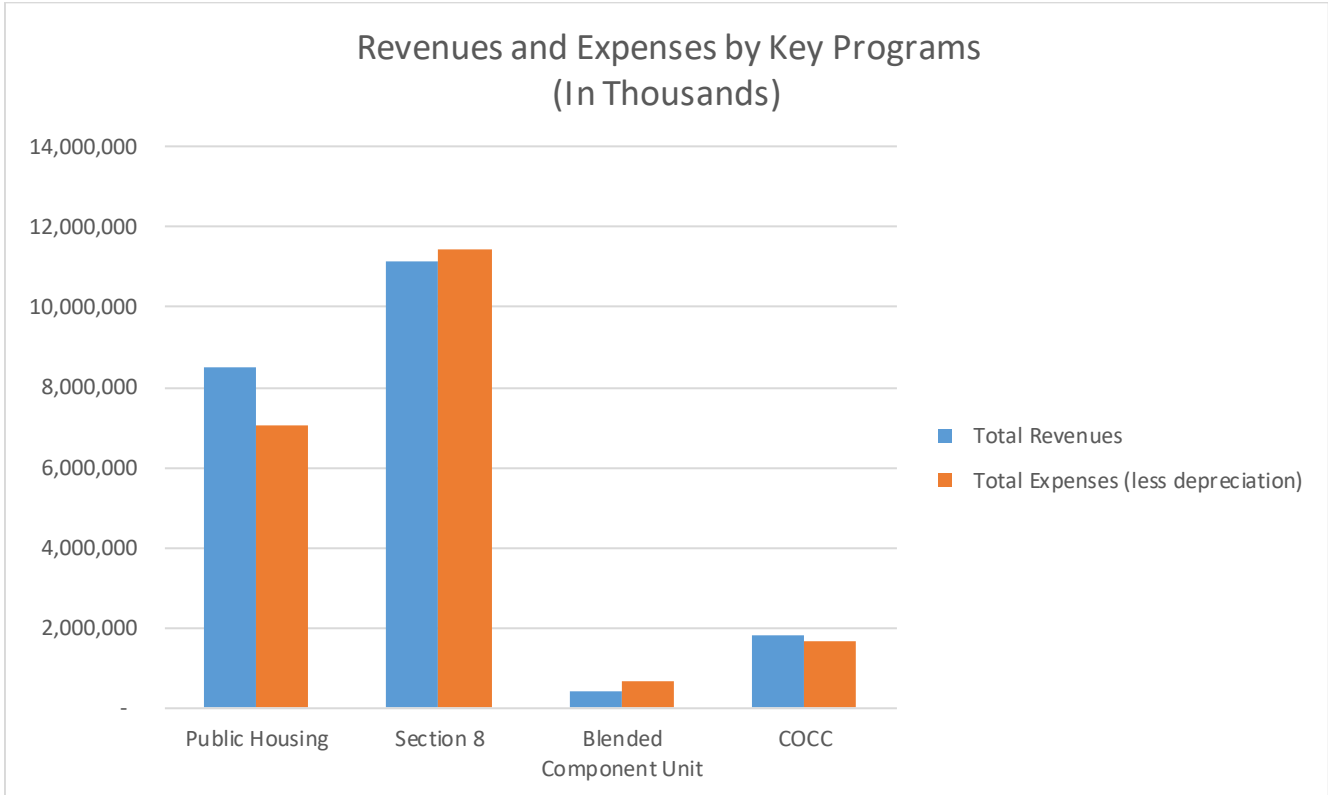
Housing assistance payments decreased by \$606,751. The decrease in utilization in the HCVP has been due to many factors, but primarily because the housing stock is not available. The demand clearly exceeds the supply across New Hanover County as well as in the City of Wilmington.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Sources of Revenues and Expenses (Continued)

Depreciation expense increased from last fiscal year by \$22,615. The increase is due to capital fund improvements.

The following graph illustrates a comparison of total revenues to total expenses incurred by major programs in FY 2019.



The following table gives us an idea of how the changes within the Authority's activities were spread among funds. The Authority experienced losses in the Public Housing Program, while the COCC and Housing Choice Voucher programs show gains. The Authority continues to work to reduce operating expenses, especially in the Low-Rent Public Housing, COCC and Housing Choice Voucher program due to economic factors and regulatory changes.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

**Table 3
Sources of Revenues and Expenses by Program
Year Ended March 31, 2019**

	Public Housing	COCC	HCV & VASH	Other Programs	Eliminations	Total
Tenant Revenue	\$ 1,838,967	\$ -	\$ -	\$ 297,231	\$ -	\$ 2,136,198
HUD Subsidies	6,006,207	-	11,112,164	768,767	-	17,887,138
Other Income	38,079	1,815,138	16,849	169,679	(1,686,926)	352,819
Total Revenues	7,883,253	1,815,138	11,129,013	1,235,677	(1,686,926)	20,376,155
Administrative	1,503,591	1,324,070	877,597	254,448	(1,426,010)	2,533,696
Tenant Services	19,474	-	-	349,538	-	369,012
Utilities	1,412,977	30,871	-	54,030	-	1,497,878
Maintenance	2,012,697	224,726	8,206	299,304	(260,916)	2,284,017
Protective Services	230,418	-	-	22,013	-	252,431
General/Other Items	1,858,640	111,638	45,904	51,360	-	2,067,542
Housing Assistance Payments	-	-	10,515,613	154,747	-	10,670,360
Depreciation	2,003,271	91,735	-	193,698	-	2,288,704
Total Expenses	9,041,068	1,783,040	11,447,320	1,379,138	(1,686,926)	21,963,640
Excess (Deficiency) Revenue over Expenses	(1,157,815)	32,098	(318,307)	(143,461)	-	(1,587,485)
Investment Income	2,305	438	256	779	-	3,778
Interest Expense	(28,098)	-	-	-	-	(28,098)
Mortgage Interest Income	-	-	-	6,197	-	6,197
Capital Grants	596,497	-	-	-	-	596,497
Net Change in Net Position	\$ (587,111)	\$ 32,536	\$ (318,051)	\$ (136,485)	\$ -	\$ (1,009,111)

Legend: Other Programs- Business Activities, Multi-Family Mortgage, Mortgage Disposition, CFP, Component Units (Blended), ROSS, Youthbuild, PH Family Self Sufficiency, Continuum of Care, HOPWA, HOME

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Financial Condition Indicators

The Real Estate Assessment Center performs a financial evaluation of the Authority as it compares to its peers. This evaluation is known as the Financial Assessment Subsystem (FASS). Through regulation, the Authority provides the information needed to project its score.

Fiscal year ending March 31, 2019 coincides with the eighth year of project-based budgeting and accounting under asset management. At the time of this report, the Authority has not received a final score for the fiscal year ending March 31, 2019.

The Housing Choice Voucher Program received a troubled performance status for fiscal year ending March 31, 2019 from the Real Estate Assessment Center.

Capital Assets

At the end of FY 2019, the Authority had Capital Assets amounting to \$21 million, net of depreciation. There were \$723,149 in capital asset acquisitions, which were offset by depreciation expense of \$2,288,704. A complete summary of capital assets follows:

**Wilmington Housing Authority
Combined State of Capital Assets**

	2019	2018	Total Change	% Change
Land	\$ 2,644,532	\$ 2,644,532	\$ -	-
Buildings and Improvements	65,784,455	65,213,350	571,105	0.88
Equipment	2,688,129	2,551,374	136,755	5.36
	71,117,116	70,409,256	707,860	1.01
Accumulated Depreciation	(50,005,105)	(47,731,690)	(2,273,415)	4.76
Total Capital Assets	<u>\$ 21,112,011</u>	<u>\$ 22,677,566</u>	<u>\$ (1,565,555)</u>	(6.90)

Capital Debt Activity

The following is a summary of the Capital Debt activity for the year ended March 31, 2019:

	Public Housing	Central Office Cost Center	Blended Component Unit	Authority Totals
Beginning Balance	\$ 603,614	\$ -	\$ 1,033,923	\$ 1,637,537
Principal Reductions	(57,437)	-	(18,368)	(75,805)
Additions	-	-	-	-
Ending Balance	<u>\$ 546,177</u>	<u>\$ -</u>	<u>\$ 1,015,555</u>	<u>\$ 1,561,732</u>

The Authority paid the normal principal and interest payments on all debt.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Economic Factors and Events Affecting Operations

Several factors may affect the financial position of the Authority in the subsequent fiscal year. These factors include:

1. The Authority is operating in a period of declining revenues. As a result of the tightening of the Federal government's budget, the Authority faces the potential of declining HUD subsidies used to administer its programs. In the upcoming year, the Authority expects to receive 84% of the requested operating subsidy.
2. In the HCV Programs, the Authority expects to receive 92% of the budget authority for HAP payments and 78% of the allowable administrative fees.
3. The Authority will be expending replacement housing factor funds to build 24 units of Public Housing at the Jervay HOPE VI site.

Contacting Authority Management

This financial report is designed to provide the citizens of the City of Wilmington, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Vice President / Chief Financial Officer, The Wilmington Housing Authority, 1524 S. 16th Street, Wilmington, NC 28401.

**WILMINGTON HOUSING AUTHORITY
STATEMENT OF NET POSITION
MARCH 31, 2019**

	Enterprise Fund
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 7,368,591
Restricted Cash	1,329,079
Inventories	41,524
Accounts Receivable, Net	1,721,638
Notes, Loans, and Mortgage Receivable - Current Portion	3,041
Prepaid Expenses	178,114
Total Current Assets	10,641,987
NONCURRENT ASSETS	
Capital Assets, Net	21,112,011
Notes, Loans, and Mortgages Receivable - Long-Term, Net	14,709,382
Other Noncurrent Assets	11,189
Total Noncurrent Assets	35,832,582
DEFERRED OUTFLOW OF RESOURCES - PENSION	
Total Assets and Deferred Outflow of Resources	\$ 47,413,285
CURRENT LIABILITIES	
Accounts Payable	\$ 935,682
Accrued Compensated Absences, Current Portion	76,829
Unearned Revenue - Ground Leases, Current Portion	22,121
Unearned Revenue - Other	340,166
Tenant Security Deposits	174,414
Accrued Liabilities	194,615
Current Portion of Long-Term Debt	77,241
Total Current Liabilities	1,821,068
NONCURRENT LIABILITIES	
Long-Term Debt, Less Current Portion	1,484,491
Unearned Revenue - Ground Leases	1,933,371
Other Noncurrent Liabilities	960,887
Net Pension Liability	677,541
Accrued Compensated Absences, Less Current Portion	178,568
Total Noncurrent Liabilities	5,234,858
Total Liabilities	7,055,926
DEFERRED INFLOW OF RESOURCES - PENSION	
Total Liabilities, Deferred Inflows of Resources, and Net Position	3,507
NET POSITION	
Net Investment in Capital Assets	19,550,279
Restricted	1,052,953
Unrestricted	19,750,620
Total Net Position	40,353,852
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 47,413,285

See accompanying Notes to Financial Statements.

WILMINGTON HOUSING AUTHORITY
BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2018

	Taylor West, LLC	Rankin Terrace	Creekwood South, LLC	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 153,389	\$ 476,508	\$ 201,357	\$ 831,254
Tenant Accounts Receivable, Net of Allowance	2,903	5,972	4,151	13,026
Accounts Receivable - Other	90	-	-	90
Prepaid Expenses	42,606	-	-	42,606
Total Current Assets	<u>198,988</u>	<u>482,480</u>	<u>205,508</u>	<u>886,976</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES				
Tenant Security Deposits	11,551	16,607	31,301	59,459
FSS Escrow	-	-	8,911	8,911
Tax and Insurance Escrow Deposits	3,408	-	-	3,408
Replacement Reserve	133,642	84,166	320,899	538,707
Operating Deficit Reserve	-	325,082	488,770	813,852
Operating and Annual Contribution Contract Reserves	260,825	-	-	260,825
Affordability Reserve	-	-	244,694	244,694
Total Restricted Deposits and Funded Reserves	<u>409,426</u>	<u>425,855</u>	<u>1,094,575</u>	<u>1,929,856</u>
RENTAL PROPERTY				
Land and Improvements	990,521	172,344	222,251	1,385,116
Building and Improvements	5,106,135	7,649,969	11,298,549	24,054,653
Furniture and Equipment	160,647	74,559	139,341	374,547
Accumulated Depreciation	(1,503,131)	(673,404)	(1,935,276)	(4,111,811)
Total Rental Property	<u>4,754,172</u>	<u>7,223,468</u>	<u>9,724,865</u>	<u>21,702,505</u>
OTHER ASSETS				
Tax Credit Monitoring Fees, Net	-	95,387	123,122	218,509
Prepaid Ground Lease	640,050	-	-	640,050
Other Assets	-	7,589	1,050	8,639
Total Other Assets	<u>640,050</u>	<u>102,976</u>	<u>124,172</u>	<u>867,198</u>
Total Assets	<u>\$ 6,002,636</u>	<u>\$ 8,234,779</u>	<u>\$ 11,149,120</u>	<u>\$ 25,386,535</u>
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable	\$ 23,576	\$ 32,307	\$ 50,466	\$ 106,349
Accrued Expenses	-	11,474	17,814	29,288
Current Maturities of Long-Term Debt	-	10,445	-	10,445
Current Portion of Developer Fee Payable	-	193,521	-	193,521
Total Current Liabilities	<u>23,576</u>	<u>247,747</u>	<u>68,280</u>	<u>339,603</u>
DEPOSITS AND PREPAID LIABILITIES				
Tenant Security Deposits	11,550	16,607	31,551	59,708
Prepaid Rent	1,523	5,308	7,575	14,406
Total Deposits and Prepaid Liabilities	<u>13,073</u>	<u>21,915</u>	<u>39,126</u>	<u>74,114</u>
LONG-TERM LIABILITIES				
Mortgages Payable	2,038,464	1,011,683	1,325,143	4,375,290
Capital Lease Obligation	690,000	1,300,000	1,810,000	3,800,000
Accrued Interest	526,912	322,104	1,018,125	1,867,141
Accrued Interest, Development Fee Payable	10,633	-	-	10,633
Developer Fee Payable	123,024	309,048	375,903	807,975
Total Long-Term Liabilities	<u>3,389,033</u>	<u>2,942,835</u>	<u>4,529,171</u>	<u>10,861,039</u>
Total Liabilities	<u>3,425,682</u>	<u>3,212,497</u>	<u>4,636,577</u>	<u>11,274,756</u>
MEMBERS' EQUITY	<u>2,576,954</u>	<u>5,022,282</u>	<u>6,512,543</u>	<u>14,111,779</u>
Total Liabilities and Members' Equity	<u>\$ 6,002,636</u>	<u>\$ 8,234,779</u>	<u>\$ 11,149,120</u>	<u>\$ 25,386,535</u>

See accompanying Notes to Financial Statements.

**WILMINGTON HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2019**

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Rental Income	\$ 2,136,198
HUD Subsidies	17,887,138
Other Income	<u>352,819</u>
Total Operating Revenues	20,376,155
 OPERATING EXPENSES	
Administration	2,533,696
Tenant Services	369,012
Utilities	1,497,878
Ordinary Maintenance	2,284,017
Protective Services	252,431
General Expenses	2,067,542
Housing Assistance Payments	10,670,360
Depreciation	<u>2,288,704</u>
Total Operating Expenses	<u>21,963,640</u>
 NET OPERATING LOSS	 (1,587,485)
 NONOPERATING REVENUE (EXPENSE)	
Investment Income	3,778
Interest Expense	(28,098)
Mortgage Interest Income	<u>6,197</u>
Total Nonoperating Revenue (Expense)	<u>(18,123)</u>
 CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	 (1,605,608)
 CAPITAL GRANTS - HUD	 <u>596,497</u>
 CHANGE IN NET POSITION	 (1,009,111)
Net Position - Beginning of Year	<u>41,362,963</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 40,353,852</u></u>

See accompanying Notes to Financial Statements.

WILMINGTON HOUSING AUTHORITY
STATEMENT OF OPERATIONS AND CHANGES IN PARTNERS' CAPITAL –
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2018

	Taylor West, LLC	Rankin Terrace	Creekwood South, LLC	Total
REVENUE				
Rental Income	\$ 406,780	\$ 997,046	\$ 1,160,806	\$ 2,564,632
Vacancies and Concessions	-	(44,502)	(12,848)	(57,350)
Other Operating Income	10,731	14,161	56,212	81,104
Total Revenue	<u>417,511</u>	<u>966,705</u>	<u>1,204,170</u>	<u>2,588,386</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	58,813	107,786	295,433	462,032
Repairs and Maintenance	109,322	138,407	311,492	559,221
Utilities	122,244	203,301	388,100	713,645
Property Management Fee	27,143	-	-	27,143
Professional Fees	4,301	-	-	4,301
Property and Fidelity Bond Insurance	36,307	89,896	92,358	218,561
Miscellaneous Operating Expenses	16,500	120,118	173,992	310,610
Total Operating Expenses	<u>374,630</u>	<u>659,508</u>	<u>1,261,375</u>	<u>2,295,513</u>
NET OPERATING INCOME (LOSS)	42,881	307,197	(57,205)	292,873
OTHER INCOME (EXPENSE)				
Investment Income	306	122	796	1,224
Interest Expense	(76,136)	(128,676)	(135,750)	(340,562)
Asset Management Fee	(11,941)	-	-	(11,941)
Depreciation	(193,188)	(200,820)	(301,097)	(695,105)
Amortization	(6,970)	(7,961)	(13,680)	(28,611)
Total Other Income (Expense)	<u>(287,929)</u>	<u>(337,335)</u>	<u>(449,731)</u>	<u>(1,074,995)</u>
NET LOSS	(245,048)	(30,138)	(506,936)	(782,122)
Members Equity – Beginning of Year	<u>2,822,002</u>	<u>5,052,420</u>	<u>7,019,479</u>	<u>14,893,901</u>
MEMBERS' EQUITY – END OF YEAR	<u>\$ 2,576,954</u>	<u>\$ 5,022,282</u>	<u>\$ 6,512,543</u>	<u>\$ 14,111,779</u>

See accompanying Notes to Financial Statements.

**WILMINGTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from HUD	\$ 17,423,200
Cash Received from Tenants and Other	2,657,019
Cash Paid for Housing Assistance Payments	(10,670,360)
Cash Paid for Goods and Services	(7,053,382)
Cash Paid to Employees for Services	(1,989,945)
Net Cash Provided by Operating Activities	366,532
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Acquisition of Capital Assets	(723,149)
Principal Paid on Notes Payable	(75,805)
Interest Paid on Notes Payable	(28,098)
Capital Contributions	596,497
Net Cash Used by Capital and Related Activities	(230,555)
CASH FLOWS FROM INVESTING ACTIVITIES	
Collections of Notes Receivable	20,369
Interest on Notes Receivable	6,197
Interest on Investments	3,778
Net Cash Provided by Investing Activities	30,344
NET INCREASE IN CASH AND CASH EQUIVALENTS	166,321
Cash and Cash Equivalents - Beginning of Year	8,531,349
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,697,670
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,587,485)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	2,288,704
Provision for Bad Debts	69,893
Effects of Changes in Operating Assets and Liabilities:	
Inventory	(12,333)
Accounts Receivable	(348,171)
Prepaid Expenses	(14,854)
Other Asset	319
Deferred Outflow of Resources - Pension	(265,816)
Accounts Payable and Accrued Liabilities	59,678
Unearned Revenue	(15,761)
Tenant Security Deposits	(1,897)
Deferred Inflow of Resources - Pension	(24,358)
Net Pension Liability	218,613
Net Cash Provided by Operating Activities	\$ 366,532

See accompanying Notes to Financial Statements.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements of Wilmington Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Authority is required to follow all statements of the Governmental Accounting Standards Board (GASB). The more significant of the Authority's accounting policies are described below.

The Authority is a public body and a body corporate and politic organized under the laws of the state of North Carolina by the City of Wilmington (the City) for the purpose of providing adequate housing for qualified low-income individuals. The Authority is not a component unit of the City and the City provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the City appoints the governing board of the Authority, no other criteria established by GASB for inclusion of the Authority in the financial reports of the City are met. Therefore, a separate financial report is prepared for the Authority. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (HUD) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

Funding for the Authority is primarily from HUD and from payments received from tenants of the Authority-owned housing. Under the Low Income Housing Program, low-income tenants pay a portion of the rental cost of public housing, based upon the income and need of the tenants. HUD funds the difference between the actual costs to operate the Low Income Housing Program and the amounts paid by tenants through operating subsidies. These subsidies and debt service payments are made to or on behalf of the Authority under the terms and conditions of the annual contributions contract with HUD.

The Housing Choice Voucher Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Housing Choice Voucher Program, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative cost of managing the Program.

The Authority also operates other programs funded by both HUD and other granting agencies.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The Authority's combined financial statements include the accounts of all Authority operations. The criteria for including organizations as component units with the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include the following:

- the organization is legally separate (can sue and be sued in its own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority, except as noted below, nor is the Authority to be included in the City's financial reports, therefore, the Authority reports independently. The financial statements include the following blended and discretely presented component units.

Development Corporations. The Development Corporations (the Corporations) operate exclusively for nonprofit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and their related expenditures must be approved by the Authority. The Corporations are legally separate from the Authority and are included as blended component units since the Authority can significantly influence the programs, projects, or activities of, or the level of service performed by the Authority, and their boards of directors are substantially the same as the Authority.

The following Development Corporations are included as blended component units of the Authority:

- WHA Partners I, LLC
- Glover Plaza, Inc.
- Housing Economic Opportunities, Inc.
 - Jervay House, LLC
 - HEO Partners I, II, III, IV, V, LLC
 - Supportive Housing I, LLC

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Limited Partnerships

The Real Estate Limited Partnerships (the Companies) are private for profit organizations that report under FASB standards, including Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Companies' financial information in the Authority's financial reporting entity for these differences.

The Companies operate on a calendar year. The amounts included for each discretely presented component unit that comprise the aggregate component units column in the combined financial statements are as of, and for the year ended December 31, 2018. Separate financial statements for Creekwood South, LLC, Rankin Terrace, LLC, and Taylor West, LLC can be obtained from the Authority.

Creekwood South, LLC (the Company) – was formed on May 10, 2010 as a limited liability company under the laws of the state of North Carolina, for the purpose of acquiring, owning, operating and financing a rental housing project known as Creekwood South (the Project) under Section 8 of the National Housing Act as regulated by HUD. The Company's partnership interests are held by third parties unrelated to the Authority, with the exception of the managing member, WHA Partners I, LLC, who is a blended component of the Authority. The Authority oversees management functions of the Company's operations. The Authority has certain rights and responsibilities, which enables it to impose its will on the Company. In addition, the Authority is financially accountable for the Company as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. In accordance with GASB Statement No. 61, the Company is included as a discretely presented component unit in the March 31, 2019 financial statements.

Rankin Terrace, LLC (the Company) was formed on May 10, 2010 as a limited liability company under the laws of the state of North Carolina for the purpose of acquiring, owning, operating and financing a rental housing project known as Rankin Terrace (the Project) under Section 8 of the National Housing Act as regulated by HUD. The Company's partnership interests are held by third parties unrelated to the Authority, with the exception of the managing member, HEO Partners IV, LLC, who is a blended component of the Authority. The Authority oversees management functions of the Company's operations. The Authority has certain rights and responsibilities, which enables it to impose its will on the Company. In addition, the Authority is financially accountable for the Company as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. In accordance with GASB Statement No. 61, the Company is included as a discretely presented component unit in the March 31, 2019 financial statements.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Limited Partnerships (Continued)

Taylor West, LLC (the Company) is a limited liability company organized under the laws of the state of North Carolina for the purpose of acquiring, constructing, and operating a 48-unit apartment complex, New Brooklyn Homes at Robert R. Taylor Estates (the Project) for low and moderate income individuals pursuant to Section 42 of the Internal Revenue Code of 1986, which provides low-income housing tax credit. The Company's partnership interests are held by third parties unrelated to the Authority, with the exception of the managing member, HEO Partners III, LLC, who is a blended component of the Authority. The Authority oversees management function of the Company's operations. The Authority has certain rights and responsibilities, which enables it to impose its will on the Company. In addition, the Authority is financially accountable for the Company as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. In accordance with GASB Statement No. 61, the Company is included as a discretely presented component unit in the March 31, 2019 financial statements.

Description of Funds

The Authority's accounts are maintained in accordance with the principles of enterprise fund accounting to ensure the observance of limitations and restrictions on the resources available. The Authority is required to follow all statements of the GASB.

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, net position, revenues, and expenses. The funds maintained by the Authority allow compliance and financial accountability by separate functions and activities.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

Basis of Accounting and Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Authority uses the accrual basis of accounting in all of the Authority funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Budget

The Authority is required by its HUD Annual Contributions Contracts to adopt an annual budget for the Low Income Housing Program. In addition, the Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Section 8 Programs. Annual budgets are not required for capital projects funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses in the financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased.

Investments

Statutes authorize the Authority to invest in obligations of the U.S. treasury, repurchase agreements, certificates of deposit and certain other investments allowed by HUD. These investments are carried at fair value.

Investments are stated at fair value. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value.

Accounts Receivable

Accounts receivable consist of rent payments due from tenants and other miscellaneous receivables arising from the normal course of operations. A reserve for uncollectible accounts has been established based on management's estimates.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the respective assets ranging as follows: buildings, 20 – 30 years; equipment, seven years; automobiles, five years; and site improvements, 10 years. The costs of assets retired or otherwise disposed of and the related accumulated depreciation have been eliminated from the respective accounts. Gains or losses resulting from such dispositions are recognized in current income.

Capitalization Policy for the Authority is individual items purchased or betterment, not repairs, in excess of \$5,000 and a useful life of one more than (1) year will be capitalized.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Interest cost is capitalized on capital assets. Interest is not capitalized on assets acquired or constructed with gifts and grants (contributed capital) that are restricted by the donor or grantor to acquisition of those assets to the extent that funds are available from such grants and gifts. No interest was capitalized during the audit period.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section 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 expense or expenditure until then. The Authority has two items that meet this criterion, contributions that were made to the plan subsequent to the measurement date and pension deferrals resulting from changes in proportion and the proportionate share of contributions. In addition to liabilities, the statement of financial position reports a separate section 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 so will not be recognized as revenue until then. The Authority has one item that meets the criterion for this category, deferrals of pension expense that result from the implementation of GASB Statement 68.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Compensation for Future Absences

It is the Authority's policy to permit employees to accumulate earned but unused personal leave and unused sick leave, which will be paid to the employees upon separation from Authority service. A maximum of 150 hours of unused vacation time may be carried forward annually by each employee. All of the vacation benefits are accrued in the period earned. As of December 31, 2017, the Authority froze 25% of unused sick leave to be paid at termination. Effective January 1, 2018, the Authority will continue to accrue sick leave and will pay 25% of sick leave to employees having a 12/31/17 frozen balance at termination. However, going forward, the Authority will no longer pay unused sick leave at termination.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents.

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

Unearned Revenue

The Authority recognizes revenues as earned. Amounts received in advance of the period in which it is earned is recorded as a liability under unearned revenue.

Revenue Recognition

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charged to customers for rents, HUD grants received for operations, other operating fund grants and operating miscellaneous income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital grant funds are added to the Net Position below the nonoperating revenue and expense.

Net Position Classifications

Net position is displayed in three components:

Net Investment in Capital Assets – This component of net position consists of all capital assets, 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 – This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position – This component consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position."

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In fiscal year 2019, the Authority implemented certain GASB Statements as described below:

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of this Statement did not impact the Authority’s financial statements.

NOTE 2 CASH AND CASH EQUIVALENTS

All deposits of the Authority are either insured or collateralized by using the dedicated method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority’s agents in these units’ names.

At March 31, 2019, the Authority’s deposits had a carrying amount of \$8,697,670 and a bank balance of \$8,769,917. Of the bank balances held in various financial institutions, \$8,769,917 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

NOTE 3 RESTRICTED CASH

Restricted cash at March 31, 2019 consisted of the following:

Tenant Security Deposits	\$ 170,167
HUD Repayment	213,827
Reserve for Replacement	806,479
Family Self-Sufficiency Funds	107,737
Other Miscellaneous	30,869
Total	<u><u>\$ 1,329,079</u></u>

Restricted cash of the discretely presented component units at December 31, 2018 consisted of the following:

Tenant Security Deposits	\$ 59,459
Replacement Reserves	538,707
Operating Reserves	1,074,677
Affordability Reserves	244,694
Other Reserves	12,319
Total	<u><u>\$ 1,929,856</u></u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2019 consisted of the following:

Tenant Receivables	\$ 76,006
Allowance for Doubtful Accounts, Tenants	(66,866)
Due from HUD	672,563
Due from Other PHA's	2,823
Other Government Receivables	4,882
Development Fees	1,031,100
Miscellaneous - Other	1,130
Total	<u><u>\$ 1,721,638</u></u>

Development fees consist of \$1,031,100 that have been earned by the Authority and HEO, Inc.

Developer Fee - Taylor Homes Project	\$ 14,673
Developer Fee - Taylor West LLC	137,955
Developer Fee - Rankin Terrace Project	502,569
Developer Fee - Creekwood South LLC	375,903
Total	<u><u>\$ 1,031,100</u></u>

The Taylor Homes projects represent two separate projects: the Taylor Senior Project and Taylor Estates projects. HEO (I) and (II), Inc. have entered into partnerships with Apollo, equity investor, to construct and sell homes and HEO (I) and (II), Inc. are operating as the developer in each of the respective partnerships. HEO (I) and (II) Inc. are single entity for profit LLC subsidiaries of HEO, Inc.

The Taylor West LLC represents the project, The New Brooklyn Homes at Robert R. Taylor Estates. HEO (III) Inc. will act as developer in the partnership and construct 48 units of Low Income Public Housing. HEO (III) Inc. is a single entity for profit LLC subsidiary of HEO, Inc.

The Rankin Terrace Project represents the project, Rankin Terrace. HEO Inc. acts as developer in the partnership.

Creekwood South LLC represents the project, Creekwood South. The Authority entered into a development agreement with Creekwood South LLC. The agreement provides for developer fee and overhead for services in connection with the development of the project and supervision of construction.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE

Notes and mortgage notes receivable at March 31, 2019 consist of the following:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
1. Turnkey III Home Sales	\$ 147,320	\$ -	\$ 147,320
2. Mortgage Notes Receivable	7,460	-	7,460
3. New Dawson LTD Partnership	5,983,671	6,512,019	12,495,690
4. Taylor West LLC	986,908	-	986,908
5. Creekwood South LLC	1,781,598	1,075,815	2,857,413
6. Jervay House	289,217	-	289,217
7. Taylor Senior Ground Lease	875,000	991,667	1,866,667
8. Taylor Point Ground Lease	625,000	708,333	1,333,333
9. Taylor West Ground Lease	690,000	396,409	1,086,409
10. Taylor West LLC - CDBG Loan	300,000	48,441	348,441
11. Rankin Terrace Acquisition Ground Lease	1,300,000	-	1,300,000
12. Pearce House	447,056	-	447,056
13. Pearce House - 2nd Loan	18,250	-	18,250
14. Jervay House - HEO Loan	61,031	-	61,031
Total	<u>13,512,511</u>	<u>9,732,684</u>	<u>23,245,195</u>
Less: Current Portion	<u>(3,041)</u>	<u>-</u>	<u>(3,041)</u>
Total Notes and Mortgages Receivable - Noncurrent	13,509,470	9,732,684	23,242,154
Less: Elimination	(526,337)	-	(526,337)
Less: Allowance for Doubtful Accounts	<u>(1,576,125)</u>	<u>(6,430,310)</u>	<u>(8,006,435)</u>
Total Notes and Mortgages Receivable - Noncurrent, Net	<u>\$ 11,407,008</u>	<u>\$ 3,302,374</u>	<u>\$ 14,709,382</u>

1. The Turnkey III notes consist of several notes receivable from home sales due in varying amounts on a monthly basis with interest rates ranging from 3.25% to 7.64%. There were no new home sales during the year. The Authority received \$20,369 in payments from borrowers during the year.
2. The mortgage notes receivable of \$7,460 originated from home sales of the HOPE VI properties. These notes are forgivable at 10% of the original note amount per year up to 10 years, contingent on compliance with the loan provisions. These notes are noninterest bearing.
3. This loan is a mortgage loan receivable from the New Dawson Limited Partnership at an interest rate of 4.9% per annum for 40 years compounded annually. The principal due at March 31, 2019 was \$5,983,671. This loan will be paid from net cash flow, net project proceeds, and condemnation proceeds, as defined in the respective notes and loan agreements, of the developed projects supported by the loans. No payments are required until maturity on December 31, 2043, at which time the entire unpaid principal and accrued interest are due. This note is collateralized by real estate of the Partnership. The New Dawson Limited Partnership note has accrued interest of \$6,512,019 as of March 31, 2019. The Authority has recorded an allowance in the amount of \$3,209,645 against the accrued interest portion of this loan.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

4. HEO entered into a loan agreement with Taylor West, LLC to provide for the construction of homes. The agreement states that HEO will advance Taylor West, LLC funds as needed for the construction of homes not to exceed \$875,155. On January 24, 2012 the loan agreement was amended to increase the borrowing amount to \$986,908. Interest on the loan is 1.31% per annum. The payment of principal and interest are dependent on available cash flow of the property. This loan is scheduled to mature November 16, 2050. The amount of the advances as of March 31, 2019 was \$986,908. The Authority recorded a full allowance against this receivable.
5. The Authority entered into an acquisition lease agreement with Creekwood South LLC for 138 units and a portion of the land at Creekwood South is undergoing rehabilitation through a tax credit award from NCHFA. The agreement states Creekwood South LLC will pay \$1,800,000 at 7.5% interest to the Authority at maturity on June 30, 2068. The balance as of March 31, 2019 is \$1,781,598. The note has accrued interest of \$1,075,815 as of March 31, 2019. The Authority has recorded a full allowance against the accrued interest portion of this loan.
6. HEO entered into a loan agreement with Jervay House LLC to provide for the construction of 8 assisted living rental units. The agreement states that HEO will advance Jervay House funds as needed for the construction of rental units not to exceed \$289,217 at 0% interest. The loan is scheduled to mature on April 14, 2026. The amount of the advances as of March 31, 2019 was \$289,217. The Authority recorded a full allowance against this receivable.
7. The Authority entered into a ground lease agreement with Robert R. Taylor Senior Homes, LLC for a portion of the former Taylor Homes land where 96 units were built. The agreement states that Robert R. Taylor Senior Homes LLC will pay \$875,000 secured by a deed of trust and shall bear interest at the rate of 10% per annum. Robert R. Taylor Senior Homes, LLC shall make payments to the Authority to the extent of available net cash flow per the operating agreement. The ground lease is due in full by August 21, 2106. The note is due in full by February 22, 2039. The balance of the loan as of March 31, 2019 was \$875,000. The note has accrued interest of \$991,667 as of March 31, 2019. The Authority has recorded a full allowance against the accrued interest portion of this loan.
8. The Authority entered into a ground lease agreement with The Pointe at Taylor Estates LLC for a portion of the former Taylor Homes land where 48 units were built. The agreement states that The Pointe at Taylor Estates LLC will pay \$625,000 secured by a deed of trust and shall bear interest at the rate of 10% per annum. The Pointe at Taylor Estates, LLC shall make payments to the Authority to the extent of available net cash flow per the operating agreement. The ground lease is due in full by August 21, 2106. The note is due in full by August 22, 2039. The note has accrued interest of \$708,333 as of March 31, 2019. The Authority has recorded a full allowance against the accrued interest portion of this loan.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

9. The Authority entered into a ground lease agreement with Taylor West LLC for a portion of the former Taylor Homes land where 48 units were built. The agreement states that Taylor West LLC will pay \$690,000 secured by a deed of trust and shall bear interest at the rate of 6.75% per annum. Taylor West LLC shall make payments to the Authority to the extent of available net cash flow per the operating agreement. The loan is due in full by November 16, 2050. The balance of the loan as of March 31, 2019 was \$690,000. The note has accrued interest of \$396,409 as of March 31, 2019. The Authority has recorded a full allowance against the accrued interest portion of this loan.
10. Taylor West LLC and the Authority entered into a mortgage loan agreement for \$300,000 May 16, 2012 and continuing 40 years. Payments, including interest at 2% per annum, are due to the extent of net cash flow available. The entire unpaid and outstanding principal and accrued interest is due on May 16, 2042. The balance of the loan as of March 31, 2019 was \$300,000 and accrued interest is \$48,441. The Authority recorded a full allowance against the principal and allowance against the accrued interest.
11. The Authority entered into a ground lease with Rankin Place Terrace, LLC for the site of the Rankin Terrace project on December 12, 2014. The agreement states that Rankin Place Terrace, LLC will pay \$1,300,000 secured by a deed of trust and shall bear interest at 6% per annum. Rankin Place Terrace, LLC shall make payments to the Authority to the extent of 50% of cash flow as defined in the agreement. The lease is due in full on December 31, 2054. The balance of the loan as of March 31, 2019 was \$1,300,000. The Authority is not accruing any additional interest income on this loan.
12. HEO entered into a loan agreement on March 10, 2016, with Supportive Housing I, LLC for the construction of an 8 unit apartment community known as Pearce House (the project). The agreement states HEO will advance Supportive Housing I, LLC. Funds as needed for the predevelopment and construction of the project not to exceed \$447,056. The loan bears no interest during the construction term and permanent term. No payments of principal are required during the construction term. During the permanent term, payments are required to the extent that Net Cash Flow is available as defined by Supportive Housing I, LLC's Operating agreement. Any amounts outstanding are due at maturity. The loan will mature 30 years from the conversion date, which means the date the loan converts to a permanent loan but in no event later than March 10, 2018. As of March 31, 2019, the amount of advances was \$447,056. The loan receivable and loan payable under Supportive Housing I, LLC has been eliminated at the financial statement level.
13. HEO entered into a second loan agreement on May 23, 2017 with Supportive Housing I, LLC for the construction of an eight unit apartment community known as Pearce House (the project) for \$18,250. The loan bears interest of 0%. To the extent of net cash flow is available, principal payments shall be made in accordance with the distribution priorities set forth in the second amendment to the operating agreement. The loan will mature on May 23, 2028. The amount of the advances as of March 31, 2019 was \$18,250. The Authority recorded a full allowance against this receivable.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

14. HEO entered into a second loan agreement with Jervay House LLC in the amount of \$69,858 on February 22, 2013. The loan bears interest of 0%. Principal and interest in the amount of \$6,500 shall be made to the lender, to the extent of available net cash flows, starting May 1, 2013. The loan matures on February 22, 2024. The amount of the advances as of March 31, 2019 was \$61,031. The Authority recorded a full allowance against this receivable.

NOTE 6 DUE TO (FROM) OTHER PROGRAMS

Due to (from) other programs at March 31, 2019 consisted of the following. The amounts are eliminated in the basic financial statements.

Central Office Cost Center	\$ 251,506
Low Rent Public Housing	3,000
ROSS	(74,371)
ROSS - FSS	(28,245)
Multifamily Housing Service Coordinator	(34,084)
Central Office Cost Center	(3,000)
Housing Choice Voucher Program	(114,806)
Total	<u><u>\$ -</u></u>

NOTE 7 CAPITAL ASSETS

A summary of the combined capital assets at March 31, 2019 were as follows:

	Beginning Balances	Increases	Decreases	CIP Capitalization	Ending Balances
Capital Assets Not Being Depreciated:					
Land	\$ 2,644,532	\$ -	\$ -	\$ -	\$ 2,644,532
Total Capital Assets Not Being Depreciated	2,644,532	-	-	-	2,644,532
Capital Assets Being Depreciated:					
Buildings and Improvements	65,213,350	571,105	-	-	65,784,455
Furniture and Equipment	2,551,374	152,044	(15,289)	-	2,688,129
Total Capital Assets Being Depreciated	67,764,724	723,149	(15,289)	-	68,472,584
Less: Accumulated Depreciation	(47,731,690)	(2,288,704)	15,289	-	(50,005,105)
Capital Assets, Net	<u><u>\$ 22,677,566</u></u>	<u><u>\$ (1,565,555)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,112,011</u></u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 7 CAPITAL ASSETS (CONTINUED)

A summary of the discretely presented component units' capital assets at December 31, 2018 were as follows:

	Beginning Balances	Increases	Decreases	CIP Capitalization	Ending Balances
Capital Assets Not Being Depreciated:					
Land	\$ 1,385,116	\$ -	\$ -	\$ -	\$ 1,385,116
Total Capital Assets Not Being Depreciated	1,385,116	-	-	-	1,385,116
Capital Assets Being Depreciated:					
Buildings and Improvements	24,054,653	-	-	-	24,054,653
Furniture and Equipment	362,372	12,175	-	-	374,547
Total Capital Assets Being Depreciated	24,417,025	12,175	-	-	24,429,200
Less: Accumulated Depreciation	(3,416,706)	(695,105)	-	-	(4,111,811)
Capital Assets, Net	<u>\$ 22,385,435</u>	<u>\$ (682,930)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,702,505</u>

NOTE 8 UNEARNED REVENUE – GROUND LEASES

The Authority entered into three ground lease agreements as the lessor with several Corporations that have constructed rental home projects. The ground leases called for prepaid rent which is being amortized using the straight-line basis over 99 years, the life of the leases, which also requires additional payments of \$1 per year. The initial rents were paid in the form of a promissory note secured by a deed of trust. See Note 5. A summary of the deferred revenue at March 31, 2019 is as follows:

Lessee	Issuance Date	Maturity Date	Term	Total Prepaid	Balance at 3/31/2019
Robert R. Taylor Senior Homes, LLC	8/22/2007	8/22/2106	99	\$ 875,000	\$ 772,254
The Pointe at Taylor Estates, LLC	8/22/2007	8/22/2106	99	625,000	551,610
Taylor West, LLC	11/16/2010	11/16/2109	99	690,000	631,628
				<u>\$ 2,190,000</u>	<u>\$ 1,955,492</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following as of March 31, 2019:

On October 25, 2006 the Authority entered into a loan with Fannie Mae for capital improvement projects within the Public Housing fund. The Department of HUD has pledged future Capital Fund Program funds for the payment of principal and interest through the 20 year term of the loan. The initial loan amount was \$1,084,467 with an interest rate of 4.85% per annum. The monthly payment is \$7,120, with the first payment made on January 1, 2008 and the final payment due on September 1, 2026.

\$ 546,177

North Carolina Housing and Finance Agency entered into a loan agreement with Jervay House LLC to provide for the construction of 8 assisted living rental units. The agreement states that NCHFA will loan Jervay House funds for the construction of rental units in the amount of \$508,580 at 0% interest. The loan is scheduled to mature on May 1, 2041.

402,605

On June 28, 2017, Supportive Housing I, LLC received a permanent loan in the amount of \$412,950 from North Carolina Housing Finance Agency for the conversion of the construction loan for Pearce House. The loan is at 0% interest and the maturity date is July 1, 2037.

412,950

On March 10, 2016, Supportive Housing I, LLC received a Community Development Block Grant loan from the City of Wilmington in the amount of \$200,000 for the construction of Pearce House. The loan is at 0% interest and the maturity date is June 28, 2047.

200,000

Total

1,561,732

Less current portion

(77,241)

Long-term portion

\$ 1,484,491

Future maturities of long-term debt are as follows:

<u>Year Ending March 31.</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 77,241	\$ 24,673
2021	80,743	21,659
2022	83,907	18,496
2023	87,227	15,175
2024	90,712	11,690
2025-2029	294,495	12,824
2030-2034	84,780	-
2035-2039	497,730	-
2040-2044	64,897	-
2045-2049	200,000	-
Total	<u><u>\$ 1,561,732</u></u>	<u><u>\$ 104,517</u></u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Long-term debt for the discretely presented component units consists of the following as of March 31, 2019:

<p>Creekwood South, LLC has an STC Loan with the North Carolina Housing Finance Agency in an amount of \$1,325,143. The loan is non-interest bearing and no payment of principal will be due before maturity. The maturity date of the loan is August 19, 2051.</p>	\$ 1,325,143
<p>Taylor West, LLC has a Loan with the North Carolina Housing Finance Agency (NCHFA) in an amount of \$751,556. The loan is noninterest bearing. The NCHFA loan shall be due and payable on December 31, 2051.</p>	751,556
<p>Taylor West, LLC has a mortgage payable to Housing and Economic Opportunities, Inc. (HEO), an instrumentality of the Authority. The loan in the original amount of \$875,115 increased to \$986,908 and bears interest at 1.31% per annum. Payments, including interest, are due to the extent that net cash flow is available. The entire unpaid and outstanding principal and accrued interest is due on November 16, 2050. As of December 31, 2018, accrued interest due is \$92,542. Interest expense for 2018 was \$12,928.</p>	986,908
<p>Taylor West, LLC has a mortgage payable to the Authority, permanent term beginning May 16, 2012 and continuing for 40 years. Payments including interest at 2% per annum are due to the extent that net cash flow is available. The entire unpaid and outstanding principal and accrued interest is due on May 16, 2042. As of December 31, 2018, accrued interest due is \$37,961. Interest expense for 2018 was \$6,000.</p>	300,000
<p>Rankin Place Terrace, LLC (RPT) has a mortgage payable available from First Citizens Bank & Trust Company (the bank) in the amount of \$5,768,000. The term of the loan provides for monthly payments of interest only at a rate equal to the one-month LIBOR base rate plus 2.45 percent. On December 12, 2016, the loan converted to permanent financing in the amount of \$750,000 bearing interest at 5.97% and requires monthly payments of principal and interest of \$4,483 until final maturity of December 12, 2032. The loan was evidenced by a note and is collateralized by a deed of trust on the rental property. As of December 31, 2018, no accrued interest was outstanding.</p>	
<p>Debt issuance costs of \$128,515 related to the first mortgage. Amortization of debt issuance costs have been calculated using the effective interest rate of 1.16% and is included in interest expense. Amortization was \$6,157 for the year ended December 31, 2018 and accumulated amortization as of December 31, 2018 was \$23,945.</p>	626,772
<p>The Company has a STC Loan with the North Carolina Housing Finance Agency in an amount of \$395,356. The loan is non-interest bearing and no payment of principal will be due before maturity. The maturity date of the loan is expected to be March 1, 2046.</p>	<u>395,356</u>
<p>Total</p>	4,385,735
<p>Less Current Portion</p>	<u>(10,445)</u>
<p>Long-Term Portion</p>	<u>\$ 4,375,290</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Future maturities of the discretely presented component units are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2019	\$ 10,445
2020	11,086
2021	11,766
2022	12,488
2023	13,254
Thereafter	4,326,696
Total	<u>\$ 4,385,735</u>

NOTE 10 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended March 31, 2019 are as follows:

	Balance, March 31, 2018	Increases	Decreases	Balance, March 31, 2019	Amount Due Within One Year
Long-Term Debt	\$ 1,637,537	\$ -	\$ (75,805)	\$ 1,561,732	\$ 77,241
Other Noncurrent Liabilities:					
Public Housing - FSS	25,119	15,598	-	40,717	-
Housing Choice Voucher - FSS	63,078	18,863	-	81,941	-
FEMA Loan Contingent Liability	407,833	-	-	407,833	-
Unearned Acquisition Fee	439,864	-	(4,734)	435,130	4,734
Net Pension Liability	458,928	218,613	-	677,541	-
Accrued Compensated Absences	255,769	171,636	(171,739)	255,666	76,829
Total Long-Term Liabilities	<u>3,288,128</u>	<u>424,710</u>	<u>(252,278)</u>	<u>3,460,560</u>	<u>158,804</u>
Less: Current Portion of Long-Term Debt	(74,393)			(77,241)	
Less: Current Portion of Compensated Absences	(67,806)			(77,098)	
Less: Current Portion of Deferred Ground Lease	-			(4,734)	
Long-Term Debt	<u>\$ 3,145,929</u>			<u>\$ 3,301,487</u>	

The Authority received a demand letter from the North Carolina Department of Crime Control and Public Safety (NCDPS) in December 2007 for the reimbursement of funds previously spent by the Authority via a FEMA loan to rebuild damaged units. The amount of the demand is \$407,833 which the Authority disputes and believes fully that the Authority fulfilled all parts of the grant agreement. The improvements were to Willow Pond Apartments, which is not directly owned by the Authority, for damages caused by Hurricane Floyd. On August 29, 2013 NCDPS officially closed out the grant. Although the grant has been closed the Authority does not believe this relieves them of their obligation. The Authority is still working with legal counsel to clear this issue, and fully expects to be relieved of this potential; however, this amount is recorded in noncurrent liabilities in the financial statements.

The Authority entered into an acquisition lease agreement with Creekwood South LLC for a portion of the land at Creekwood South that was rehabilitated through a tax credit award from NCHFA. Creekwood South financed the acquisition fee of \$760,000 in consideration for acquiring the leasehold estate in the property. Of this amount, \$458,799 has been recognized as unearned revenue and will be amortized over the life of the lease. The balance as of March 31, 2019 is \$435,130.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 11 DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS' membership is comprised of general employees. Benefit provisions are established by *North Carolina General Statutes 128-27* and may be amended only by the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service.

Contributions

Contribution provisions are established by *North Carolina General Statute 128-30* and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended March 31, 2019 was 7.5% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$364,792 for the year ended March 31, 2019.

Refunds of Contributions

Authority employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members include interest (currently 4% per year) regardless of the number of years of retirement service credit or of the reason for separation from service. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2019, the Authority reported a liability of \$677,541 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Authority's proportion was .02856%, which was a decrease of .00148% from its proportion measured as of June 30, 2017.

For the year ended March 31, 2019, the Authority recognized pension expense of \$293,231. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 104,528	\$ 3,507
Change in Assumptions	179,793	-
Net Difference Between Projected and Actual Earnings on Investments	93,006	-
Changes in Proportion and Differences Between Actual Contributions and Proportionate Share of Contributions	287,738	-
Employer Contributions Subsequent to the Measurement Date	273,651	-
Total	<u>\$ 938,716</u>	<u>\$ 3,507</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$273,651 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended March 31.</u>	<u>Amount</u>
2020	\$ 294,174
2021	199,888
2022	80,018
2023	87,478
2024	-
Total	<u>\$ 661,558</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increases	3.50% to 8.10%, Including Inflation and Productivity Factor of 3.5%
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Pricing	6.0%	4.0%
	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 of 7.00%, as well as what the Authority's proportionate share of the net pension asset or 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:

	One Percent Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	One Percent Increase in Discount Rate (8.00%)
Total Plan	5,698,571,000	2,372,342,000	(407,107,000)
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,627,512	\$ 677,541	\$ (116,270)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the state of North Carolina.

NOTE 12 RELATED PARTIES

The Authority's Low-Income Public Housing General Fund bank account acts as a common paymaster for all the entities associated with the Authority, and periodically receives reimbursement from them. Certain other expenses are also paid by the Authority's program and are later reimbursed. At March 31, 2019, receivables and payables between these programs are outlined in Note 6.

The Authority operates Glover Plaza, Inc. and HEO, Inc., which are component units of the Authority, and the Authority has a management agreement for any and all properties owned by the Corporations. The employees of the Authority manage the day-to-day operations of the Corporations. As of March 31, 2019 there were no amounts due from Glover Plaza, Inc. or HEO, Inc.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 13 CONDUIT DEBT OBLIGATION

Conduit (no-commitment) debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued and is therefore not reported on the balance sheet.

On October 12, 2017, the Authority entered into a financing agreement with Cypress Cove of Wilmington, LLC to issue tax-exempt bonds for the acquisition, construction, and development of the Project. The bonds are collateralized by the Project and will mature on October 1, 2020.

NOTE 14 RISK MANAGEMENT

In accordance with G.S. 159-29, the Authority's finance officer is individually bonded for \$50,000. The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority carries commercial insurance against all other risks of loss, including property and general liability insurance. There has been no reduction in insurance coverage in the prior year, and settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years. The Authority carries all insurance against all risks of loss, including property and general liability insurance through the North Carolina Housing Authority Risk Retention Pool.

NOTE 15 CONTINGENCIES

The Authority is involved in various legal proceedings and litigation arising in the normal course of business. Management does not believe that the settlement of any such claims or litigation will have a material adverse effect on the Authority's financial position or results of operations.

NOTE 16 ECONOMIC DEPENDENCY

Both the Authority's Low Income Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operated at a loss prior to receiving the contributions and grants.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 17 FUTURE ACCOUNTING PRONOUNCEMENTS

GASB routinely issues standards that will become effective in future years. The following is a list of standards that have been issued that management has determined may have an impact on future financial statements of the Authority. Management is currently evaluating the specific impact of these Standards.

Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for the period ending March 31, 2020.

Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is effective for the period ended March 31, 2020.

Statement No. 87 – *Leases*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt using existing resources placed in a trust. This Statement is effective for the period ending March 31, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement is effective for the period ending March 31, 2020.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement is effective for the period ending March 31, 2020.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 18 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

Condensed combining information for blended component units and primary government is provided as follows:

	Blended Component Units						Total
	Housing Economic Opportunities, Inc.						
	HEO Inc.	Jervay House, LLC	Supportive Housing I, LLC	HEO Partners I, II, III, LLC	Glover Plaza Inc.	Primary Government	
ASSETS							
Current Assets	\$ 776,006	\$ 38,864	\$ 28,448	\$ 175,472	\$ 929,855	\$ 8,693,342	\$ 10,641,987
Capital Assets	360,000	637,291	1,140,535	-	910,211	18,063,974	21,112,011
Noncurrent Assets	526,338	-	-	-	-	14,194,233	14,720,571
Total Assets	<u>1,662,344</u>	<u>676,155</u>	<u>1,168,983</u>	<u>175,472</u>	<u>1,840,066</u>	<u>40,951,549</u>	<u>46,474,569</u>
DEFERRED OUTFLOW OF RESOURCES - PENSION	13,930	1,524	1,522	-	18,695	903,045	938,716
Total Assets and Deferred Outflows of Resources	<u>\$ 1,676,274</u>	<u>\$ 677,679</u>	<u>\$ 1,170,505</u>	<u>\$ 175,472</u>	<u>\$ 1,858,761</u>	<u>\$ 41,854,594</u>	<u>\$ 47,413,285</u>
LIABILITIES							
Interprogram Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	18,458	70,373	11,284	-	42,246	1,678,707	1,821,068
Noncurrent Liabilities	15,331	447,862	1,078,685	-	16,880	3,676,100	5,234,858
Total Liabilities	<u>33,789</u>	<u>518,235</u>	<u>1,089,969</u>	<u>-</u>	<u>59,126</u>	<u>5,354,807</u>	<u>7,055,926</u>
DEFERRED INFLOW OF RESOURCES - PENSION	51	5	4	-	68	3,379	3,507
NET POSITION							
Net Investment in Capital Assets	360,000	173,655	62,278	-	910,211	18,044,135	19,550,279
Restricted Net Position	-	33,365	20,965	-	783,018	215,605	1,052,953
Unrestricted Net Position	1,282,434	(47,581)	(2,711)	175,472	106,338	18,236,668	19,750,620
Total Net Position	<u>1,642,434</u>	<u>159,439</u>	<u>80,532</u>	<u>175,472</u>	<u>1,799,567</u>	<u>36,496,408</u>	<u>40,353,852</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,676,274</u>	<u>\$ 677,679</u>	<u>\$ 1,170,505</u>	<u>\$ 175,472</u>	<u>\$ 1,858,761</u>	<u>\$ 41,854,594</u>	<u>\$ 47,413,285</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 18 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units						
	Housing Economic Opportunities, Inc.						
	HEO Inc.	Jervay House, LLC	Supportive Housing I, LLC	HEO Partners I, II, III, LLC	Glover Plaza Inc.	Primary Government	Total
OPERATING REVENUES							
Rental Income	\$ -	\$ 58,294	\$ 58,690	\$ -	\$ 406,562	\$ 1,612,652	\$ 2,136,198
HUD Subsidies	-	-	-	-	-	17,887,138	17,887,138
Other Governmental Grants	-	-	-	-	-	-	-
Other Income	115,382	-	-	31,674	92	205,671	352,819
Total Operating Revenues	<u>115,382</u>	<u>58,294</u>	<u>58,690</u>	<u>31,674</u>	<u>406,654</u>	<u>19,705,461</u>	<u>20,376,155</u>
OPERATING EXPENSES							
Administration	78,915	28,083	21,497	-	124,926	2,280,275	2,533,696
Tenant Services	-	-	-	-	-	369,012	369,012
Utilities	-	11,085	9,215	-	33,703	1,443,875	1,497,878
Ordinary Maintenance	53,182	19,382	81,675	-	145,065	1,984,713	2,284,017
Protective Services	-	3,521	3,340	-	15,152	230,418	252,431
General Expenses	5,534	2,314	3,411	604	18,072	2,037,607	2,067,542
Housing Assistance Payments	-	-	-	-	-	10,670,360	10,670,360
Depreciation and Amortization	-	28,116	40,373	-	118,856	2,101,359	2,288,704
Total Operating Expenses	<u>137,631</u>	<u>92,501</u>	<u>159,511</u>	<u>604</u>	<u>455,774</u>	<u>21,117,619</u>	<u>21,963,640</u>
NET OPERATING INCOME (LOSS)	<u>(22,249)</u>	<u>(34,207)</u>	<u>(100,821)</u>	<u>31,070</u>	<u>(49,120)</u>	<u>(1,412,158)</u>	<u>(1,587,485)</u>
Total Nonoperating Revenues (Expense)	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226</u>	<u>(18,388)</u>	<u>(18,123)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(22,210)</u>	<u>(34,207)</u>	<u>(100,821)</u>	<u>31,070</u>	<u>(48,894)</u>	<u>(1,430,546)</u>	<u>(1,605,608)</u>
CAPITAL GRANTS - HUD	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>596,497</u>	<u>596,497</u>
CHANGE IN NET POSITION	<u>(22,210)</u>	<u>(34,207)</u>	<u>(100,821)</u>	<u>31,070</u>	<u>(48,894)</u>	<u>(834,049)</u>	<u>(1,009,111)</u>
Net Position - Beginning of Year	<u>1,664,644</u>	<u>193,646</u>	<u>181,353</u>	<u>144,402</u>	<u>1,848,461</u>	<u>37,330,457</u>	<u>41,362,963</u>
NET POSITION - END OF YEAR	<u>\$ 1,642,434</u>	<u>\$ 159,439</u>	<u>\$ 80,532</u>	<u>\$ 175,472</u>	<u>\$ 1,799,567</u>	<u>\$ 36,496,408</u>	<u>\$ 40,353,852</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019**

NOTE 18 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units						Total
	Housing Economic Opportunities, Inc.						
	HEO Inc.	Jervay House, LLC	Supportive Housing I, LLC	HEO Partners I, II, III, LLC	Glover Plaza Inc.	Primary Government	
NET CASH PROVIDED (USED) BY							
OPERATING ACTIVITIES	\$ 83,505	\$ 20,949	\$ (54,938)	\$ 31,070	\$ 42,209	\$ 243,737	\$ 366,532
Capital and Related Financing Activities	-	(18,369)	1	-	(2,512)	(209,675)	(230,555)
Investing Activities	38	-	-	-	226	30,080	30,344
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,543	2,580	(54,937)	31,070	39,923	64,142	166,321
Cash and Cash Equivalents - Beginning of Year	(12,106)	34,315	80,679	144,402	872,174	7,411,885	8,531,349
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 71,437</u>	<u>\$ 36,895</u>	<u>\$ 25,742</u>	<u>\$ 175,472</u>	<u>\$ 912,097</u>	<u>\$ 7,476,027</u>	<u>\$ 8,697,670</u>

REQUIRED SUPPLEMENTARY INFORMATION

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TO
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net Pension Liability	0.0002856	0.0003004	0.000337	0.0003746
Authority's Proportion of the Net Pension Liability (\$)	677,541	458,928	715,222	168,117
Authority's Covered Payroll	2,664,785	2,689,849	2,437,817	2,405,847
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	25.43 %	17.06 %	29.34 %	6.99 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.63 %	91.47%	91.47%	98.09%

* The Authority implemented GASB 68 during fiscal year 2016.
As such, only three years of information are available.

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT
EMPLOYEES' RETIREMENT SYSTEM
MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 364,792	\$ 320,620	\$ 208,831
Contributions in Relation to the Contractually Required Contribution	<u>364,792</u>	<u>320,620</u>	<u>208,831</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
 The Authority's Covered Payroll	 \$ 2,664,785	 \$ 2,689,849	 \$ 2,437,817
 Contributions as a Percentage of Covered Payroll	 13.69%	 11.92%	 8.57%

* The Authority implemented GASB 68 during fiscal year 2016.
As such, only three years of information are available.

SUPPLEMENTARY INFORMATION

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019**

Line Item #	Accounts Description	Project Total	Housing Choice Voucher	Revitalization of Severely Distressed Public Housing	Other Federal Programs 1	Business Activities	Mortgage Insurance for Purchase of the Refinancing of Existing Multifamily	Multifamily Housing Services Coordinator	Continuum of Care Program	Housing Opportunities for Persons with AIDS
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ 4,502,402	\$ -	\$ 31,093	\$ -	\$ 1,368,973	\$ -	\$ 7	\$ 12,499	\$ -
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113	Other Restricted	36,492	285,072	-	-	-	-	-	-	-
114	Tenant Security Deposits	148,882	-	-	-	-	-	-	-	-
115	Cash - Restricted for Current Liabilities	-	-	-	-	-	-	-	-	-
100	Total Cash	4,687,776	285,072	31,093	-	1,368,973	-	7	12,499	-
Accounts and Notes Receivable:										
121	Accounts Receivable - PHA Projects	-	2,823	-	-	-	-	-	-	-
122	HUD Other Projects	497,143	-	-	-	-	-	33,517	-	-
124	Other Government	4,882	-	-	-	-	-	-	-	-
125	Miscellaneous	260	-	-	-	1,001	-	-	-	-
126	Tenants	72,049	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(62,909)	-	-	-	-	-	-	-	-
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	3,041	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectible	511,425	2,823	-	-	4,042	-	33,517	-	-
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	130,433	3,952	-	-	-	-	-	-	-
143	Inventories	35,414	-	-	-	-	-	-	-	-
144	Interprogram - Due from	3,000	-	-	-	-	-	-	-	-
150	Total Current Assets	5,368,048	291,847	31,093	-	1,373,015	-	33,524	12,499	-
NONCURRENT ASSETS										
Fixed Assets:										
161	Land	2,059,985	-	-	-	-	-	-	-	-
162	Buildings	19,263,387	-	-	-	-	-	-	-	-
163	Furniture, Equipment, and Mach - Dwellings	1,935,998	-	-	-	-	-	-	-	-
164	Furniture, Equipment, and Mach - Admin.	97,079	58,217	-	-	12,140	-	-	-	-
165	Leasehold Improvements	38,413,830	-	-	-	183,298	-	-	-	-
166	Accumulated Depreciation	(45,068,889)	(34,327)	-	-	(189,475)	-	-	-	-
167	Construction in Progress	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	16,701,390	23,890	-	-	5,963	-	-	-	-
171	Notes, Loans, and Mortgages Receivable - Noncurrent	3,076,865	-	9,293,506	2,190,000	149,011	-	-	-	-
174	Other Assets	11,189	-	-	-	-	-	-	-	-
180	Total Noncurrent Assets	19,789,444	23,890	9,293,506	2,190,000	154,974	-	-	-	-
200	DEFERRED OUTFLOW OF RESOURCES	312,505	149,039	-	-	-	-	21,549	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 25,469,997	\$ 464,776	\$ 9,324,599	\$ 2,190,000	\$ 1,527,989	\$ -	\$ 55,073	\$ 12,499	\$ -

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2019

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	PIH Family Self-Sufficiency Program	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ -	\$ 363,010	\$ -	\$ -	\$ 1,090,607	\$ -	\$ 7,368,591	\$ 831,005	\$ 8,199,596
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113	Other Restricted	-	837,348	-	-	-	-	1,158,912	1,870,397	3,029,309
114	Tenant Security Deposits	-	21,285	-	-	-	-	170,167	59,708	229,875
115	Cash - Restricted for Current Liabilities	-	-	-	-	-	-	-	-	-
100	Total Cash	-	1,221,643	-	-	1,090,607	-	8,697,670	2,761,110	11,458,780
Accounts and Notes Receivable:										
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	2,823	-	2,823
122	HUD Other Projects	101,089	1,827	38,987	-	-	-	672,563	-	672,563
124	Other Government	-	-	-	-	-	-	4,882	-	4,882
125	Miscellaneous	-	703,566	-	-	375,903	(48,500)	1,032,230	90	1,032,320
126	Tenants	-	3,957	-	-	-	-	76,006	45,217	121,223
126.1	Allowance for Doubtful Accounts - Tenants	-	(3,957)	-	-	-	-	(66,866)	(32,191)	(99,057)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	3,041	-	3,041
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectible	101,089	705,393	38,987	-	375,903	(48,500)	1,724,679	13,116	1,737,795
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	15,499	-	-	28,230	-	178,114	42,606	220,720
143	Inventories	-	6,110	-	-	-	-	41,524	-	41,524
144	Interprogram - Due from	-	-	-	-	251,506	(254,506)	-	-	-
150	Total Current Assets	101,089	1,948,645	38,987	-	1,746,246	(303,006)	10,641,987	2,816,832	13,458,819
NONCURRENT ASSETS										
Fixed Assets:										
161	Land	-	456,100	-	-	128,447	-	2,644,532	1,385,116	4,029,648
162	Buildings	-	3,608,714	-	-	2,300,000	-	25,172,101	24,054,653	49,226,754
163	Furniture, Equipment, and Mach - Dwellings	-	-	-	-	-	-	1,935,998	132,807	2,068,805
164	Furniture, Equipment, and Mach - Admin.	-	56,762	-	-	527,933	-	752,131	241,740	993,871
165	Leasehold Improvements	-	1,920,602	-	-	94,624	-	40,612,354	-	40,612,354
166	Accumulated Depreciation	-	(2,994,141)	-	-	(1,718,273)	-	(50,005,105)	(4,111,811)	(54,116,916)
167	Construction in Progress	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	3,048,037	-	-	1,332,731	-	21,112,011	21,702,505	42,814,516
171	Notes, Loans, and Mortgages Receivable - Noncurrent	-	526,338	-	-	-	(526,338)	14,709,382	-	14,709,382
174	Other Assets	-	-	-	-	-	-	11,189	867,198	878,387
180	Total Noncurrent Assets	-	3,574,375	-	-	1,332,731	(526,338)	35,832,582	22,569,703	58,402,285
200	Deferred Outflow of Resources	-	35,671	-	-	419,952	-	938,716	-	938,716
290	Total Assets and Deferred Outflow of Resources	\$ 101,089	\$ 5,558,691	\$ 38,987	\$ -	\$ 3,498,929	\$ (829,344)	\$ 47,413,285	\$ 25,386,535	\$ 72,799,820

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2019

Line Item #	Accounts Description	Project Total	Housing Choice Voucher	Revitalization of Severely Distressed Public Housing	Other Federal Programs 1	Business Activities	Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily	Multifamily Housing Services Coordinator	Continuum of Care Program	Housing Opportunities for Persons with AIDS
CURRENT LIABILITIES										
312	Accounts Payable < 90 Days	\$ 517,068	\$ 7,866	\$ -	\$ -	\$ 1,828	\$ -	\$ -	\$ 12,499	\$ -
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	1	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	15,380	12,656	-	-	-	-	1,549	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	2,207	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	238,219	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	55,382	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	153,129	-	-	-	-	-	-	-	-
342	Deferred Revenues	319,349	10,000	-	22,121	-	-	-	-	-
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	60,285	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	145,220	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347	Interprogram (Due to)	-	114,806	-	-	-	-	34,084	-	-
310	Total Current Liabilities	<u>1,361,020</u>	<u>145,328</u>	<u>-</u>	<u>22,121</u>	<u>147,048</u>	<u>-</u>	<u>35,633</u>	<u>12,499</u>	<u>-</u>
NONCURRENT LIABILITIES										
351	Capital Projects/Mortgage Revenue Bonds	485,892	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	471,113	81,941	-	1,933,371	407,833	-	-	-	-
354	Accrued Compensated Absences - Noncurrent	19,461	24,032	-	-	-	-	1,357	-	-
357	Accrued Pension and OPEB Liabilities	226,144	107,850	-	-	-	-	14,573	-	-
350	Total Noncurrent Liabilities	<u>1,202,610</u>	<u>213,823</u>	<u>-</u>	<u>1,933,371</u>	<u>407,833</u>	<u>-</u>	<u>15,930</u>	<u>-</u>	<u>-</u>
300	Total Liabilities	2,563,630	359,151	-	1,955,492	554,881	-	51,563	12,499	-
400	DEFERRED INFLOW OF RESOURCES	1,141	544	-	-	-	-	163	-	-
NET POSITION										
508.4	Invested in Capital Assets	16,155,213	23,890	-	-	5,963	-	-	-	-
511.4	Restricted Net Position	1,778	213,827	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	6,748,235	(132,636)	9,324,599	234,508	967,145	-	3,347	-	-
513	Total Net Position	<u>22,905,226</u>	<u>105,081</u>	<u>9,324,599</u>	<u>234,508</u>	<u>973,108</u>	<u>-</u>	<u>3,347</u>	<u>-</u>	<u>-</u>
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 25,469,997</u>	<u>\$ 464,776</u>	<u>\$ 9,324,599</u>	<u>\$ 2,190,000</u>	<u>\$ 1,527,989</u>	<u>\$ -</u>	<u>\$ 55,073</u>	<u>\$ 12,499</u>	<u>\$ -</u>

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2019

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	PIH Family Self-Sufficiency Program	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
CURRENT LIABILITIES										
312	Accounts Payable < 90 Days	\$ 18,439	\$ 50,044	\$ -	\$ -	\$ 34,337	\$ -	\$ 642,081	\$ 106,349	\$ 748,430
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	47,187	-	47,188	17,814	65,002
322	Accrued Compensated Absences - Current Portion	4,322	4,952	549	-	37,421	-	76,829	-	76,829
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	2,207	-	2,207
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	238,219	-	238,219
333	Accounts Payable - Other Government	-	-	-	-	-	-	55,382	-	55,382
341	Tenant Security Deposits	-	21,285	-	-	-	-	174,414	59,708	234,122
342	Deferred Revenues	-	624	10,193	-	-	-	362,287	14,406	376,693
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	-	16,956	-	-	-	-	77,241	10,445	87,686
345	Other Current Liabilities	-	48,500	-	-	-	(48,500)	145,220	-	145,220
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	193,521	193,521
347	Interprogram (Due to)	74,371	-	28,245	-	3,000	(254,506)	-	11,474	11,474
310	Total Current Liabilities	97,132	142,361	38,987	-	121,945	(303,006)	1,821,068	413,717	2,234,785
NONCURRENT LIABILITIES										
351	Capital Projects/Mortgage Revenue Bonds	-	1,524,937	-	-	-	(526,338)	1,484,491	4,375,290	5,859,781
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	2,894,258	6,485,749	9,380,007
354	Accrued Compensated Absences - Noncurrent	17,515	8,737	-	-	107,466	-	178,568	-	178,568
357	Accrued Pension and OPEB Liabilities	-	25,084	-	-	303,890	-	677,541	-	677,541
350	Total Noncurrent Liabilities	17,515	1,558,758	-	-	411,356	(526,338)	5,234,858	10,861,039	16,095,897
300	Total Liabilities	114,647	1,701,119	38,987	-	533,301	(829,344)	7,055,926	11,274,756	18,330,682
400	DEFERRED INFLOW OF RESOURCES	-	128	-	-	1,531	-	3,507	-	3,507
NET POSITION										
508.4	Invested in Capital Assets	-	1,506,144	-	-	1,332,731	526,338	19,550,279	-	19,550,279
511.4	Restricted Net Position	-	837,348	-	-	-	-	1,052,953	-	1,052,953
512.4	Unrestricted Net Position	(13,558)	1,513,952	-	-	1,631,366	(526,338)	19,750,620	14,111,779	33,862,399
513	Total Net Position	(13,558)	3,857,444	-	-	2,964,097	-	40,353,852	14,111,779	54,465,631
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 101,089	\$ 5,558,691	\$ 38,987	\$ -	\$ 3,498,929	\$ (829,344)	\$ 47,413,285	\$ 25,386,535	\$ 72,799,820

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2019**

Line Item #	Accounts Description	Project Total	Housing Choice Voucher	Revitalization of Severely Distressed Public Housing	Other Federal Programs 1	Business Activities	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily	Multifamily Housing Services Coordinator	Continuum of Care Program	Housing Opportunities for Persons with AIDS
REVENUE										
70300	Net Tenant Rental Revenue	\$ 1,776,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	62,785	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	1,838,967	-	-	-	-	-	-	-	-
70600	HUD PHA Operating Grants	6,006,207	11,112,164	-	-	-	226,315	105,184	136,452	18,295
70601	Capital Grants	596,497	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-
70800	Other Governmental Grants	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	2,305	356	-	-	414	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	6,197	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-
71500	Other Revenue	38,079	14,225	-	22,122	509	-	-	-	-
71600	Gain or Loss on Sale of Fixed Assets	-	2,524	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000	Total Revenue	8,482,055	11,129,269	-	22,122	7,120	226,315	105,184	136,452	18,295
EXPENSES										
Administrative:										
91100	Administrative Salaries	326,255	286,874	-	-	-	-	-	-	-
91200	Auditing Fees	29,113	4,500	-	-	-	-	-	-	-
91300	Management Fee	607,624	219,096	-	-	-	-	-	-	-
913.1	Bookkeeping Fee	60,593	136,935	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	129,226	112,855	-	-	-	-	-	-	-
91600	Office Expenses	184,141	89,047	-	-	-	-	-	-	-
91700	Legal Expense	13,593	7,650	-	-	-	-	719	-	-
91800	Travel	6,544	3,845	-	-	-	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-
91900	Other	46,062	16,795	-	-	308	-	-	-	-
	Total Administrative	1,403,151	877,597	-	-	308	-	719	-	-
92000	Asset Management Fee	100,440	-	-	-	-	-	-	-	-
Tenant Services:										
92100	Salaries	-	-	-	-	-	-	41,862	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	-	-	-	-	-	-	14,941	-	-
92400	Other	19,474	-	-	-	-	-	12,946	-	-
	Total Tenant Services	19,474	-	-	-	-	-	69,749	-	-
Utilities:										
93100	Water	170,923	-	-	-	-	-	-	-	-
93200	Electricity	913,799	-	-	-	27	-	-	-	-
93300	Gas	63,417	-	-	-	-	-	-	-	-
93600	Sewer	190,295	-	-	-	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	74,543	-	-	-	-	-	-	-	-
	Total Utilities	1,412,977	-	-	-	27	-	-	-	-
Ordinary Maintenance and Operations:										
94100	Labor	319,844	-	-	-	-	-	-	-	-
94200	Materials and Other	297,383	1,003	-	-	-	-	-	-	-
94300	Contracts	1,271,963	7,203	-	-	-	-	-	-	-
94500	Employee Benefits Contribution	123,507	-	-	-	-	-	-	-	-
	Total Ordinary Maintenance and Operations	2,012,697	8,206	-	-	-	-	-	-	-
Protective Services:										
95100	Labor	24,364	-	-	-	-	-	-	-	-
95200	Other Contract Costs	198,596	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions	9,458	-	-	-	-	-	-	-	-
	Total Protective Services	230,418	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	166,278	7,042	-	-	-	-	-	-	-

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2019

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	PIH Family Self-Sufficiency Program	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
REVENUE										
70300	Net Tenant Rental Revenue	\$ -	\$ 295,149	\$ -	\$ -	\$ -	\$ -	\$ 2,071,331	\$ 2,507,282	\$ 4,578,613
70400	Tenant Revenue - Other	-	2,082	-	-	-	-	64,867	51,616	116,483
70500	Total Tenant Revenue	-	297,231	-	-	-	-	2,136,198	2,558,898	4,695,096
70600	HUD PHA Operating Grants	163,330	-	119,191	-	-	-	17,887,138	-	17,887,138
706.1	Capital Grants	-	-	-	-	-	-	596,497	-	596,497
70700	Total Fee Revenue	-	-	-	-	1,686,926	(1,686,926)	-	-	-
70800	Other Governmental Grants	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	-	265	-	-	438	-	3,778	1,224	5,002
71200	Mortgage Interest Income	-	-	-	-	-	-	6,197	-	6,197
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-
71500	Other Revenue	-	147,148	-	-	128,212	-	350,295	29,488	379,783
71600	Gain or Loss on Sale of Fixed Assets	-	-	-	-	-	-	2,524	-	2,524
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000	Total Revenue	163,330	444,644	119,191	-	1,815,576	(1,686,926)	20,982,627	2,589,610	23,572,237
EXPENSES										
Administrative:										
91100	Administrative Salaries	-	54,028	-	-	803,522	-	1,470,679	128,483	1,599,162
91200	Auditing Fees	-	22,786	-	-	-	-	56,399	24,301	80,700
91300	Management Fee	-	90,982	-	-	-	(1,048,184)	(130,482)	146,482	16,000
913.1	Bookkeeping Fee	-	-	-	-	-	(209,386)	(11,858)	11,858	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	1,651	1,651
91500	Employee Benefit Contributions - Administrative	-	21,309	-	-	287,149	-	550,539	41,432	591,971
91600	Office Expenses	-	33,517	-	-	156,606	-	463,311	54,174	517,485
91700	Legal Expense	-	20,730	-	-	18,634	-	61,326	4,932	66,258
91800	Travel	-	522	-	-	43,247	-	54,158	1,178	55,336
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-
91900	Other	-	9,547	-	-	14,912	(68,000)	19,624	76,722	96,346
	Total Administrative	-	253,421	-	-	1,324,070	(1,325,570)	2,533,696	491,213	3,024,909
92000	Asset Management Fee	-	-	-	-	-	(100,440)	-	-	-
Tenant Services:										
92100	Salaries	99,181	-	69,869	-	-	-	210,912	-	210,912
92200	Relocation Costs	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	41,458	-	32,810	-	-	-	89,209	-	89,209
92400	Other	34,705	-	1,766	-	-	-	68,891	-	68,891
	Total Tenant Services	175,344	-	104,445	-	-	-	369,012	-	369,012
Utilities:										
93100	Water	-	9,932	-	-	2,352	-	183,207	103,915	287,122
93200	Electricity	-	27,751	-	-	24,627	-	966,204	491,030	1,457,234
93300	Gas	-	-	-	-	-	-	63,417	-	63,417
93600	Sewer	-	10,527	-	-	1,371	-	202,193	86,230	288,423
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	5,793	-	-	2,521	-	82,857	32,470	115,327
	Total Utilities	-	54,003	-	-	30,871	-	1,497,878	713,645	2,211,523
Ordinary Maintenance and Operations:										
94100	Labor	-	28,595	-	-	140,501	-	488,940	214,257	703,197
94200	Materials and Other	-	25,577	-	-	7,208	-	331,171	79,889	411,060
94300	Contracts	-	234,326	-	-	24,240	(260,916)	1,276,816	428,626	1,705,442
94500	Employee Benefits Contribution	-	10,806	-	-	52,777	-	187,090	70,404	257,494
	Total Ordinary Maintenance and Operations	-	299,304	-	-	224,726	(260,916)	2,284,017	793,176	3,077,193
Protective Services:										
95100	Labor	-	5,962	-	-	-	-	30,326	5,459	35,785
95200	Other Contract Costs	-	13,959	-	-	-	-	210,555	50,706	261,261
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions	-	2,092	-	-	-	-	11,550	1,997	13,547
	Total Protective Services	-	22,013	-	-	-	-	252,431	58,162	310,593
96100	Total Insurance Premiums	-	19,765	-	-	26,786	-	219,871	218,561	438,432

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2019**

Line Item #	Accounts Description	Project Total	Housing Choice Voucher	Revitalization of Severely Distressed Public Housing	Other Federal Programs 1	Business Activities	Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily	Multifamily Housing Services Coordinator	Continuum of Care Program	Housing Opportunities for Persons with AIDS
EXPENSES (Continued)										
General Expenses:										
96200	Other General Expenses	\$ 1,505,528	\$ 16,680	\$ -	\$ -	\$ 1,801	\$ -	170	\$ -	\$ -
962100	Compensated Absences	48,216	22,182	-	-	-	-	3,265	-	-
96300	Payments in Lieu of Taxes	54,616	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	66,182	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	1,674,542	38,862	-	-	1,801	-	3,435	-	-
96700	Total Interest Expense and Amortization Cost	28,098	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	7,048,075	931,707	-	-	2,136	-	73,903	-	-
EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES										
97000		1,433,980	10,197,562	-	22,122	4,984	226,315	31,281	136,452	18,295
97200	Casualty Losses - Noncapitalized	17,820	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	10,495,371	-	-	-	-	-	136,452	18,295
97350	Housing Assistance Payments Portability - In	-	20,242	-	-	-	-	-	-	-
97400	Depreciation Expense	2,003,271	-	-	-	6,353	-	-	-	-
90000	Total Expenses	9,069,166	11,447,320	-	-	8,489	-	73,903	136,452	18,295
Other Financing Sources (Uses):										
10010	Operating Transfer In	198,564	-	-	-	-	-	-	-	-
10020	Operating Transfer Out	(198,564)	-	-	-	-	(226,315)	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	(226,315)	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES										
10000		\$ (587,111)	\$ (318,051)	\$ -	\$ 22,122	\$ (1,369)	\$ -	\$ 31,281	\$ -	\$ -
Memo Account Information										
11020	Required Annual Debt Principal Payments	\$ 57,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	23,492,337	423,132	9,324,599	212,386	974,477	-	(27,934)	-	-
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	(108,746)	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	213,827	-	-	-	-	-	-	-
11190	Unit Months Available	8,958	23,970	-	-	-	-	-	192	174
11210	Unit Months Leased	8,079	19,295	-	-	-	-	-	192	174
11270	Excess Cash	3,258,458	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	538,828	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	57,669	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2019**

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	PIH Family Self-Sufficiency Program	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
EXPENSES (Continued)										
General Expenses:										
96200	Other General Expenses	\$ -	\$ 2,202	\$ -	\$ -	\$ 7,325	\$ -	\$ 1,533,706	\$ -	\$ 1,533,706
962.1	Compensated Absences	1,443	4,257	14,746	-	77,527	-	171,636	-	171,636
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	54,616	-	54,616
96400	Bad Debt - Tenant Rents	-	3,711	-	-	-	-	69,893	32,697	102,590
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	1,443	10,170	14,746	-	84,852	-	1,829,851	32,697	1,862,548
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	28,098	369,173	397,271
96900	Total Operating Expenses	176,787	658,676	119,191	-	1,691,305	(1,686,926)	9,014,854	2,676,627	11,691,481
97000	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	(13,457)	(214,032)	-	-	124,271	-	11,967,773	(87,017)	11,880,756
97200	Casualty Losses - Noncapitalized	-	-	-	-	-	-	17,820	-	17,820
97300	Housing Assistance Payments	-	-	-	-	-	-	10,650,118	-	10,650,118
97350	Housing Assistance Payments Portability - In	-	-	-	-	-	-	20,242	-	20,242
97400	Depreciation Expense	-	187,345	-	-	91,735	-	2,288,704	695,105	2,983,809
90000	Total Expenses	176,787	846,021	119,191	-	1,783,040	(1,686,926)	21,991,738	3,371,732	25,363,470
Other Financing Sources (Uses):										
10010	Operating Transfer In	-	226,315	-	-	-	(424,879)	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	424,879	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	226,315	-	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ (13,457)	\$ (175,062)	\$ -	\$ -	\$ 32,536	\$ -	\$ (1,009,111)	\$ (782,122)	\$ (1,791,233)
11020	Memo Account Information									
11020	Required Annual Debt Principal Payments	\$ -	\$ 16,956	\$ -	\$ -	\$ -	\$ -	\$ 74,625	\$ 9,225	\$ 83,850
11030	Beginning Equity	(101)	4,032,506	-	-	2,931,561	-	41,362,963	14,893,901	56,256,864
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	(108,746)	-	(108,746)
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	213,827	-	213,827
11190	Unit Months Available	-	1,092	-	-	-	-	34,386	3,156	37,542
11210	Unit Months Leased	-	1,062	-	-	-	-	28,802	3,063	31,865
11270	Excess Cash	-	-	-	-	-	-	3,258,458	-	3,258,458
11610	Land Purchases	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	538,828	-	538,828
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	57,669	-	57,669
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

**WILMINGTON HOUSING AUTHORITY
PROJECT BALANCE SHEET SUMMARY
MARCH 31, 2019**

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 022	AMP 080	AMP 081	Totals
CURRENT ASSETS														
Cash:														
111	Unrestricted	\$ 924,574	\$ 1,628,454	\$ 544,027	\$ 22,138	\$ -	\$ 19,493	\$ 36,992	\$ -	\$ 152,402	\$ -	\$ 506,679	\$ 667,643	\$ 4,502,402
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Other Restricted	7,255	17,765	913	-	-	-	-	-	-	-	9,120	1,439	36,492
114	Tenant Security Deposits	32,272	45,776	34,216	-	5,789	-	1,599	-	6,360	250	13,553	9,067	148,882
100	Total Cash	964,101	1,691,995	579,156	22,138	5,789	19,493	38,591	-	158,762	250	529,352	678,149	4,687,776
Accounts and Notes Receivable:														
122	HUD Other Projects	20,742	206,860	16,045	-	88,000	-	-	25,393	2,708	1,175	7,385	128,835	497,143
124	Other Government	4,300	-	-	-	-	-	-	-	-	106	476	-	4,882
125	Miscellaneous	83	-	177	-	-	-	-	-	-	-	-	-	260
126	Tenants	8,017	26,283	9,409	-	1,126	-	623	-	545	731	16,963	8,352	72,049
126.1	Allowance for Doubtful Accounts - Tenants	(8,017)	(20,895)	(8,131)	-	(1,126)	-	(552)	-	(545)	(605)	(14,686)	(8,352)	(62,909)
127	Notes, Loans, and Mortgages - Current	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectibles	25,125	212,248	17,500	-	88,000	-	71	25,393	2,708	1,407	10,138	128,835	511,425
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	26,812	36,356	34,033	-	3,583	-	222	-	4,729	115	13,928	10,655	130,433
143	Inventories	11,656	11,088	2,415	-	1,236	-	304	-	2,241	44	3,089	3,341	35,414
144	Interprogram - Due from	-	-	-	-	2,880	-	-	-	-	120	-	-	3,000
150	Total Current Assets	1,027,694	1,951,687	633,104	22,138	101,488	19,493	39,188	25,393	168,440	1,936	556,507	820,980	5,368,048
NONCURRENT ASSETS														
Fixed Assets:														
161	Land	48,794	33,269	89,905	-	974,717	-	151,730	-	441,000	14,900	202,120	103,550	2,059,985
162	Buildings	6,485,218	1,048,526	5,530,568	-	502,283	-	1,076,563	-	934,619	47,859	2,059,873	1,577,878	19,263,387
163	Furniture, Equipment, and Machinery - Dwellings	405,131	242,353	948,332	-	28,101	-	67	-	1,154	-	264,876	45,984	1,935,998
164	Furniture, Equipment, and Machinery - Administration	-	-	54,469	-	-	-	-	-	28,187	-	-	14,423	97,079
165	Leasehold Improvements	6,790,380	12,026,839	7,526,315	-	130,571	-	-	-	2,014,681	-	6,073,226	3,851,818	38,413,830
166	Accumulated Depreciation	(10,576,299)	(11,572,934)	(10,653,923)	-	(545,217)	-	(293,938)	-	(749,910)	(5,716)	(6,133,263)	(4,537,689)	(45,068,889)
167	Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	3,153,224	1,778,053	3,495,666	-	1,090,455	-	934,422	-	2,669,731	57,043	2,466,832	1,055,964	16,701,390
171	Notes, Loans, and Mortgages Receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	1,776,865	1,300,000	3,076,865
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	11,189	11,189
180	Total Noncurrent Assets	3,153,224	1,778,053	3,495,666	-	1,090,455	-	934,422	-	2,669,731	57,043	4,243,697	2,367,153	19,789,444
200	DEFERRED OUTFLOW OF RESOURCES	65,765	130,600	64,759	-	6,524	-	2,851	-	11,465	288	14,542	15,711	312,505
290	Total Assets and Deferred Outflow of Resources	\$ 4,246,683	\$ 3,860,340	\$ 4,193,529	\$ 22,138	\$ 1,198,467	\$ 19,493	\$ 976,461	\$ 25,393	\$ 2,849,636	\$ 59,267	\$ 4,814,746	\$ 3,203,844	\$ 25,469,997

**WILMINGTON HOUSING AUTHORITY
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2019**

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 022	AMP 080	AMP 081	Totals
CURRENT LIABILITIES														
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
312	Accounts Payable < 90 Days	58,456	317,061	46,710	22,138	4,756	19,493	2,478	-	13,882	4,113	21,793	6,188	517,068
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	1	-	-	-	-	-	-	-	1
322	Accrued Compensated Absences - Current Portion	3,687	4,584	3,711	-	475	-	92	-	1,068	13	1,187	563	15,380
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	2,207	2,207
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	238,219	238,219
333	Accounts Payable - Other Gov.	-	21,206	25,421	-	1,144	-	760	-	4,284	-	-	2,567	55,382
341	Tenant Security Deposits	32,594	48,724	34,648	-	6,150	-	1,599	-	6,361	250	13,391	9,412	153,129
342	Deferred Revenues	-	311,871	222	-	2,477	-	-	-	44	-	4,735	-	319,349
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	-	-	-	-	-	-	-	-	-	-	-	60,285	60,285
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	94,737	703,446	110,712	22,138	15,003	19,493	4,929	-	25,639	4,376	41,106	319,441	1,361,020
NONCURRENT LIABILITIES														
351	Capital Projects / Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	485,892	485,892
353	Noncurrent Liabilities - Other	5,155	16,079	913	-	-	-	-	-	-	-	442,292	6,674	471,113
354	Accrued Compensated Absences - Noncurrent	6,701	2,869	6,743	-	482	-	60	-	1,021	9	1,206	370	19,461
357	Accrued Pension and OPEB Liabilities	45,900	92,176	47,358	-	5,485	-	2,078	-	8,771	201	12,373	11,802	226,144
350	Total Noncurrent Liabilities	57,756	111,124	55,014	-	5,967	-	2,138	-	9,792	210	455,871	504,738	1,202,610
300	Total Liabilities	152,493	814,570	165,726	22,138	20,970	19,493	7,067	-	35,431	4,586	496,977	824,179	2,563,630
400	DEFERRED INFLOW OF RESOURCES	240	433	236	-	24	-	11	-	86	1	53	57	1,141
EQUITY														
508.4	Invested in Capital Assets	3,153,224	1,778,053	3,495,666	-	1,090,455	-	934,422	-	2,669,731	57,043	2,466,832	509,787	16,155,213
511.4	Restricted Net Assets	1,778	-	-	-	-	-	-	-	-	-	-	-	1,778
512.4	Unrestricted Net Assets	938,948	1,267,284	531,901	-	87,018	-	34,961	25,393	144,388	(2,363)	1,850,884	1,869,821	6,748,235
513	Total Equity/Net Assets	4,093,950	3,045,337	4,027,567	-	1,177,473	-	969,383	25,393	2,814,119	54,680	4,317,716	2,379,608	22,905,226
600	Total Liabilities and Equity/Net Assets	\$ 4,246,683	\$ 3,860,340	\$ 4,193,529	\$ 22,138	\$ 1,198,467	\$ 19,493	\$ 976,461	\$ 25,393	\$ 2,849,636	\$ 59,267	\$ 4,814,746	\$ 3,203,844	\$ 25,469,997

**WILMINGTON HOUSING AUTHORITY
PROJECT REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2019**

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 022	AMP 080	AMP 081	Totals
REVENUE														
70300	Net Tenant Rental Revenue	\$ 253,980	\$ 669,710	\$ 425,951	\$ -	\$ (18,704)	\$ -	\$ 27,028	\$ -	\$ 111,305	\$ 1,605	\$ 164,816	\$ 140,491	\$ 1,776,182
70400	Tenant Revenue - Other	21,444	21,538	7,082	-	84	-	225	-	2,574	60	5,373	4,405	62,785
70500	Total Tenant Revenue	275,424	691,248	433,033	-	(18,620)	-	27,253	-	113,879	1,665	170,189	144,896	1,838,967
70600	HUD PHA Operating Grants	1,152,739	1,503,144	509,209	317,462	241,508	246,362	37,601	959,212	106,562	1,915	489,129	441,364	6,006,207
706.1	Capital Grants	206,673	46,665	259,501	-	-	-	-	-	2,423	-	18,493	62,742	596,497
71100	Investment Income - Unrestricted	467	54	276	-	4	-	19	-	108	-	1,036	341	2,305
71200	Mortgage Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	6,600	10,718	8,608	-	-	-	33	-	1,210	825	7,552	2,533	38,079
71600	Gain or Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	1,641,903	2,251,829	1,210,627	317,462	222,892	246,362	64,906	959,212	224,182	4,405	686,399	651,876	8,482,055
EXPENSES														
Administrative:														
91100	Administrative Salaries	86,190	82,092	77,078	-	12,364	-	1,632	-	16,924	437	30,934	18,604	326,255
91200	Auditing Fees	6,032	10,294	6,072	-	965	-	281	-	1,287	40	2,413	1,729	29,113
91300	Management Fee	93,641	307,471	98,420	-	15,133	-	4,779	-	21,163	683	37,320	29,014	607,624
913.1	Bookkeeping Fee	12,345	21,023	12,975	-	1,995	-	630	-	2,790	90	4,920	3,825	60,593
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	32,197	33,549	29,709	-	4,831	-	1,206	-	6,553	138	13,494	7,549	129,226
91600	Office Expenses	39,461	53,825	35,810	-	5,683	-	3,296	-	14,503	6	23,166	8,391	184,141
91700	Legal Expense	1,942	3,883	1,942	-	971	-	971	-	971	-	971	1,942	13,593
91800	Travel	1,044	1,781	1,807	-	167	-	49	-	223	-	1,174	299	6,544
91900	Other	11,968	12,190	15,473	-	192	-	-	-	329	1	5,222	687	46,062
	Total Administrative	284,820	526,108	279,286	-	42,301	-	12,844	-	64,743	1,395	119,614	72,040	1,403,151
92000	Asset Management Fee	18,000	30,720	18,120	-	-	-	840	16,560	3,840	-	7,200	5,160	100,440
Tenant Services:														
92100	Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
92400	Other	1,745	6,429	5,395	-	-	-	-	-	-	-	5,151	754	19,474
	Total Tenant Services	1,745	6,429	5,395	-	-	-	-	-	-	-	5,151	754	19,474
Utilities:														
93100	Water	48,779	46,325	32,545	-	924	-	3,012	-	11,355	259	16,786	10,938	170,923
93200	Electricity	196,338	351,024	83,075	-	2,917	-	12,273	-	44,916	1,998	127,078	94,180	913,799
93300	Gas	42,618	4,301	16,498	-	-	-	-	-	-	-	-	-	63,417
93600	Sewer	56,033	50,994	34,919	-	955	-	3,418	-	11,850	285	19,284	12,557	190,295
93800	Other Utilities Expense	6,370	20,025	26,006	-	1,632	-	722	-	1,678	98	11,961	6,051	74,543
	Total Utilities	350,138	472,669	193,043	-	6,428	-	19,425	-	69,799	2,640	175,109	123,726	1,412,977
Ordinary Maintenance and Operations:														
94100	Labor	75,036	115,571	40,187	-	12,952	-	2,482	-	18,034	198	37,183	18,201	319,844
94200	Materials and Other	57,958	127,413	27,171	-	1,396	-	1,261	-	3,394	(7)	64,610	14,187	297,383
94300	Contracts	247,706	445,055	231,159	-	38,631	-	13,234	-	45,486	1,562	163,255	85,875	1,271,963
94500	Employee Benefits Contribution	27,697	44,571	14,795	-	5,286	-	1,069	-	6,828	132	15,897	7,232	123,507
	Total Ordinary Maintenance and Operations	408,397	732,610	313,312	-	58,265	-	18,046	-	73,742	1,885	280,945	125,495	2,012,697
Protective Services:														
95100	Labor	5,047	8,617	5,081	-	808	-	236	-	1,078	35	2,017	1,445	24,364
95200	Other Contract Costs	32,064	54,722	74,173	-	5,130	-	1,496	-	6,840	153	12,826	9,192	196,596
95500	Employee Benefit Contributions	1,967	3,249	1,959	-	334	-	92	-	425	14	842	576	9,458
	Total Protective Services	39,078	66,588	81,213	-	6,272	-	1,824	-	8,343	202	15,685	11,213	230,418
96100	Total Insurance Premiums	34,192	45,505	42,859	-	4,606	-	1,981	-	5,973	155	17,576	13,431	166,278

WILMINGTON HOUSING AUTHORITY
PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2019

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 022	AMP 080	AMP 081	Totals
	General Expenses:													
96200	Other General Expenses	\$ 538	\$ 20,208	\$ 1,367	\$ 317,462	\$ 75	\$ 246,362	\$ 26	\$ 917,259	\$ 1,488	\$ (53)	\$ 661	\$ 135	\$ 1,505,528
96210	Compensated Absences	14,596	17,362	4,250	-	1,271	-	-	-	3,157	-	6,003	1,577	48,216
96300	Payments in Lieu of Taxes	-	21,206	24,942	-	956	-	760	-	4,284	-	-	2,468	54,616
96400	Bad Debt - Tenant Rents	7,604	19,113	12,766	-	1,125	-	553	-	1,504	604	13,427	9,486	66,182
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	22,738	77,889	43,325	317,462	3,427	246,362	1,339	917,259	10,433	551	20,091	13,666	1,674,542
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-	-	-	28,098	28,098
96900	Total Operating Expenses	1,159,108	1,958,518	976,553	317,462	121,299	246,362	56,299	933,819	236,873	6,828	641,371	393,583	7,048,075
97000	Excess of Operating Revenue over Operating Expenses	482,795	293,311	234,074	-	101,593	-	8,607	25,393	(12,691)	(2,423)	45,028	258,293	1,433,980
97200	Casualty Losses - Noncapitalized	-	-	17,820	-	-	-	-	-	-	-	-	-	17,820
97400	Depreciation Expense	466,577	316,548	480,027	-	46,273	-	37,027	-	103,478	1,595	349,924	201,822	2,003,271
90000	Total Expenses	1,625,685	2,275,066	1,474,400	317,462	167,572	246,362	93,326	933,819	340,351	8,423	991,295	595,405	9,069,166
	Other Financing Sources (Uses):													
10010	Operating Transfer In	32,052	54,702	32,266	14,371	5,128	-	1,496	29,488	6,838	214	12,821	9,188	198,564
10020	Operating Transfer Out	(32,052)	(54,702)	(32,266)	(14,371)	(5,128)	-	(1,496)	(29,488)	(6,838)	(214)	(12,821)	(9,188)	(198,564)
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	16,218	(23,237)	(263,773)	-	55,320	-	(28,420)	25,393	(116,169)	(4,018)	(304,896)	56,471	(587,111)
	Memo Account Information													
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	57,669	57,669
11030	Beginning Equity	4,077,732	3,068,574	4,291,340	-	-	-	997,803	-	2,930,288	58,698	4,622,612	3,445,290	23,492,337
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	1,122,153	-	-	-	-	-	-	(1,122,153)	-
11190	Unit Months Available	1,800	3,072	1,812	-	270	-	84	-	384	12	720	804	8,958
11210	Unit Months Leased	1,646	2,803	1,730	-	266	-	84	-	372	12	656	510	8,079
11270	Excess Cash	790,642	1,032,157	403,652	-	71,558	(20,530)	29,042	(52,425)	116,092	(3,168)	435,817	455,621	3,258,458
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	206,673	46,665	259,501	-	-	-	-	-	2,423	-	18,493	5,073	538,828
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	57,669	57,669
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-

**WILMINGTON HOUSING AUTHORITY
LOW INCOME PUBLIC HOUSING PROGRAM
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL
YEAR ENDED MARCH 31, 2019**

Account Description	Budget	Actual	Over/(Under) Budget
OPERATING REVENUE			
Tenant Rent	\$ 1,799,693	\$ 1,838,967	\$ 39,274
Operating Grants	4,652,290	6,006,207	1,353,917
Other Revenue	310,540	38,079	(272,461)
Total Operating Revenue	<u>6,762,523</u>	<u>7,883,253</u>	<u>1,120,730</u>
OPERATING EXPENSES			
Administration	1,585,125	1,503,591	(81,534)
Tenant Services	15,425	19,474	4,049
Utilities	1,328,671	1,412,977	84,306
Maintenance	2,000,063	2,012,697	12,634
Protective Services	261,368	230,418	(30,950)
General Expense	1,502,936	1,886,738	383,802
Total Operating Expenses	<u>6,693,588</u>	<u>7,065,895</u>	<u>372,307</u>
OPERATING INCOME	68,935	817,358	748,423
NONOPERATING REVENUES (EXPENSES)			
Investment Income	1,704	2,305	601
Total Nonoperating Revenues/(Expenses)	<u>1,704</u>	<u>2,305</u>	<u>601</u>
Net Income (Loss) Excluding Depreciation and Capital Contributions	<u>\$ 70,639</u>	<u>\$ 819,663</u>	<u>\$ 749,024</u>

**WILMINGTON HOUSING AUTHORITY
HOUSING CHOICE VOUCHER PROGRAM
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL
YEAR ENDED MARCH 31, 2019**

Account Description	Budget	Actual	Over/(Under) Budget
OPERATING REVENUE			
Operating Grants	\$ 11,390,319	\$ 11,112,164	\$ (278,155)
Other Revenue	1,051,302	16,749	(1,034,553)
Total Operating Revenue	<u>12,441,621</u>	<u>11,128,913</u>	<u>(1,312,708)</u>
OPERATING EXPENSES			
Administration	982,834	877,597	(105,237)
Tenant Services	-	-	-
Utilities	-	-	-
Maintenance	2,500	8,206	5,706
Housing Choice Voucher	11,449,048	10,515,613	(933,435)
General Expense	6,464	45,904	39,440
Total Operating Expenses	<u>12,440,846</u>	<u>11,447,320</u>	<u>(993,526)</u>
OPERATING INCOME	775	(318,407)	(319,182)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	168	356	188
Depreciation	-	-	-
Casualty Losses	-	-	-
Total Nonoperating Revenues/(Expenses)	<u>168</u>	<u>356</u>	<u>188</u>
Net Income (Loss) Excluding Depreciation and Capital Contributions	<u>\$ 943</u>	<u>\$ (318,051)</u>	<u>\$ (318,994)</u>

SINGLE AUDIT REPORT



**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***

Board of Commissioners
Wilmington Housing Authority
Wilmington, North Carolina

We have audited, 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, the financial statements of the enterprise fund and the aggregate discretely presented component units of the Wilmington Housing Authority (the Authority), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 15, 2019. Our report includes a reference to other auditors who audited the financial statements of all of the discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The audits of Creekwood South, LLC, Taylor West, LLC, and Rankin Terrace, LLC were not performed in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 which are described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-003.

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 result 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 Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 15, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH UNIFORM GRANT GUIDANCE**

Board of Commissioners
Wilmington Housing Authority
Wilmington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Wilmington Housing Authority's (the Authority) compliance with the types of compliance requirements described 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 March 31, 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of discretely presented component units which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended March 31, 2019. Separate audits were performed of the component units in accordance with OMB Circular Uniform Grant Guidance, if required. Results of those audits, if any, are separately reported.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the entity's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Qualified Opinion on Public and Indian Housing Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.850 Public and Indian Housing Program as described in finding number 2019-001 for eligibility. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Basis for Qualified Opinion on Housing Choice Voucher Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.871 Housing Choice Voucher Program as described in findings 2019-002 and 2019-003 for eligibility and special test. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on Public and Indian Housing Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Public and Indian Housing Program for the year ended March 31, 2019.

Qualified Opinion on Housing Choice Voucher Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Housing Choice Voucher Program for the year ended March 31, 2019.

Other Matters

The Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

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 did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiencies.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of enterprise fund, and the aggregate discretely presented component units, each major fund of the Authority as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 15, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 15, 2019

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2019**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Multifamily HUD Insured - Rental Assistance	14.155	N/A	N/A	\$ 226,315
Multifamily Housing Service Coordinators	14.191	N/A	N/A	73,903
Continuum of Care Program	14.267	N/A	N/A	136,452
Housing Opportunities for Persons with Aids	14.241	N/A	N/A	18,295
Public and Indian Housing	14.850	N/A	N/A	5,623,430
Resident Opportunity and Supportive Services	14.870	N/A	N/A	176,787
Housing Choice Vouchers	14.871	N/A	N/A	11,447,320
Public Housing Capital Fund Program	14.872	N/A	N/A	979,274
Public Housing Family Self-Sufficiency under ROSS	14.877	N/A	N/A	119,191
City of Wilmington - CDBG Loan	14.218	Unknown	N/A	<u>200,000</u>
Total Expenditure of Federal Awards				<u><u>\$ 19,000,967</u></u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity for the Wilmington Housing Authority (the Authority) under programs of the federal government for the year ended March 31, 2019. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through, entity identifying numbers are presented where available. The Authority has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 SUB-RECIPIENTS

The Authority provided no Federal awards to sub-recipients during the fiscal year ending March 31, 2019.

NOTE 3 DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of nonmonetary assistance that are required to be disclosed for the fiscal year ended March 31, 2019.

NOTE 4 LOANS OUTSTANDING

The Authority had the following loan balances outstanding at March 31, 2019. No new loans were disbursed during the year ended March 31, 2019.

	Federal CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	\$ 200,000
Total		\$ 200,000

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.871	Housing Choice Voucher Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? _____ yes x no

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
MARCH 31, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2019-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Public and Indian Housing
CFDA: 14.850
Award Period: 4/1/18 – 3/31/19
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 24 CFR section 960.259 states that for both family income examinations and reexaminations, the PHA must obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent. 24 CFR section 960.257 states for families who pay an income based rent, the PHA must conduct a reexamination of the family income and composition at least annually.

Condition: During our testing, we noted the Authority did not follow their internal controls designed to ensure compliance with tenant Eligibility requirements.

Questioned Costs: Unable to determine.

Context: Testing of 40 Public Housing tenant files identified exceptions in 20 files, which included the following:

- 4 files noted errors in the calculation of rent and/or lacked support for income, assets and expenses included in the calculation
- 17 residents did not have recertification's performed timely
- 1 rent payment per the rent roll could not be agreed back to 50058's located in tenant file, therefore this file was unable to be checked for compliance
- 2 file lacked an updated general release form and Authorization for Release of Information Form (HUD-9886), and lacked required signature

Cause: The Authority failed to perform recertifications in accordance with their stated policies and procedures and HUD regulations and control procedures were not in place to detect.

Effect: The Authority is not in compliance with federal regulations regarding eligibility. The amount of tenant rent could be incorrect based on missing or inaccurate information.

Repeat Finding: Yes

Recommendation: The Auditors recommend that management review their recertification process and increase the amount of quality control reviews until they can ensure a majority of the files meet HUD's eligibility requirements. We also recommend that management identify the specialists responsible for the files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

WILMINGTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
MARCH 31, 2019

2019-002

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Housing Choice Voucher Program
CFDA: 14.871
Award Period: 4/1/18 – 3/31/19
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: For both family income examinations and reexaminations, obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR sections 982.516). Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 et seq) (24 CFR sections 982.201, 982.515, and 982.516). Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payments as necessary using the documentation from third-party verification (24 CFR section 982.516).

Condition: During our testing, we noted the Authority did not follow their internal controls designed to ensure compliance with tenant Eligibility requirements.

Questioned Costs: Unable to determine.

Context: Testing of 40 Housing Choice Voucher Program tenant files identified exceptions in 27 files, which included the following:

- 2 files noted errors in the calculation of rent and/or lacked support for income
- 5 residents did not have recertifications performed timely
- 24 HUD-50058s were not submitted to PIC
- 3 HUD-50058s were submitted to PIC per Visual Homes, but could not be found in PIC

Cause: The Authority failed to perform recertifications in accordance with their stated policies and procedures and HUD regulations and control procedures were not in place to detect. The Authority encountered exceptions during the software conversion that caused the staff to get behind in reporting to the PIC system.

Effect: The Authority is not in compliance with federal regulations regarding eligibility. The amount of HAP and tenant rent could be incorrect based on missing or inaccurate information.

Repeat Finding: Yes

Recommendation: The Auditors recommend that management review their recertification process and increase the amount of quality control reviews until they can ensure a majority of the files meet HUD's eligibility requirements. We also recommend that management identify the specialists responsible for the files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
MARCH 31, 2019**

2019-003

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Housing Choice Voucher Program
CFDA: 14.871
Award Period: 4/1/18 – 3/31/19
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158 (d) and 982.405 (b)). For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections. If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP Contract (24 CFR sections 982.158 (d) and 982.404).

Condition: During our testing, we noted instances where the Authority did not follow their internal controls designed to ensure compliance with Housing Quality Standards (HQS) requirements.

Questioned Costs: Unable to determine.

Context:

Testing of 40 Housing Choice Voucher Program files selected for annual HQS testing noted exceptions in 10 files.

- 10 instances where more than 1 year passed between annual inspections

Testing of 40 Housing Choice Voucher Program files selected for failed HQS testing noted exceptions in 7 files.

- 4 instances in which the unit never passed inspection and was not abated
- 3 instances in which the unit was not re-inspected timely

Testing of 7 Housing Choice Voucher Program files selected for quality control HQS testing noted exceptions in 4 files.

- 4 instances in which the unit selected for re-inspection had an annual HQS that was older than three months at the time of the reinspection

Cause: The Authority did not follow the established procedures in its Housing Choice Voucher Administrative Plan.

Effect: The PHA is not in compliance with HUD requirements.

Repeat Finding: Yes

Recommendation: We recommend that the Authority review their annual inspection, failed inspection, and QC inspection processes to ensure that inspections are performed timely, all inspections are kept in the tenant file, and to ensure follow up inspections are performed timely in accordance with the Administration Plan.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

**WILMINGTON HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2019**

U.S. Department of Housing and Urban Development

Wilmington Housing Authority respectfully submits the following summary schedule of prior audit findings for the year ended March 31, 2018.

Audit period: 4/1/2017 – 3/31/2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018 – 001 Material Weakness in Internal Control over Compliance – Eligibility

Condition: During our testing of Public and Indian Housing files, we noted the Authority did not follow their internal controls designed to ensure compliance with tenant Eligibility requirements.

Status: See current year finding 2019-001

Reason for finding's recurrence: Management failed on making sure the following steps were taken when it came to Timely Annual Recertifications, Calculations and signed paperwork by all members 18 and older.

Corrective Action: The Authority is preparing to seek a position for a Recertification Specialist to handle all Annual Certifications to eliminate incomplete recertifications and calculation errors.

2018 – 002 Material Weakness in Internal Control over Compliance – Eligibility

Condition: During our testing of Housing Choice Voucher files, we noted the Authority did not follow their internal controls designed to ensure compliance with tenant Eligibility requirements.

Status: See current year finding 2019-002

Reason for finding's recurrence: New software conversion which caused staff to get behind in reporting due to the conversion files being wrong on several 50058's. This was reported to Auditor during exit interview. As far as the lack of support for income, 1 employee did not get updated income as the standard operating procedure is the income should have been updated when performing any change. The timely recertifications were retro's due to staff being behind and playing catch up.

Corrective Action: Upper management has posted an RFP to fix and catch up the delayed reporting. Once caught up staff will continue to keep reporting up on a monthly basis. All staff has met with Director and have been informed and instructed again of the proper process for income changes as well as recertifications must be completed timely.

**WILMINGTON HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2019**

2018 – 003 Significant Deficiency in Internal Control over Compliance – Special Test

Condition: During our testing of Housing Choice Voucher files, we noted the Authority did not follow their internal controls designed to ensure compliance with waitlist selection requirements.

Status: This finding has been cleared.

2018 – 004 Material Weakness in Internal Control over Compliance – Special Test

Condition: During our testing of Housing Choice Voucher files, we noted the Authority did not follow their internal controls designed to ensure compliance with Reasonable Rent requirements.

Status: This finding has been cleared.

2018 – 005 Material Weakness in Internal Control over Compliance – Special Test

Condition: During our testing of Housing Choice Voucher files, we noted the Authority did not follow their internal controls designed to ensure compliance with Housing Quality Standard (HQS) requirements.

Status: See current year finding 2019-003

Reason for finding's recurrence: Staff was behind in processing files and lost time with providing owner with proper abatement notice, so when caught by staff, proper notice was given for the abatement. For timely inspections, staff was behind on scheduling due to backlog of inspections. Inspections department was behind and not keeping up with inspections properly.

Corrective Action: Staff again has been informed and made aware of the regulations. Abatements must be put in timely, inspections must be kept up and scheduled in a timely manner, no exceptions. That includes all inspections. For QC's, they will be conducted within the last 90 days per the auditors. Auditor was supposed to provide that regulation to Director of the HCVP from last audit but was not received to date.



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U.S. Department of Housing and Urban Development

Wilmington Housing Authority respectfully submits the following corrective action plan for the year ended March 31, 2019.

Audit period: April 1, 2018 through March 31, 2019

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Housing and Urban Development

2019-001 Low Rent Public Housing – CFDA No. 14.850

Recommendation: The Auditors recommend that management review their recertification process and increase the amount of quality control reviews until they can ensure a majority of the files meet HUD’s eligibility requirements. They also recommend that management identify the specialists responsible for the files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. The Wilmington Housing Authority concurs with this finding.

Reason for finding’s recurrence: Management failed on making sure the following steps were taken when it came to timely annual recertifications, calculations and signed paperwork by all members 18 and older.

Action taken in response to finding: The Authority is preparing to seek a position for a Recertification Specialist to handle all annual certifications to eliminate incomplete recertifications and calculation errors.



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Name(s) of the contact person(s) responsible for corrective action: Mr. Patrick Kelly, Chief Operations Officer

Planned completion date for corrective action plan: 3/2020

2019-002 Housing Choice Voucher Program – CFDA No. 14.871

Recommendation: The Auditors recommend that management review their recertification process and increase the amount of quality control reviews until they can ensure a majority of the files meet HUD’s eligibility requirements. We also recommend that management identify the specialists responsible for the files and investigate whether findings represent a systemic problem or are limited to a few specialists. Additional training for housing specialists would also improve accuracy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. The Wilmington Housing Authority concurs with this finding.

Reason for finding’s recurrence: New software conversion which caused staff to get behind in reporting due to the conversion files being wrong on several 50058’s. This was reported to Auditor during exit interview. As far as the lack of support for income, 1 employee did not get updated income as the standard operating procedure is the income should have been updated when performing any change. The timely recertifications were retro’s due to staff being behind and playing catch up.

Action taken in response to finding: Upper management has posted an RFP to fix and catch up the delayed reporting. Once caught up staff will continue to keep reporting up on a monthly basis. All staff has met with Director and have been informed and instructed again of the proper process for income changes as well as recertifications must be completed timely.

Name(s) of the contact person(s) responsible for corrective action: Shenetta Moye, Director of Housing Choice Voucher Program

Planned completion date for corrective action plan: Immediately for Eligibility exception, and as soon as process is turned back over to HCVP department for PIC Reporting.



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2019-003 Housing Choice Voucher Program – CFDA No. 14.871

Recommendation: The Auditors recommend that the Authority review their annual inspection, failed inspection, and QC inspection processes to ensure that inspections are performed timely, all inspections are kept in the tenant file, and to ensure follow up inspections are performed timely in accordance with the Administration Plan.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. The Wilmington Housing Authority concurs with this finding.

Reason for finding's recurrence: Staff was behind in processing files and lost time with providing owner with proper abatement notice, so when caught by staff, proper notice was given for the abatement. For timely inspections, staff was behind on scheduling due to backlog of inspections. Inspections department was behind and not keeping up with inspections properly.

Action taken in response to finding: Staff again has been informed and made aware of the regulations. Abatements must be put in timely, inspections must be kept up and scheduled in a timely manner, no exceptions. That includes all inspections. For QC's, they will be conducted within the last 90 days per the auditors. Auditor was supposed to provide that regulation to Director of the HCVP from last audit but was not received to date.

Name(s) of the contact person(s) responsible for corrective action: Shenetta Moye, Director of Housing Choice Voucher Program

Planned completion date for corrective action plan: Immediately

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call (910) 341-7700, Extension 264.