

WILMINGTON HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2020



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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, 2020, 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%, 17%, 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 have applied limited audit procedures on the conversion adjustments to conform the presentation of the financial statements of the discretely presented component units which conform those financial statements to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units prior to these conversion adjustments, 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, 2020, 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 7 through 18, the schedule of the Authority's proportionate share of net pension liability to local government employee retirement system (LGERS) on page 53, and the Authority's schedule of contributions to the LGERS on page 54 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.

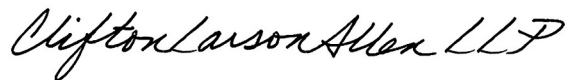
Other Information

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, 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.



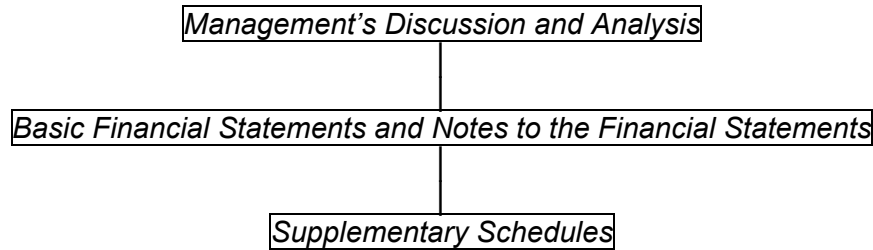
CliftonLarsonAllen LLP

Baltimore, Maryland
October 29, 2021

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

The Wilmington Housing Authority (the Authority) presents this discussion and analysis of its financial performance for the fiscal year (FY) ended March 31, 2020. 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 2020 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 2020 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, 2020**

INTRODUCTION (CONTINUED)

Under GASB 34, the Authority's single business-type activities financial statements for FY 2020 report on all assets, liabilities, revenues, expenses, and net position under the programs it administers. The Authority's FY 2020 highlights are included in the following summary:

- Total assets were approximately \$49 million at March 31, 2020 after elimination of the interfund accounts.
- Total revenues and expenses were approximately \$26 million and \$24 million, respectively. After considering capital grants of \$4.0 million, the change in net position increased by \$2.5 million during the fiscal year.
- Revenues are derived from various sources with approximately 89% from subsidy sources. Rental revenues from Authority-owned properties were approximately \$2 million, or 9% 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, 2020, owned 1,005 residential units that are leased to low-income and moderate-income families and individuals. In addition, housing assistance was being paid to over 1,490 households under the Federal Housing Choice Voucher, and Mainstream Voucher programs for privately owned existing housing.

In view of this mission, the Authority's financial reporting objective under GASB 34 in FY 2020 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.

To comply with GASB Statement No. 61, the Authority included 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, IV, LLC, WHA Partners I, 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, 2020**

Financial Statements (Continued)

In FY 2020, 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, IV, IV, LLC, WHA Partners I, 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, 2020**

Net Position

The following table reflects the Authority's condensed summary of the balance sheet as of March 31, 2020 and 2019.

**Table 1
Comparative Summary of the Statement of Net Position (Balance Sheet)
March 31, 2020 and 2019**

	FYE 2020	FYE 2019	Variance	% Change
Current Assets	\$ 10,842,201	\$ 10,641,987	\$ 200,214	1.88 %
Capital Assets, Net	23,385,732	21,112,011	2,273,721	10.77
Noncurrent Assets	14,678,226	14,720,571	(42,345)	(0.29)
Total Assets	<u>48,906,159</u>	<u>46,474,569</u>	<u>2,431,590</u>	5.23
Deferred Outflow of Resources	965,082	938,716	26,366	2.81
Current Liabilities	1,734,263	1,821,068	(86,805)	(4.77)
Noncurrent Liabilities	5,326,669	5,234,858	91,811	1.75
Total Liabilities	<u>7,060,932</u>	<u>7,055,926</u>	<u>5,006</u>	0.07
Deferred Inflow of Resources	<u>-</u>	<u>3,507</u>	<u>(3,507)</u>	(100.00)
Net Investment in Capital Assets	21,899,828	19,550,279	2,349,549	12.02
Restricted Net Position	1,361,804	1,052,953	308,851	29.33
Unrestricted Net Position	19,548,677	19,750,620	(201,943)	(1.02)
Total Net Position	<u>\$ 42,810,309</u>	<u>\$ 40,353,852</u>	<u>\$ 2,456,457</u>	6.09

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 2020 increased by \$2.5 or 6.1% from FY 2019.

Capital assets comprise about 47.8% of the Authority's total assets of \$49 million. These assets carry related current and long-term debt of approximately \$1.5 million, which is about 21% of its total liabilities. The net investment in capital assets amounts to about 51.1% of total net position. Net Investment in Capital Assets increased 12% or \$2.3 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 2020, restricted and unrestricted net position increased by 0.5% or \$106,908.

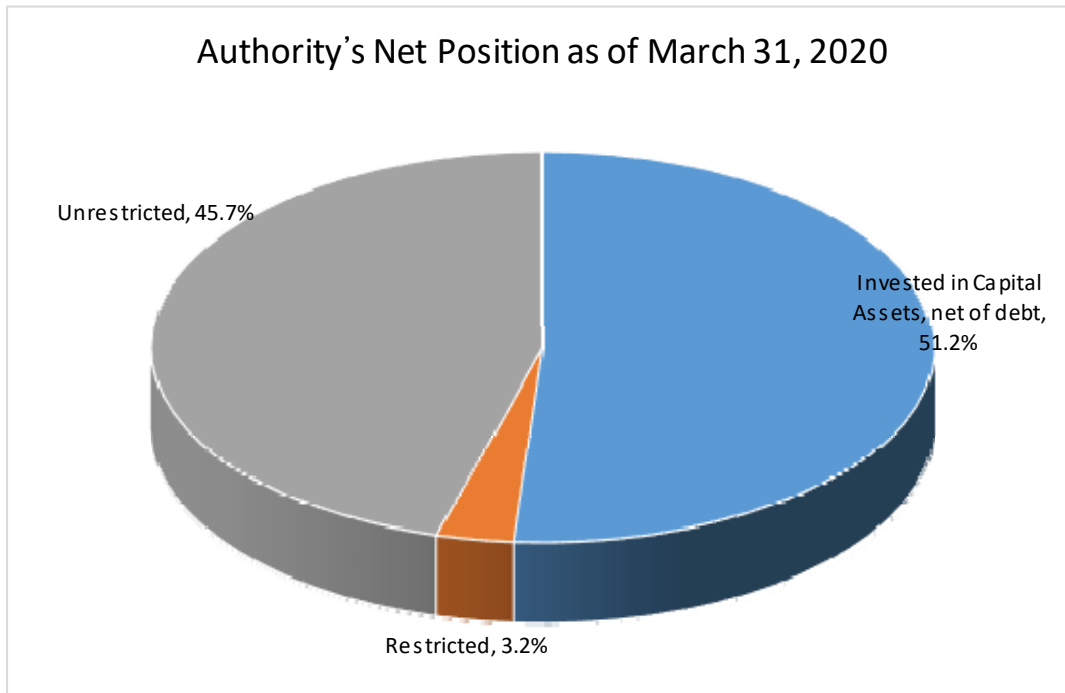
**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

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 2020, the Authority's portion of the LGERS net position liability was \$872,257. The Authority's portion of the deferred outflows of resources related to this new statement was \$965,082. The Authority also recognized pension expense of approximately \$550,688.

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 \$200,214 due to increased an increase in HUD accounts receivables.

Capital assets increased by \$2.3 million. The increase is the net of annual depreciation of \$2.2 million and additions in capital assets of \$4.5 million.

Total liabilities increased by \$5,006 primarily due to an increase in net pension liability offset by decrease in accounts payable.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Revenues, Expenses, and Changes in Net Position

**Table 2
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended March 31, 2020 and 2019**

	FYE 2020	FYE 2019	Variance	% Change
Tenant Revenue	\$ 2,108,573	\$ 2,136,198	\$ (27,625)	(1.29)%
HUD Subsidies	19,197,743	17,887,138	1,310,605	7.33
Other Government Grants	22,894			
Other Income	915,002	352,819	562,183	159.34
Operating Revenues	<u>22,244,212</u>	<u>20,376,155</u>	<u>1,868,057</u>	9.17
Administration	3,062,280	2,533,696	528,584	20.86
Tenant Services	362,365	369,012	(6,647)	(1.80)
Utilities	1,509,077	1,497,878	11,199	0.75
Ordinary Maintenance	2,355,473	2,284,017	71,456	3.13
Protective Services	303,981	252,431	51,550	20.42
General Expenses	2,146,526	2,067,542	78,984	3.82
Housing Assistance Payments	11,786,043	10,670,360	1,115,683	10.46
Depreciation	2,223,759	2,288,704	(64,945)	(2.84)
Operating Expenses	<u>23,749,504</u>	<u>21,963,640</u>	<u>1,785,864</u>	8.13
Excess (Deficiency) Revenue Over Expenses	(1,505,292)	(1,587,485)	82,193	(5.18)
Investment Income	3,459	3,778	(319)	(8.44)
Interest Expense	(25,238)	(28,098)	2,860	(10.18)
Mortgage Interest Income	10,559	6,197	4,362	70.39
Capital Grants	3,972,969	596,497	3,376,472	566.05
Change in Net Position	<u>2,456,457</u>	<u>(1,009,111)</u>	<u>3,465,568</u>	(343.43)
Net Position - Beginning of Year	<u>40,353,852</u>	<u>41,362,963</u>	<u>(1,009,111)</u>	(2.44)
NET POSITION - END OF YEAR	<u>\$ 42,810,309</u>	<u>\$ 40,353,852</u>	<u>\$ 2,456,457</u>	6.09

As shown in Table 2, during FY 2020, the Authority's total revenues increased by 24.6%. The \$5.1 million increase in revenue was due to several factors. HUD subsidies increased \$1.3 million or 7.3% from last year due to increase in leasing under Housing Choice Voucher Program. Capital Grant revenue increased by 566% or \$3.4 million due mostly to a increase 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 139% increase of \$493 thousand, which is due to bond issuance fee earned on the Market North Project.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

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

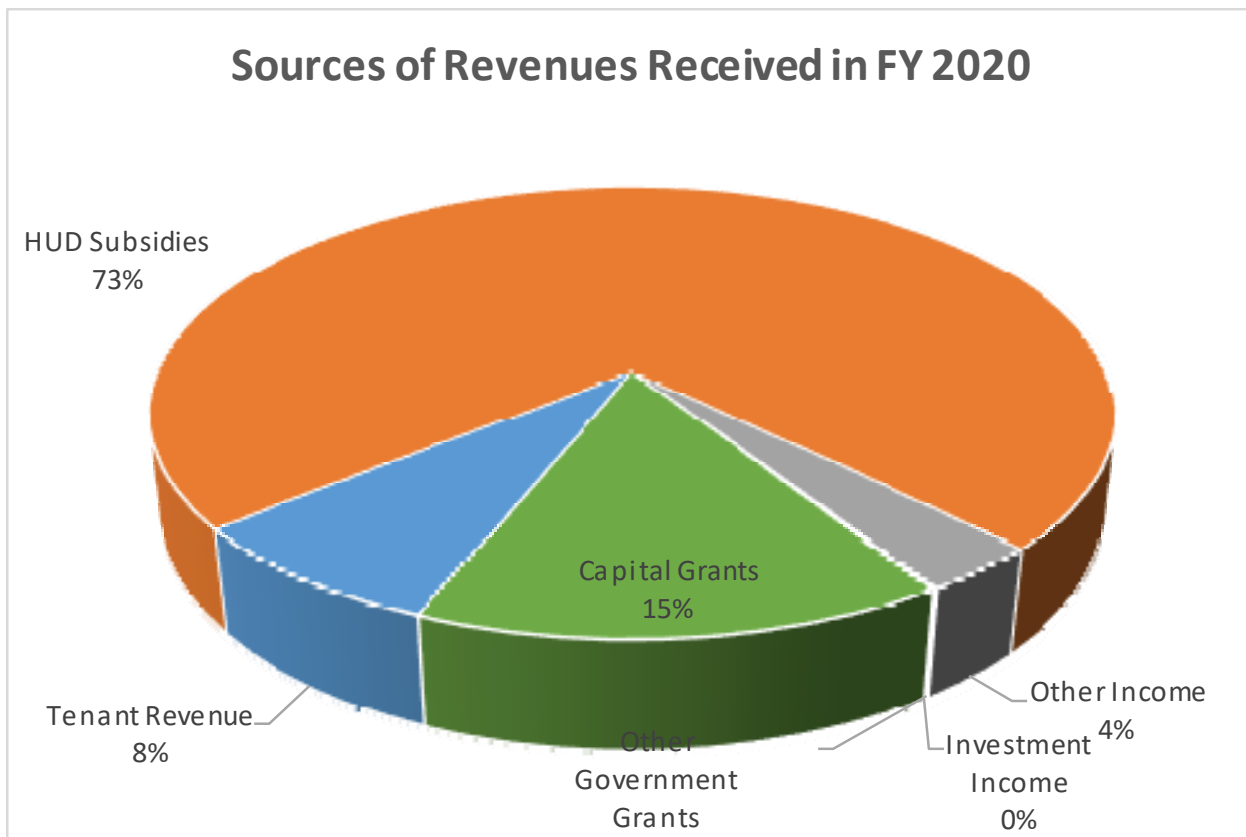
Total expenses in FY 2020 increased \$1.7 million or 7.7%. Spending in the HCV program increased \$1.1 million from the prior year.

At the end of fiscal year 2020, the Authority's Net Position increased by \$2.5 million.

Sources of Revenues and Expenses

The majority of revenues received came from subsidies which amounted to 89% of total revenue. Total operating subsidies including capital funds received from HUD FY 2020 were \$23.1 million. Tenant rent revenues received in FY 2020 amounted to 8% of the total revenues received for the year. Rental income decreased by 2.2% as compared to FY 2019.

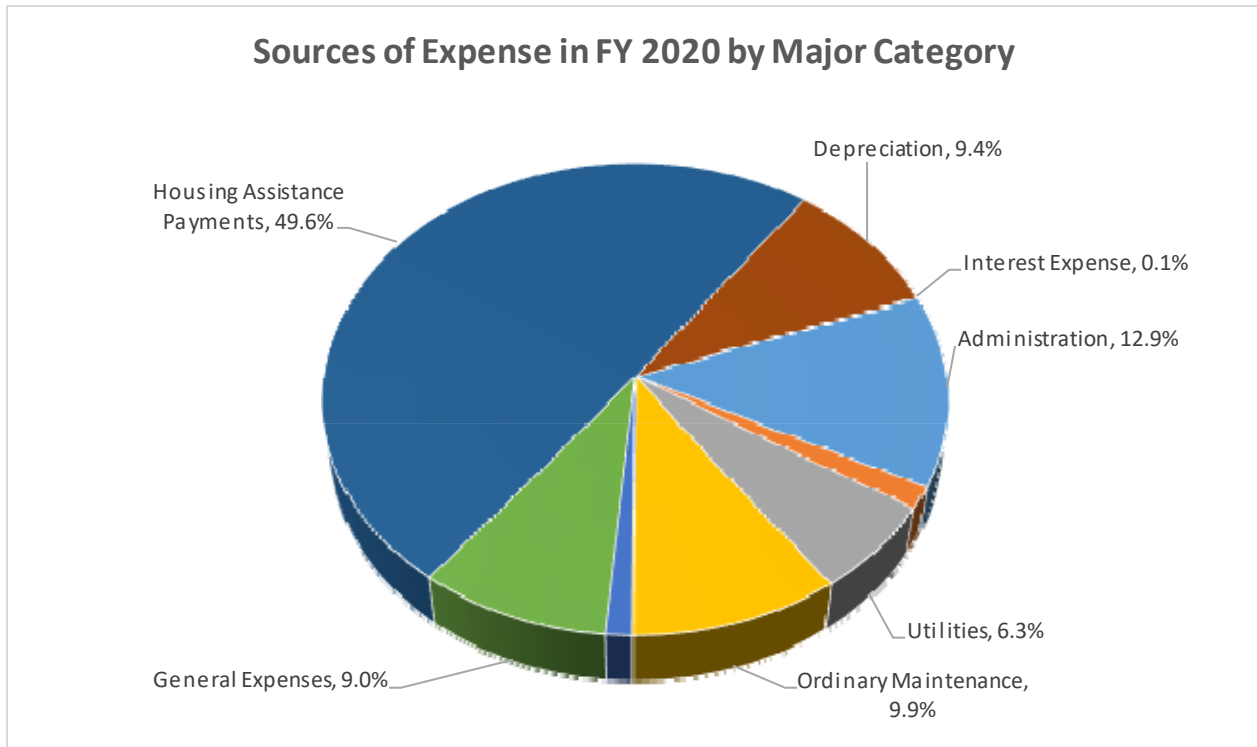
The following graph illustrates the major sources of these revenues and related percentages:



**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

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 increased 7.7% from last year.

Administrative expenses increased by \$439,984 due to increase in pension related expenses.

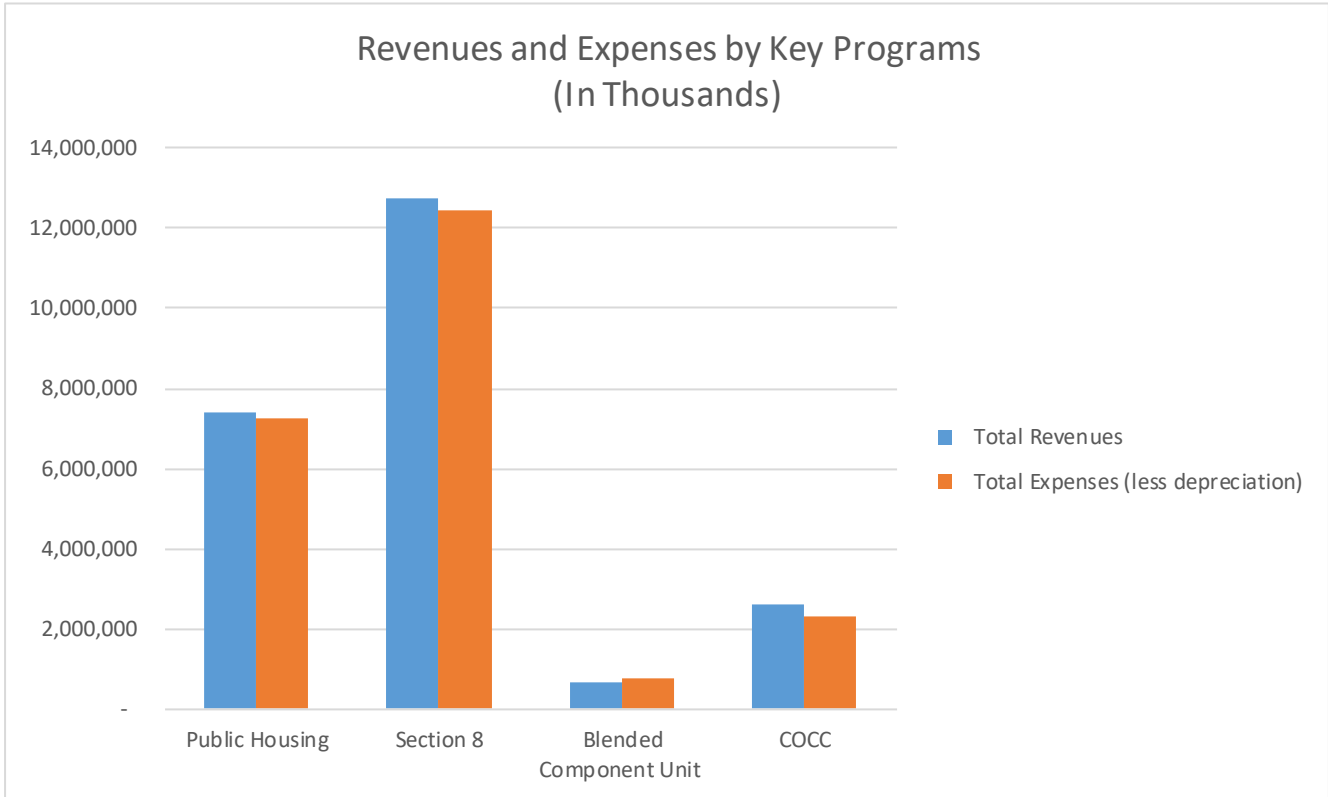
Housing assistance payments increased by \$1.1 million. The increase in utilization in the HCVP has been due to many factors, but primarily due to an increase in the payment standards.

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Sources of Revenues and Expenses (Continued)

Depreciation expense decreased from last fiscal year by \$64,945. 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 2020.



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, 2020**

**Table 3
Sources of Revenues and Expenses by Program
Year Ended March 31, 2020**

	Public Housing	COCC	HCV & VASH	Other Programs	Eliminations	Total
Tenant Revenue	\$ 1,801,316	\$ -	\$ -	\$ 307,257	\$ -	\$ 2,108,573
HUD Subsidies	5,594,543	-	12,715,779	887,421	-	19,197,743
Other Government Grants	-	-	-	22,894	-	22,894
Other Income	37,352	2,470,362	16,982	142,898	(1,752,592)	915,002
Total Revenues	7,433,211	2,470,362	12,732,761	1,360,470	(1,752,592)	22,244,212
Administrative	1,555,053	1,714,448	890,638	271,059	(1,368,918)	3,062,280
Tenant Services	16,284	-	-	346,081	-	362,365
Utilities	1,418,605	27,041	-	63,431	-	1,509,077
Maintenance	2,112,299	431,190	22,718	172,940	(383,674)	2,355,473
Protective Services	282,722	-	-	21,259	-	303,981
General/Other Items	1,880,064	129,546	46,229	90,687	-	2,146,526
Housing Assistance Payments	-	-	11,492,995	293,048	-	11,786,043
Depreciation	1,928,210	103,050	4,778	187,721	-	2,223,759
Total Expenses	9,193,237	2,405,275	12,457,358	1,446,226	(1,752,592)	23,749,504
Excess (Deficiency) Revenue over Expenses	(1,760,026)	65,087	275,403	(85,756)	-	(1,505,292)
Investment Income	2,008	-	187	1,264	-	3,459
Interest Expense	(25,238)	-	-	-	-	(25,238)
Mortgage Interest Income	-	-	-	10,559	-	10,559
Capital Grants	3,972,969	-	-	-	-	3,972,969
Net Change in Net Position	\$ 2,189,713	\$ 65,087	\$ 275,590	\$ (73,933)	\$ -	\$ 2,456,457

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, 2020**

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, 2020 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, 2020.

The Housing Choice Voucher Program received a troubled performance status for fiscal year ending March 31, 2020 from the Real Estate Assessment Center.

Capital Assets

At the end of FY 2020, the Authority had Capital Assets amounting to \$23 million, net of depreciation. There were \$4.4 million in capital asset acquisitions, which were offset by depreciation expense of \$2.2 million. A complete summary of capital assets follows:

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

	2020	2019	Total Change	% Change
Land	\$ 2,644,532	\$ 2,644,532	\$ -	-
Buildings and Improvements	70,241,458	65,784,455	4,457,003	6.78
Equipment	2,728,606	2,688,129	40,477	1.51
	75,614,596	71,117,116	4,497,480	6.32
Accumulated Depreciation	(52,228,864)	(50,005,105)	(2,223,759)	4.45
Total Capital Assets	<u>\$ 23,385,732</u>	<u>\$ 21,112,011</u>	<u>\$ 2,273,721</u>	10.77

Capital Debt Activity

The following is a summary of the Capital Debt activity for the year ended March 31, 2020:

	Public Housing	Central Office Cost Center	Blended Component Unit	Authority Totals
Beginning Balance	\$ 546,177	\$ -	\$ 1,015,555	\$ 1,561,732
Principal Reductions	(60,285)	-	(15,543)	(75,828)
Additions	-	-	-	-
Ending Balance	<u>\$ 485,892</u>	<u>\$ -</u>	<u>\$ 1,000,012</u>	<u>\$ 1,485,904</u>

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

**WILMINGTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

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 has expending replacement housing factor funds to build 24 units of Public Housing at the Jervay HOPE VI site.

In December 2019, an outbreak of a novel strain of the coronavirus (COVID-19) originated in Wuhan, China and has since spread to other counties, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. had declared a state of emergency. It was anticipated that these impacts will continue for some time.

A coronavirus (COVID-19) relief bill passed the Senate and the House and was signed by the President on March 27, 2020. The relief bill included additional funds for Public and Indian Housing, Community Planning and Development, and Office of Housing Programs. The U.S Department of Housing and Urban Development issued Notice PIH 2020-5 "COVID-19 Statutory and Regulatory Waivers for the Public Housing, Housing Choice Voucher, Indian Housing Block Grant and Indian Community Development Block Grant programs, Suspension of Public Housing Assessment System and Section Eight Management Assessment Program." During FY20, the Housing Authority implemented all applicable waivers identified in the notice that were appropriate and necessary for operations and in the best interest of the residents and participants we service.

Potential impacts to the Housing Authority come from our response to the effects of the COVID-19 pandemic. Housing Authority staff have adapted to working in a changed environment. With the new possible Delta Variant to the coronavirus, the Housing Authority will remain cautious in our service delivery model. The effects of the COVID-19 pandemic have also impacted the tenant's ability to pay the required monthly rent due to either a decrease in income due to loss of their job or other COVID-related impacts that caused an increase in household expenses. In response, the Housing Authority has worked with partnering agencies to apply for rent relief assistance on behalf of the residents.

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, 2020

	Enterprise Fund	Discrete Component Units
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,180,500	\$ 308,978
Restricted Cash	1,315,742	2,067,298
Inventories	38,674	-
Accounts Receivable, Net	2,087,375	19,838
Notes, Loans, and Mortgage Receivable - Current Portion	2,336	-
Prepaid Expenses	217,574	8,282
Total Current Assets	<u>10,842,201</u>	<u>2,404,396</u>
NONCURRENT ASSETS		
Capital Assets, Net	23,385,732	21,014,932
Notes, Loans, and Mortgages Receivable - Long-Term, Net	14,667,357	-
Other Noncurrent Assets	10,869	939,389
Total Noncurrent Assets	<u>38,063,958</u>	<u>21,857,377</u>
DEFERRED OUTFLOW OF RESOURCES - PENSION	<u>965,082</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 49,871,241</u></u>	<u><u>\$ 24,261,773</u></u>
CURRENT LIABILITIES		
Accounts Payable	\$ 825,069	\$ 118,836
Accrued Compensated Absences, Current Portion	75,508	-
Unearned Revenue - Ground Leases, Current Portion	22,121	-
Unearned Revenue - Other	338,347	28,178
Tenant Security Deposits	175,012	61,154
Accrued Liabilities	217,975	25,582
Current Portion of Long-Term Debt	80,231	11,086
Total Current Liabilities	<u>1,734,263</u>	<u>244,836</u>
NONCURRENT LIABILITIES		
Long-Term Debt, Less Current Portion	1,405,673	4,371,005
Unearned Revenue - Ground Leases	1,911,250	5,946,343
Other Noncurrent Liabilities	958,535	677,901
Net Pension Liability	872,257	-
Accrued Compensated Absences, Less Current Portion	178,954	-
Total Noncurrent Liabilities	<u>5,326,669</u>	<u>10,995,249</u>
Total Liabilities	7,060,932	11,240,085
DEFERRED INFLOW OF RESOURCES - PENSION	-	-
NET POSITION		
Net Investment in Capital Assets	21,899,828	16,632,841
Restricted	1,362,164	2,006,144
Unrestricted	19,548,317	(5,617,297)
Total Net Position	<u>42,810,309</u>	<u>13,021,688</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 49,871,241</u></u>	<u><u>\$ 24,261,773</u></u>

See accompanying Notes to Financial Statements.

WILMINGTON HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2020

	Enterprise Fund	Discrete Component Units
OPERATING REVENUES		
Rental Income	\$ 2,108,573	\$ 2,536,771
HUD Subsidies	19,197,743	-
Other Government Grants	22,894	-
Other Income	915,002	76,469
Total Operating Revenues	22,244,212	2,613,240
OPERATING EXPENSES		
Administration	3,062,280	665,255
Tenant Services	362,365	-
Utilities	1,509,077	730,239
Ordinary Maintenance	2,355,473	634,416
Protective Services	303,981	-
General Expenses	2,146,526	608,441
Housing Assistance Payments	11,786,043	-
Depreciation	2,223,759	695,773
Total Operating Expenses	23,749,504	3,334,124
NET OPERATING LOSS	(1,505,292)	(720,884)
NONOPERATING REVENUE (EXPENSE)		
Investment Income	3,459	2,294
Interest Expense	(25,238)	(371,501)
Mortgage Interest Income	10,559	-
Total Nonoperating Revenue (Expense)	(11,220)	(369,207)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(1,516,512)	(1,090,091)
CAPITAL GRANTS - HUD	3,972,969	-
CHANGE IN NET POSITION	2,456,457	(1,090,091)
Net Position - Beginning of Year	40,353,852	14,111,779
NET POSITION - END OF YEAR	\$ 42,810,309	\$ 13,021,688

See accompanying Notes to Financial Statements.

**WILMINGTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from HUD	\$ 19,049,020
Cash Received from Tenants and Other	2,806,113
Cash Paid for Housing Assistance Payments	(11,786,043)
Cash Paid for Goods and Services	(7,648,829)
Cash Paid to Employees for Services	(2,052,860)
Net Cash Provided by Operating Activities	367,401
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Acquisition of Capital Assets	(4,497,480)
Principal Paid on Notes Payable	(75,828)
Interest Paid on Notes Payable	(25,238)
Capital Contributions	3,972,969
Net Cash Used by Capital and Related Activities	(625,577)
CASH FLOWS FROM INVESTING ACTIVITIES	
Collections of Notes Receivable	42,730
Interest on Notes Receivable	10,559
Interest on Investments	3,459
Net Cash Provided by Investing Activities	56,748
NET DECREASE IN CASH AND CASH EQUIVALENTS	(201,428)
Cash and Cash Equivalents - Beginning of Year	8,697,670
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,496,242
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,505,292)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	2,223,759
Provision for Bad Debts	47,440
Effects of Changes in Operating Assets and Liabilities:	
Inventory	2,850
Accounts Receivable	(413,177)
Prepaid Expenses	(39,460)
Other Asset	320
Deferred Outflow of Resources - Pension	(26,366)
Accounts Payable and Accrued Liabilities	(90,540)
Unearned Revenue	(23,940)
Tenant Security Deposits	598
Deferred Inflow of Resources - Pension	(3,507)
Net Pension Liability	194,716
Net Cash Provided by Operating Activities	\$ 367,401

See accompanying Notes to Financial Statements.

WILMINGTON HOUSING AUTHORITY
COMBINING STATEMENTS OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019

	Taylor West, LLC	Rankin Terrace	Creekwood South, LLC	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 56,388	\$ 213,189	\$ 39,401	\$ 308,978
Restricted Cash	450,372	457,010	1,159,916	2,067,298
Accounts Receivable, Net	1,996	8,214	9,628	19,838
Prepaid Expenses	8,282	-	-	8,282
Total Current Assets	<u>517,038</u>	<u>678,413</u>	<u>1,208,945</u>	<u>2,404,396</u>
NONCURRENT ASSETS				
Capital Assets, Net	4,560,985	7,028,860	9,425,087	21,014,932
Prepaid Ground Lease, Net of Accumulated Amortization	-	5,392	7,105	12,497
Other Noncurrent Assets	633,081	87,426	109,441	939,389
Total Noncurrent Assets	<u>5,194,066</u>	<u>7,121,678</u>	<u>9,541,633</u>	<u>21,857,377</u>
DEFERRED OUTFLOW OF RESOURCES - PENSION				
	-	-	-	-
Total Assets and Deferred Outflow of Resources	<u>\$ 5,711,104</u>	<u>\$ 7,800,091</u>	<u>\$ 10,750,578</u>	<u>\$ 24,261,773</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 17,854	\$ 17,866	\$ 83,116	\$ 118,836
Unearned Revenue - Other	274	2,698	25,206	28,178
Tenant Security Deposits	11,550	17,909	31,695	61,154
Accrued Liabilities	2,358	7,458	15,766	25,582
Current Portion of Long-Term Debt	-	11,086	-	11,086
Total Current Liabilities	<u>32,036</u>	<u>57,017</u>	<u>155,783</u>	<u>244,836</u>
NONCURRENT LIABILITIES				
Long-Term Debt, Less Current Portion	2,038,464	1,007,398	1,325,143	4,371,005
Unearned Revenue - Ground Leases	1,282,415	1,700,053	2,963,875	5,946,343
Other Noncurrent Liabilities	102,622	199,376	375,903	677,901
Net Pension Liability	-	-	-	-
Accrued Compensated Absences, Less Current Portion	-	-	-	-
Total Noncurrent Liabilities	<u>3,423,501</u>	<u>2,906,827</u>	<u>4,664,921</u>	<u>10,995,249</u>
Total Liabilities	<u>3,455,537</u>	<u>2,963,844</u>	<u>4,820,704</u>	<u>11,240,085</u>
DEFERRED INFLOW OF RESOURCES - PENSION				
	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	2,522,521	6,010,376	8,099,944	16,632,841
Restricted	438,822	439,101	1,128,221	2,006,144
Unrestricted	(705,776)	(1,613,230)	(3,298,291)	(5,617,297)
Total Net Position	<u>2,255,567</u>	<u>4,836,247</u>	<u>5,929,874</u>	<u>13,021,688</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,711,104</u>	<u>\$ 7,800,091</u>	<u>\$ 10,750,578</u>	<u>\$ 24,261,773</u>

See accompanying Notes to Financial Statements.

WILMINGTON HOUSING AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2019

	Taylor West, LLC	Rankin Terrace	Creekwood South, LLC	Total
OPERATING REVENUES				
Rental Income	\$ 406,010	\$ 940,731	\$ 1,190,030	\$ 2,536,771
Other Income	12,418	3,384	60,667	76,469
Total Operating Revenues	<u>418,428</u>	<u>944,115</u>	<u>1,250,697</u>	<u>2,613,240</u>
OPERATING EXPENSES				
Administration	101,649	208,854	354,752	665,255
Utilities	128,883	193,097	408,259	730,239
Ordinary Maintenance	168,553	141,291	324,572	634,416
General Expenses	62,124	248,168	298,149	608,441
Depreciation	193,187	202,808	299,778	695,773
Total Operating Expenses	<u>654,396</u>	<u>994,218</u>	<u>1,685,510</u>	<u>3,334,124</u>
NET OPERATING LOSS	(235,968)	(50,103)	(434,813)	(720,884)
NONOPERATING REVENUE (EXPENSE)				
Investment Income	588	131	1,575	2,294
Interest Expense	(86,007)	(136,063)	(149,431)	(371,501)
Total Nonoperating Revenue (Expense)	<u>(85,419)</u>	<u>(135,932)</u>	<u>(147,856)</u>	<u>(369,207)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(321,387)	(186,035)	(582,669)	(1,090,091)
CAPITAL GRANTS - HUD	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(321,387)	(186,035)	(582,669)	(1,090,091)
Net Position - Beginning of Year	<u>2,576,954</u>	<u>5,022,282</u>	<u>6,512,543</u>	<u>14,111,779</u>
NET POSITION - END OF YEAR	<u>\$ 2,255,567</u>	<u>\$ 4,836,247</u>	<u>\$ 5,929,874</u>	<u>\$ 13,021,688</u>

See accompanying Notes to Financial Statements.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020**

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 – No activity in FY20
- WHA Partners II, LLC – No activity in FY20
- Sunlight Properties, LLC – No activity in FY20
- Glover Plaza, Inc.
- Housing Economic Opportunities, Inc.
 - Jervay House, LLC
 - HEO Partners I, II, III, IV, V, LLC – No activity in FY20 for IV & V
 - Supportive Housing I, LLC

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2019. 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, 2020 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, 2020 financial statements.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020 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, 2020**

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, 2020**

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 December 31, 2017 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, 2020**

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In fiscal year 2020, the Authority implemented certain GASB Statements as described below:

GASB Statement No. 83, Certain Asset Retirement Obligation. 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. The implementation of this statement did not have an impact on the basic financial statements or disclosures of the Authority.

GASB 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. The implementation of this statement did not have an impact on the basic financial statements or disclosures of the Authority.

GASB 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. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have an impact on the basic financial statements or disclosures of the Authority.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of this statement did not have an impact on the basic financial statements or disclosures of the Authority.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020, the Authority's deposits had a carrying amount of \$8,496,242 and a bank balance of \$8,139,676. Of the bank balances held in various financial institutions, \$8,139,676 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, 2020 consisted of the following:

Tenant Security Deposits	\$ 175,012
HUD HAP Equity	94,512
Reserve for Replacement	899,917
Family Self-Sufficiency Funds	115,571
Other Miscellaneous	30,730
Total	<u>\$ 1,315,742</u>

Restricted cash of the discretely presented component units at December 31, 2019 consisted of the following:

Tenant Security Deposits	\$ 61,154
Replacement Reserves	647,320
Operating Reserves	1,075,772
Affordability Reserves	245,050
Other Reserves	38,002
Total	<u>\$ 2,067,298</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2020 consisted of the following:

Tenant Receivables	\$ 108,497
Allowance for Doubtful Accounts, Tenants	(69,918)
Due from HUD	821,286
Other Government Receivables	10,896
Development Fees	674,021
Insurance Reimbursement	535,403
Miscellaneous - Other	7,190
Total	<u><u>\$ 2,087,375</u></u>

Development fees consist of \$674,021 that have been earned by the Authority and HEO, Inc.

Developer Fee - Taylor West LLC	\$ 98,742
Developer Fee - Rankin Terrace Project	199,376
Developer Fee - Creekwood South LLC	375,903
Total	<u><u>\$ 674,021</u></u>

The Taylor Homes projects represent two separate projects: the Taylor Senior Project and the Pointe at 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. acts as developer in the partnership and constructed 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, 2020**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE

Notes and mortgage notes receivable at March 31, 2020 consist of the following:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
1. Turnkey III Home Sales	\$ 116,782	\$ -	\$ 116,782
2. New Dawson LTD Partnership	5,983,671	7,803,577	13,787,248
3. Taylor West LLC	986,908	-	986,908
4. Creekwood South LLC	1,776,865	1,290,121	3,066,986
5. Jervay House	289,217	-	289,217
6. Taylor Senior Ground Lease	875,000	904,167	1,779,167
7. Taylor Point Ground Lease	625,000	645,833	1,270,833
8. Taylor West Ground Lease	690,000	349,834	1,039,834
9. Taylor West LLC - CDBG Loan	300,000	48,441	348,441
10. Rankin Terrace Acquisition Ground Lease	1,300,000	-	1,300,000
11. Pearce House	447,056	-	447,056
12. Pearce House - 2nd Loan	18,250	-	18,250
13. Jervay House - HEO Loan	61,031	-	61,031
Total	<u>13,469,780</u>	<u>11,041,973</u>	<u>24,511,753</u>
Less: Current Portion	<u>(2,336)</u>	<u>-</u>	<u>(2,336)</u>
Total Notes and Mortgages Receivable - Noncurrent	13,467,444	11,041,973	24,509,417
Less: Elimination	<u>(526,337)</u>	<u>-</u>	<u>(526,337)</u>
Less: Allowance for Doubtful Accounts	<u>(1,576,125)</u>	<u>(7,739,598)</u>	<u>(9,315,723)</u>
Total Notes and Mortgages Receivable - Noncurrent, Net	<u>\$ 11,364,982</u>	<u>\$ 3,302,375</u>	<u>\$ 14,667,357</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 \$30,538 in payments from borrowers during the year.
2. 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, 2020 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 \$7,803,577 as of March 31, 2020. The Authority has recorded an allowance in the amount of \$4,501,202 against the accrued interest portion of this loan.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

3. 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, 2020 was \$986,908. The Authority recorded a full allowance against this receivable.
4. 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, 2020 is \$1,776,865. The note has accrued interest of \$1,290,121 as of March 31, 2020. The Authority has recorded a full allowance against the accrued interest portion of this loan.
5. 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, 2020 was \$289,217. The Authority recorded a full allowance against this receivable.
6. 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, 2020 was \$875,000. The note has accrued interest of \$904,167 as of March 31, 2020. The Authority has recorded a full allowance against the accrued interest portion of this loan.
7. 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 \$645,833 as of March 31, 2020. The Authority has recorded a full allowance against the accrued interest portion of this loan.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

8. 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, 2020 was \$690,000. The note has accrued interest of \$349,834 as of March 31, 2020. The Authority has recorded a full allowance against the accrued interest portion of this loan.
9. Taylor West LLC and the Authority entered into a mortgage loan agreement for \$300,000 in May 16, 2012 and continuing for 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, 2020 was \$300,000 and accrued interest is \$48,441. The Authority recorded a full allowance against the principal and allowance against the accrued interest.
10. 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, 2020 was \$1,300,000. The Authority is not accruing any additional interest income on this loan.
11. 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, 2020, 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.
12. 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, 2020 was \$18,250. The Authority recorded a full allowance against this receivable.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 5 NOTES AND MORTGAGES RECEIVABLE (CONTINUED)

13. 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, 2020 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, 2020 consisted of the following. The amounts are eliminated in the basic financial statements.

Central Office Cost Center	\$	423,177
HEO 1		79,000
Housing Choice Voucher Program		7,964
Low Rent Public Housing		16,680
Mainstream Voucher		63,569
Central Office Cost Center		(16,680)
Housing Choice Voucher Program		(304,155)
Housing Opportunities for Persons with Aids		(7,964)
Jervay		(7,000)
Multifamily Housing Service Coordinator		(44,610)
Pearch House		(72,000)
ROSS		(127,703)
ROSS - FSS		(10,278)
Total	<u>\$</u>	<u>-</u>

NOTE 7 CAPITAL ASSETS

A summary of the combined capital assets at March 31, 2020 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	65,784,455	4,457,003	-	-	70,241,458
Furniture and Equipment	2,688,129	40,477	-	-	2,728,606
Total Capital Assets Being Depreciated	68,472,584	4,497,480	-	-	72,970,064
Less: Accumulated Depreciation	(50,005,105)	(2,223,759)	-	-	(52,228,864)
Capital Assets, Net	<u>\$ 21,112,011</u>	<u>\$ 2,273,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,385,732</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 7 CAPITAL ASSETS (CONTINUED)

A summary of the discretely presented component units' capital assets at December 31, 2019 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	374,547	8,200	-	-	382,747
Total Capital Assets Being Depreciated	24,429,200	8,200	-	-	24,437,400
Less: Accumulated Depreciation	(4,111,811)	(695,773)	-	-	(4,807,584)
Capital Assets, Net	<u>\$ 21,702,505</u>	<u>\$ (687,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,014,932</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, 2020 is as follows:

Lessee	Issuance Date	Maturity Date	Term	Total Prepaid	Balance at 3/31/2020	Amount due within one year
Robert R. Taylor Senior Homes, LLC	8/22/2007	8/22/2106	99	\$ 875,000	\$ 763,415	\$ 8,838
The Pointe at Taylor Estates, LLC	8/22/2007	8/22/2106	99	625,000	545,297	6,313
Taylor West, LLC	11/16/2010	11/16/2109	99	690,000	624,659	6,970
				<u>\$ 2,190,000</u>	<u>\$ 1,933,371</u>	<u>\$ 22,121</u>

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following as of March 31, 2020:

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.

\$ 485,892

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Long-term debt consists of the following as of March 31, 2020:

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.	387,062
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.	<u>200,000</u>
Total	1,485,904
Less: Current Portion	<u>(80,231)</u>
Long-Term Portion	<u><u>\$ 1,405,673</u></u>

Future maturities of long-term debt are as follows:

Year Ending March 31,	Principal	Interest
2021	\$ 80,231	\$ 21,659
2022	83,907	18,496
2023	87,227	15,175
2024	90,712	11,690
2025	94,370	8,033
2026-2030	219,004	4,791
2031-2035	84,780	-
2036-2040	497,730	-
2041-2045	47,942	-
2046-2050	200,000	-
Total	<u>\$ 1,485,904</u>	<u>\$ 79,844</u>

Long-term debt for the discretely presented component units consists of the following as of March 31, 2020:

Creekwood South, LLC has an STC Loan with the North Carolina Housing Finance Agency in an amount of \$1,325,143. The loan is noninterest bearing and no payment of principal will be due before maturity. The maturity date of the loan is August 19, 2051.	\$ 1,325,143
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.	751,556

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 9 LONG-TERM DEBT (CONTINUED)

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, 2019, accrued interest due is \$105,470. Interest expense for 2019 was \$12,928. 986,908

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, 2019, accrued interest due is \$43,961. Interest expense for 2019 was \$6,000. 300,000

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, 2019, no accrued interest was outstanding. 623,128

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, 2019 was \$30,102.

The Company has a STC Loan with the North Carolina Housing Finance Agency in an amount of \$395,356. The loan is noninterest bearing and no payment of principal will be due before maturity. The maturity date of the loan is expected to be March 1, 2046. 395,356

Total	4,382,091
Less: Current Portion	(11,086)
Long-Term Portion	\$ 4,371,005

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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>
2020	\$ 11,086
2021	11,766
2022	12,488
2023	13,254
2024	14,068
2025-2029	84,394
2030-2034	476,072
2035-2039	-
2040-2044	300,000
2045-2049	395,356
2050-2054	3,063,607
2055-2049	4,382,091
Total	<u>\$ 4,382,091</u>

NOTE 10 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended March 31, 2020 are as follows:

	Balance, March 31, 2019	Increases	Decreases	Balance, March 31, 2020	Amount Due Within One Year
Long-Term Debt	\$ 1,561,732	\$ -	\$ (75,828)	\$ 1,485,904	\$ 80,231
Other Noncurrent Liabilities:					
Public Housing - FSS	40,717	8,539	-	49,256	-
Housing Choice Voucher - FSS	81,941	-	(15,625)	66,316	-
FEMA Loan Contingent Liability	407,833	-	-	407,833	-
Unearned Acquisition Fee	435,130	-	-	435,130	-
Net Pension Liability	677,541	194,716	-	872,257	-
Accrued Compensated Absences	255,666	196,572	(197,776)	254,462	75,508
Total Long-Term Liabilities	3,460,560	399,827	(289,229)	3,571,158	155,739
Less: Current Portion of Long-Term Debt	(77,241)			(80,231)	
Less: Current Portion of Compensated Absences	(77,098)			(75,508)	
Long-Term Liabilities	<u>\$ 3,306,221</u>			<u>\$ 3,415,419</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.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 10 LONG-TERM LIABILITIES (CONTINUED)

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, 2020 is \$435,130.

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, 2020 was 7.75% 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 \$386,111 for the year ended March 31, 2020.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

At March 31, 2020, the Authority reported a liability of \$872,256 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability 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, 2019, the Authority's proportion was .03194%, which was an increase of .00338% from its proportion measured as of June 30, 2018.

For the year ended March 31, 2020, the Authority recognized pension expense of \$550,668. At March 31, 2020, 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	\$ 149,352	\$ -
Change in Assumptions	142,163	-
Net Difference Between Projected and Actual Earnings on Investments	21,276	-
Changes in Proportion and Differences Between Actual Contributions and Proportionate Share of Contributions	368,263	-
Employer Contributions Subsequent to the Measurement Date	284,028	-
Total	\$ 965,082	\$ -

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

\$284,028 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, 2021. 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>
2021	\$ 286,524
2022	155,261
2023	166,570
2024	72,699
2025	-
Total	<u>\$ 681,054</u>

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.00%
Projected Salary Increases	3.50% - 8.10%
Includes Inflation of	3.00%
Includes Inflation and Productivity of	3.50%
Cost-of-living Adjustments	N/A

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.

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, 2020**

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, 2019 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, 2020**

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	\$6,246,118,000	\$2,730,922,015	\$ (190,918,000)
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,995,010	\$ 872,256	\$ (60,979)

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, 2020, 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, 2020 there were no amounts due from Glover Plaza, Inc. or HEO, Inc.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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.

On October 1, 2019, the Authority entered into a financing agreement with Market North Housing Partners, LP to issue both tax-exempt and taxable bonds for the acquisition, construction, and development of Market North Apartments. The bonds are collateralized by the Project, and portions of the bonds will mature on April 1, 2022, November 1, 2036, and November 1, 2059.

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, 2020**

NOTE 17 FUTURE ACCOUNTING PRONOUNCEMENTS

GASB routinely issues standards that will become effective in future years. GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. HHA is evaluating the potential impacts of the following postponed GASB statements on its accounting practices and financial statements:

- GASB Statement No. 87, Leases, postponed 18 months.
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, postponed 12 months.
- GASB Statement No. 91, Conduit Debt Obligations, postponed 12 months.

NOTE 18 SUBSEQUENT EVENTS

On June 18, 2020, Housing and Economic Opportunities, Inc. and HEO Partners I, LLC acquired 100% ownership interest of Robert Taylor Senior Homes, LLC and The Pointe at Taylor Estates, LLC. Taylor Senior and The Pointe are tax credit properties with 96 units and 48 units, respectively.

The spread of novel strain of coronavirus (COVID-19) in the first quarter of 2020 has caused significant volatility in U.S. markets. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on residents, employees and vendors, all of which are uncertain and cannot be determined at this time.

Subsequent to year end HUD extended the moratorium on evictions. To address the financial impact of the pandemic, HUD initially imposed a moratorium that went into effect immediately upon the enactment on March 18, 2020. This moratorium has been further extended six times, with a current expected end date of July 31, 2021.

The temporary moratorium on: (1) evictions for nonpayment of rent and (2) fees and penalties related to nonpayment of rent, applies to all tenants, regardless of whether employment was affected by COVID-19. Tenants will have the ability to repay any unpaid rent after the moratorium has ended in a lump sum to avoid eviction. If the household is unable to pay a lump sum, the Authority or owner is encouraged to set up a repayment agreement with reasonable payments spread over time.

As of October 29, 2021, the amount and likelihood of loss relating to these events is not determined.

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 19 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.					Elimination	Primary Government	
	HEO Inc.	Jervay House, LLC	Supportive Housing I, LLC	HEO Partners I, II, III, LLC	Glover Plaza Inc.			
ASSETS								
Current Assets	\$ 709,446	\$ 40,278	\$ 30,110	\$ 208,154	\$ 974,623	\$ -	\$ 8,879,590	\$ 10,842,201
Capital Assets	360,000	609,176	1,100,162	-	863,434	-	20,452,960	23,385,732
Noncurrent Assets	526,338	-	-	-	-	(79,000)	14,230,888	14,678,226
Total Assets	<u>1,595,784</u>	<u>649,454</u>	<u>1,130,272</u>	<u>208,154</u>	<u>1,838,057</u>	<u>(79,000)</u>	<u>43,563,438</u>	<u>48,906,159</u>
DEFERRED OUTFLOW OF RESOURCES - PENSION	14,321	1,566	1,565	-	19,221	-	928,409	965,082
Total Assets and Deferred Outflows of Resources	<u>\$ 1,610,105</u>	<u>\$ 651,020</u>	<u>\$ 1,131,837</u>	<u>\$ 208,154</u>	<u>\$ 1,857,278</u>	<u>\$ (79,000)</u>	<u>\$ 44,491,847</u>	<u>\$ 49,871,241</u>
LIABILITIES								
Interprogram Liabilities	\$ -	\$ 72,000	\$ 7,000	\$ -	\$ -	\$ (79,000)	\$ -	\$ -
Other Current Liabilities	717	25,631	5,355	-	39,726	-	1,662,834	1,734,263
Noncurrent Liabilities	12,979	432,629	1,078,776	-	20,613	-	3,781,672	5,326,669
Total Liabilities	<u>13,696</u>	<u>530,260</u>	<u>1,091,131</u>	<u>-</u>	<u>60,339</u>	<u>(79,000)</u>	<u>5,444,506</u>	<u>7,060,932</u>
DEFERRED INFLOW OF RESOURCES - PENSION	-	-	-	-	-	-	-	-
NET POSITION								
Net Investment in Capital Assets	360,000	161,083	21,906	-	863,434	-	20,493,405	21,899,828
Restricted Net Position	-	35,765	23,765	-	871,117	-	431,517	1,362,164
Unrestricted Net Position	1,236,409	(76,088)	(4,965)	208,154	62,388	-	18,122,419	19,548,317
Total Net Position	<u>1,596,409</u>	<u>120,760</u>	<u>40,706</u>	<u>208,154</u>	<u>1,796,939</u>	<u>-</u>	<u>39,047,341</u>	<u>42,810,309</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,610,105</u>	<u>\$ 651,020</u>	<u>\$ 1,131,837</u>	<u>\$ 208,154</u>	<u>\$ 1,857,278</u>	<u>\$ (79,000)</u>	<u>\$ 44,491,847</u>	<u>\$ 49,871,241</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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

	Blended Component Units						
	Housing Economic Opportunities, Inc.						Total
	HEO Inc.	Jervay House, LLC	Supportive Housing I, LLC	HEO Partners I, II, III, LLC	Glover Plaza Inc.	Primary Government	
OPERATING REVENUES							
Rental Income	\$ -	\$ 61,093	\$ 55,056	\$ -	\$ 434,309	\$ 1,558,115	\$ 2,108,573
HUD Subsidies	-	-	-	-	-	19,197,743	19,197,743
Other Governmental Grants	-	-	-	-	-	22,894	22,894
Other Income	78,543	(231)	2,112	32,682	-	801,896	915,002
Total Operating Revenues	<u>78,543</u>	<u>60,862</u>	<u>57,168</u>	<u>32,682</u>	<u>434,309</u>	<u>21,580,648</u>	<u>22,244,212</u>
OPERATING EXPENSES							
Administration	101,800	23,456	18,495	-	125,058	2,793,471	3,062,280
Tenant Services	-	-	-	-	-	362,365	362,365
Utilities	-	13,500	12,160	-	37,771	1,445,646	1,509,077
Ordinary Maintenance	16,036	28,958	21,674	-	106,272	2,182,533	2,355,473
Protective Services	-	1,136	1,106	-	19,017	282,722	303,981
General Expenses	6,870	4,375	3,186	-	30,133	2,101,962	2,146,526
Housing Assistance Payments	-	-	-	-	-	11,786,043	11,786,043
Depreciation and Amortization	-	28,116	40,373	-	119,047	2,036,223	2,223,759
Total Operating Expenses	<u>124,706</u>	<u>99,541</u>	<u>96,994</u>	<u>-</u>	<u>437,298</u>	<u>22,990,965</u>	<u>23,749,504</u>
NET OPERATING INCOME (LOSS)	(46,163)	(38,679)	(39,826)	32,682	(2,989)	(1,410,317)	(1,505,292)
Total Nonoperating Revenues (Expense)	<u>138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361</u>	<u>(11,719)</u>	<u>(11,220)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(46,025)	(38,679)	(39,826)	32,682	(2,628)	(1,422,036)	(1,516,512)
CAPITAL GRANTS - HUD	-	-	-	-	-	3,972,969	3,972,969
CHANGE IN NET POSITION	(46,025)	(38,679)	(39,826)	32,682	(2,628)	2,550,933	2,456,457
Net Position - Beginning 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>
NET POSITION - END OF YEAR	<u>\$ 1,596,409</u>	<u>\$ 120,760</u>	<u>\$ 40,706</u>	<u>\$ 208,154</u>	<u>\$ 1,796,939</u>	<u>\$ 39,047,341</u>	<u>\$ 42,810,309</u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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

	Blended Component Units						
	Housing Economic Opportunities, Inc.						Total
	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	\$ 260,551	\$ 16,763	\$ 848	\$ 32,682	\$ 108,706	\$ (52,149)	\$ 367,401
Capital and Related Financing Activities	-	(15,543)	(1)	-	(72,270)	(537,763)	(625,577)
Investing Activities	138	-	-	-	361	56,249	56,748
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	260,689	1,220	847	32,682	36,797	(533,663)	(201,428)
Cash and Cash Equivalents - Beginning of Year	71,437	36,895	25,742	175,472	912,097	7,476,027	8,697,670
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 332,126</u>	<u>\$ 38,115</u>	<u>\$ 26,589</u>	<u>\$ 208,154</u>	<u>\$ 948,894</u>	<u>\$ 6,942,364</u>	<u>\$ 8,496,242</u>

REQUIRED SUPPLEMENTARY INFORMATION

WILMINGTON HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TO
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
MARCH 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.03194%	0.02856%	0.03004%	0.03370%	0.03746%
Authority's Proportion of the Net Pension Liability (\$)	872,256	677,541	458,928	715,222	168,117
Authority's Covered Payroll	2,664,785	2,689,849	2,437,817	2,405,847	2,080,787
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	32.73 %	25.19 %	18.83 %	29.73 %	8.08 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.86 %	91.63 %	91.47%	91.47%	98.09%

* The Authority implemented GASB 68 during fiscal year 2015.
As such, only three years of information are available.

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENT
EMPLOYEES' RETIREMENT SYSTEM
MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 386,111	\$ 364,792	\$ 320,620	\$ 208,831	\$ 227,358
Contributions in Relation to the Contractually Required Contribution	386,111	364,792	320,620	208,831	227,358
Contribution Deficiency (Excess)	-	-	-	-	-
 The Authority's Covered Payroll	 \$ 2,580,386	 \$ 2,664,785	 \$ 2,689,849	 \$ 2,437,817	 \$ 2,405,847
 Contributions as a Percentage of Covered Payroll	 14.96%	 13.69%	 11.92%	 8.57%	 9.45%

* 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, 2020**

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	\$ 4,374,541	\$ -	\$ 31,093	\$ -	\$ 1,426,185	\$ -	\$ 7	\$ -	\$ -
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113	Other Restricted	49,255	160,828	-	-	-	-	-	-	-
114	Tenant Security Deposits	153,610	-	-	-	-	-	-	-	-
115	Cash - Restricted for Current Liabilities	-	-	-	-	-	-	-	-	-
100	Total Cash	4,577,406	160,828	31,093	-	1,426,185	-	7	-	-
Accounts and Notes Receivable:										
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-
122	HUD Other Projects	111,770	485,972	-	-	-	-	49,458	-	-
124	Other Government	2,932	-	-	-	-	-	-	-	7,964
125	Miscellaneous	540,581	-	-	-	1,473	-	-	-	-
126	Tenants	88,890	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(57,707)	-	-	-	-	-	-	-	-
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	2,336	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectible	686,466	485,972	-	-	3,809	-	49,458	-	7,964
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	160,791	10,987	-	-	-	-	-	-	-
143	Inventories	31,883	-	-	-	-	-	-	-	-
144	Interprogram - Due from	16,680	7,964	-	-	-	-	-	-	-
150	Total Current Assets	5,473,226	665,751	31,093	-	1,429,994	-	49,465	-	7,964
NONCURRENT ASSETS										
Fixed Assets:										
161	Land	2,059,985	-	-	-	-	-	-	-	-
162	Buildings	22,831,090	-	-	-	-	-	-	-	-
163	Furniture, Equipment, and Mach - Dwellings	-	-	-	-	-	-	-	-	-
164	Furniture, Equipment, and Mach - Admin.	2,059,474	58,217	-	-	12,140	-	-	-	-
165	Leasehold Improvements	39,234,380	-	-	-	183,298	-	-	-	-
166	Accumulated Depreciation	(46,997,100)	(39,105)	-	-	(189,660)	-	-	-	-
167	Construction in Progress	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	19,187,829	19,112	-	-	5,778	-	-	-	-
171	Notes, Loans, and Mortgages Receivable - Noncurrent	3,076,865	-	9,286,045	2,190,000	114,446	-	-	-	-
174	Other Assets	10,869	-	-	-	-	-	-	-	-
180	Total Noncurrent Assets	22,275,563	19,112	9,286,045	2,190,000	120,224	-	-	-	-
200	DEFERRED OUTFLOW OF RESOURCES	321,282	153,225	-	-	-	-	22,154	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 28,070,071	\$ 838,088	\$ 9,317,138	\$ 2,190,000	\$ 1,550,218	\$ -	\$ 71,619	\$ -	\$ 7,964

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2020

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	Mainstream Voucher	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ -	\$ 601,829	\$ -	\$ -	\$ 746,845	\$ -	\$ 7,180,500	\$ 307,892	\$ 7,488,392
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113	Other Restricted	-	930,647	-	-	-	-	1,140,730	2,007,230	3,147,960
114	Tenant Security Deposits	-	21,402	-	-	-	-	175,012	61,154	236,166
115	Cash - Restricted for Current Liabilities	-	-	-	-	-	-	-	-	-
100	Total Cash	-	1,553,878	-	-	746,845	-	8,496,242	2,376,276	10,872,518
Accounts and Notes Receivable:										
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-
122	HUD Other Projects	160,204	-	11,006	2,876	-	-	821,286	-	821,286
124	Other Government	-	-	-	-	-	-	10,896	-	10,896
125	Miscellaneous	-	298,118	-	-	376,442	-	1,216,614	-	1,216,614
126	Tenants	-	19,607	-	-	-	-	108,497	42,237	150,734
126.1	Allowance for Doubtful Accounts - Tenants	-	(12,211)	-	-	-	-	(69,918)	(22,399)	(92,317)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	2,336	-	2,336
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectible	160,204	305,514	11,006	2,876	376,442	-	2,089,711	19,838	2,109,549
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	17,428	-	-	28,368	-	217,574	8,282	225,856
143	Inventories	-	6,791	-	-	-	-	38,674	-	38,674
144	Interprogram - Due from	-	79,000	-	63,569	423,177	(590,390)	-	-	-
150	Total Current Assets	160,204	1,962,611	11,006	66,445	1,574,832	(590,390)	10,842,201	2,404,396	13,246,597
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	-	28,739,804	24,054,653	52,794,457
163	Furniture, Equipment, and Mach - Dwellings	-	-	-	-	-	-	-	132,807	132,807
164	Furniture, Equipment, and Mach - Admin.	-	60,282	-	-	538,493	-	2,728,606	249,940	2,978,546
165	Leasehold Improvements	-	1,989,352	-	-	94,624	-	41,501,654	-	41,501,654
166	Accumulated Depreciation	-	(3,181,676)	-	-	(1,821,323)	-	(52,228,864)	(4,807,584)	(57,036,448)
167	Construction in Progress	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	-	2,932,772	-	-	1,240,241	-	23,385,732	21,014,932	44,400,664
171	Notes, Loans, and Mortgages Receivable - Noncurrent	-	526,338	-	-	-	(526,337)	14,667,357	-	14,667,357
174	Other Assets	-	-	-	-	-	-	10,869	842,445	853,314
180	Total Noncurrent Assets	-	3,459,110	-	-	1,240,241	(526,337)	38,063,958	21,857,377	59,921,335
200	Deferred Outflow of Resources	-	36,673	-	-	431,748	-	965,082	-	965,082
290	Total Assets and Deferred Outflow of Resources	\$ 160,204	\$ 5,458,394	\$ 11,006	\$ 66,445	\$ 3,246,821	\$ (1,116,727)	\$ 49,871,241	\$ 24,261,773	\$ 74,133,014

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2020

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	\$ 455,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550	\$ -	\$ -
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	5,011	1,739	-	-	-	-	373	-	-
322	Accrued Compensated Absences - Current Portion	13,549	5,802	-	-	-	-	1,855	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	1,964	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	238,219	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	27,777	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	153,610	-	-	-	-	-	-	-	-
342	Deferred Revenues	325,729	10,000	-	22,121	-	-	-	-	-
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	63,275	-	-	-	-	-	-	-	-
344	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	145,220	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347	Interprogram (Due to)	-	304,155	-	-	-	-	44,610	-	7,964
310	Total Current Liabilities	1,285,076	321,696	-	22,121	145,220	-	47,388	-	7,964
NONCURRENT LIABILITIES										
351	Capital Projects/Mortgage Revenue Bonds	422,617	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	484,386	66,316	-	1,911,250	407,833	-	-	-	-
354	Accrued Compensated Absences - Noncurrent	16,104	15,180	-	-	-	-	2,122	-	-
357	Accrued Pension and OPEB Liabilities	291,134	138,844	-	-	-	-	18,762	-	-
350	Total Noncurrent Liabilities	1,214,241	220,340	-	1,911,250	407,833	-	20,884	-	-
300	Total Liabilities	2,499,317	542,036	-	1,933,371	553,053	-	68,272	-	7,964
400	DEFERRED INFLOW OF RESOURCES	-	-	-	-	-	-	-	-	-
NET POSITION										
508.4	Invested in Capital Assets	18,701,937	19,112	-	-	5,778	-	-	-	-
511.4	Restricted Net Position	-	431,517	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	6,868,817	(154,577)	9,317,138	256,629	991,387	-	3,347	-	-
513	Total Net Position	25,570,754	296,052	9,317,138	256,629	997,165	-	3,347	-	-
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 28,070,071	\$ 838,088	\$ 9,317,138	\$ 2,190,000	\$ 1,550,218	\$ -	\$ 71,619	\$ -	\$ 7,964

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2020

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	Mainstream Voucher	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
CURRENT LIABILITIES										
312	Accounts Payable < 90 Days	\$ 1,167	\$ 28,060	\$ -	\$ -	\$ 73,354	\$ -	\$ 559,073	\$ 122,082	\$ 681,155
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	882	433	265	-	62,088	-	70,791	18,124	88,915
322	Accrued Compensated Absences - Current Portion	8,730	1,960	463	-	43,149	-	75,508	-	75,508
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	1,964	-	1,964
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	238,219	-	238,219
333	Accounts Payable - Other Government	-	-	-	-	-	-	27,777	-	27,777
341	Tenant Security Deposits	-	21,402	-	-	-	-	175,012	61,154	236,166
342	Deferred Revenues	-	2,618	-	-	-	-	360,468	28,178	388,646
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	-	16,956	-	-	-	-	80,231	11,086	91,317
344	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	145,220	-	145,220
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	7,458	7,458
347	Interprogram (Due to)	127,703	79,000	10,278	-	16,680	(590,390)	-	-	-
310	Total Current Liabilities	138,482	150,429	11,006	-	195,271	(590,390)	1,734,263	248,082	1,982,345
NONCURRENT LIABILITIES										
351	Capital Projects/Mortgage Revenue Bonds	-	1,509,393	-	-	-	(526,337)	1,405,673	4,371,005	5,776,678
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	2,869,785	6,620,998	9,490,783
354	Accrued Compensated Absences - Noncurrent	35,280	3,311	-	-	106,957	-	178,954	-	178,954
357	Accrued Pension and OPEB Liabilities	-	32,293	-	-	391,224	-	872,257	-	872,257
350	Total Noncurrent Liabilities	35,280	1,544,997	-	-	498,181	(526,337)	5,326,669	10,992,003	16,318,672
300	Total Liabilities	173,762	1,695,426	11,006	-	693,452	(1,116,727)	7,060,932	11,240,085	18,301,017
400	DEFERRED INFLOW OF RESOURCES	-	-	-	-	-	-	-	-	-
NET POSITION										
508.4	Invested in Capital Assets	-	1,406,423	-	-	1,240,241	526,337	21,899,828	16,632,841	38,532,669
511.4	Restricted Net Position	-	930,647	-	-	-	-	1,362,164	-	1,362,164
512.4	Unrestricted Net Position	(13,558)	1,425,898	-	66,445	1,313,128	(526,337)	19,548,317	(3,611,153)	15,937,164
513	Total Net Position	(13,558)	3,762,968	-	66,445	2,553,369	-	42,810,309	13,021,688	55,831,997
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 160,204	\$ 5,458,394	\$ 11,006	\$ 66,445	\$ 3,246,821	\$ (1,116,727)	\$ 49,871,241	\$ 24,261,773	\$ 74,133,014

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2020**

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
REVENUE										
70300	Net Tenant Rental Revenue	\$ 1,784,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	16,383	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	1,801,316	-	-	-	-	-	-	-	-
70600	HUD PHA Operating Grants	5,594,543	12,715,779	-	-	-	243,201	83,739	172,207	-
70601	Capital Grants	3,972,969	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-
70800	Other Governmental Grants	-	-	-	-	-	-	-	-	22,894
71100	Investment Income - Unrestricted	2,008	187	-	-	373	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	10,559	-	-	-	-
71400	Fraud Recovery	-	2,258	-	-	-	-	-	-	-
71500	Other Revenue	37,352	7,510	-	22,121	15,277	-	-	-	-
71600	Gain or Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000	Total Revenue	11,408,188	12,725,734	-	22,121	26,209	243,201	83,739	172,207	22,894
EXPENSES										
Administrative:										
91100	Administrative Salaries	248,493	255,596	-	-	-	-	-	-	-
91200	Auditing Fees	26,735	9,000	-	-	-	-	-	-	-
91300	Management Fee	726,677	213,684	-	-	-	-	-	-	-
913.1	Bookkeeping Fee	57,878	133,553	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	132,144	139,268	-	-	-	-	-	-	-
91600	Office Expenses	169,402	93,053	-	-	-	-	-	-	-
91700	Legal Expense	36,452	15,507	-	-	-	-	2,218	-	-
91800	Travel	3,999	165	-	-	-	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-
91900	Other	66,273	30,812	-	-	-	-	32	-	-
	Total Administrative	1,468,053	890,638	-	-	-	-	2,250	-	-
92000	Asset Management Fee	87,000	-	-	-	-	-	-	-	-
Tenant Services:										
92100	Salaries	-	-	-	-	-	-	41,799	-	-
92200	Relocation Costs	1,061	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	-	-	-	-	-	-	20,935	-	-
92400	Other	15,223	-	-	-	-	-	13,378	-	-
	Total Tenant Services	16,284	-	-	-	-	-	76,112	-	-
Utilities:										
93100	Water	185,792	-	-	-	-	-	-	-	-
93200	Electricity	921,502	-	-	-	-	-	-	-	-
93300	Gas	60,640	-	-	-	-	-	-	-	-
93600	Sewer	199,713	-	-	-	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	50,958	-	-	-	-	-	-	-	-
	Total Utilities	1,418,605	-	-	-	-	-	-	-	-
Ordinary Maintenance and Operations:										
94100	Labor	315,879	-	-	-	-	-	-	-	-
94200	Materials and Other	354,127	-	-	-	-	-	-	-	-
94300	Contracts	1,169,663	22,718	-	-	-	-	-	-	-
94500	Employee Benefits Contribution	272,630	-	-	-	-	-	-	-	-
	Total Ordinary Maintenance and Operations	2,112,299	22,718	-	-	-	-	-	-	-
Protective Services:										
95100	Labor	7,366	-	-	-	-	-	-	-	-
95200	Other Contract Costs	269,283	-	-	-	-	-	-	-	-
95300	Other	911	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions	5,162	-	-	-	-	-	-	-	-
	Total Protective Services	282,722	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	185,514	5,686	-	-	-	-	-	-	-

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2020

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	Mainstream Voucher	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
REVENUE										
70300	Net Tenant Rental Revenue	\$ -	\$ 302,000	\$ -	\$ -	\$ -	\$ -	\$ 2,086,933	\$ 2,536,771	\$ 4,623,704
70400	Tenant Revenue - Other	-	5,257	-	-	-	-	21,640	26,601	48,241
70500	Total Tenant Revenue	-	307,257	-	-	-	-	2,108,573	2,563,372	4,671,945
70600	HUD PHA Operating Grants	203,802	-	97,485	86,987	-	-	19,197,743	-	19,197,743
706.1	Capital Grants	-	-	-	-	-	-	3,972,969	-	3,972,969
70700	Total Fee Revenue	-	-	-	-	1,821,847	(1,752,592)	69,255	-	69,255
70800	Other Governmental Grants	-	-	-	-	-	-	22,894	-	22,894
71100	Investment Income - Unrestricted	-	499	-	-	392	-	3,459	2,294	5,753
71200	Mortgage Interest Income	-	-	-	-	-	-	10,559	-	10,559
71400	Fraud Recovery	-	-	-	-	-	-	2,258	-	2,258
71500	Other Revenue	-	113,106	-	-	648,123	-	843,489	49,868	893,357
71600	Gain or Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000	Total Revenue	203,802	420,862	97,485	86,987	2,470,362	(1,752,592)	26,231,199	2,615,534	28,846,733
EXPENSES										
Administrative:										
91100	Administrative Salaries	-	48,540	-	-	970,433	-	1,523,062	157,733	1,680,795
91200	Auditing Fees	-	19,514	-	-	3,700	-	58,949	27,185	86,134
91300	Management Fee	-	94,042	-	-	-	(1,020,763)	13,640	175,009	188,649
913.1	Bookkeeping Fee	-	-	-	-	-	(191,431)	0	11,880	11,880
91400	Advertising and Marketing	-	-	-	-	-	-	-	1,540	1,540
91500	Employee Benefit Contributions - Administrative	-	29,706	-	-	479,668	-	780,786	41,643	822,429
91600	Office Expenses	-	33,950	-	-	170,316	-	466,721	64,514	531,235
91700	Legal Expense	-	30,892	-	-	46,950	-	132,019	11,061	143,080
91800	Travel	-	406	-	-	38,452	-	43,022	1,831	44,853
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-
91900	Other	-	11,759	-	-	4,929	(69,724)	44,081	106,174	150,255
	Total Administrative	-	268,809	-	-	1,714,448	(1,281,918)	3,062,280	598,570	3,660,850
92000	Asset Management Fee	-	-	-	-	-	(87,000)	-	-	-
Tenant Services:										
92100	Salaries	103,981	-	64,198	-	-	-	209,978	-	209,978
92200	Relocation Costs	-	-	-	-	-	-	1,061	-	1,061
92300	Employee Benefit Contributions	-	39,330	-	-	-	-	60,265	-	60,265
92400	Other	-	33,125	-	29,335	-	-	91,061	-	91,061
	Total Tenant Services	176,436	-	93,533	-	-	-	362,365	-	362,365
Utilities:										
93100	Water	-	13,920	-	-	2,001	-	201,713	85,897	287,610
93200	Electricity	-	28,435	-	-	22,592	-	972,529	546,024	1,518,553
93300	Gas	-	-	-	-	-	-	60,640	-	60,640
93600	Sewer	-	15,715	-	-	1,187	-	216,615	78,119	294,734
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	5,361	-	-	1,261	-	57,580	20,199	77,779
	Total Utilities	-	63,431	-	-	27,041	-	1,509,077	730,239	2,239,316
Ordinary Maintenance and Operations:										
94100	Labor	-	31,015	-	-	173,371	-	520,265	337,599	857,864
94200	Materials and Other	-	27,397	-	-	15,050	-	396,574	165,730	562,304
94300	Contracts	-	100,730	-	-	169,170	(383,674)	1,078,607	439,802	1,518,409
94500	Employee Benefits Contribution	-	13,798	-	-	73,599	-	360,027	80,561	440,588
	Total Ordinary Maintenance and Operations	-	172,940	-	-	431,190	(383,674)	2,355,473	1,023,692	3,379,165
Protective Services:										
95100	Labor	-	2,167	-	-	-	-	9,533	1,753	11,286
95200	Other Contract Costs	-	17,762	-	-	-	-	287,045	45,168	332,213
95300	Other	-	-	-	-	-	-	911	-	911
95500	Employee Benefit Contributions	-	1,330	-	-	-	-	6,492	565	7,057
	Total Protective Services	-	21,259	-	-	-	-	303,981	47,486	351,467
96100	Total Insurance Premiums	-	21,468	-	-	32,043	-	244,711	193,494	438,205

**WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2020**

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	\$ 1,567,950	\$ 20,129	\$ 7,461	\$ -	\$ 1,967	\$ -	\$ -	\$ -	\$ -
962100	Compensated Absences	39,128	20,414	-	-	-	-	5,377	-	-
96300	Payments in Lieu of Taxes	26,539	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	36,428	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	1,670,045	40,543	7,461	-	1,967	-	5,377	-	-
96700	Total Interest Expense and Amortization Cost	25,238	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	7,265,760	959,585	7,461	-	1,967	-	83,739	-	-
97000	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	4,142,428	11,766,149	(7,461)	22,121	24,242	243,201	-	172,207	22,894
97200	Casualty Losses - Noncapitalized	24,505	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	11,485,485	-	-	-	-	-	172,207	22,894
97350	Housing Assistance Payments Portability - In	-	7,510	-	-	-	-	-	-	-
97400	Depreciation Expense	1,928,210	4,778	-	-	185	-	-	-	-
90000	Total Expenses	9,218,475	12,457,358	7,461	-	2,152	-	83,739	172,207	22,894
Other Financing Sources (Uses):										
10010	Operating Transfer In	285,868	7,214	-	-	-	-	-	-	-
10020	Operating Transfer Out	(285,868)	-	-	-	-	(243,201)	-	-	-
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	32,050	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(32,050)	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	7,214	-	-	-	(243,201)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ 2,189,713	\$ 275,590	\$ (7,461)	\$ 22,121	\$ 24,057	\$ -	\$ -	\$ -	\$ -
Memo Account Information										
11020	Required Annual Debt Principal Payments	\$ 63,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	22,905,226	105,081	9,324,599	234,508	973,108	-	3,347	-	-
11040	Prior Period Adjustments, Equity Transfers and Correction	475,815	(84,619)	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	(135,465)	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	431,517	-	-	-	-	-	-	-
11190	Unit Months Available	8,712	24,840	-	-	-	-	-	-	174
11210	Unit Months Leased	7,717	18,257	-	-	-	-	-	-	174
11270	Excess Cash	3,507,100	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-
11620	Building Purchases	3,093,650	-	-	-	-	-	-	-	-
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	818,790	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	60,529	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

WILMINGTON HOUSING AUTHORITY
ENTRY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2020

Line Item #	Accounts Description	Resident Opportunity and Supportive Services	Component Unit - Blended	Public Housing Family Self-Sufficiency Under ROSS	Mainstream Voucher	Central Office Cost Center	Elimination	Enterprise Fund Total	Component Unit - Discretely Presented	Total
EXPENSES (Continued)										
General Expenses:										
96200	Other General Expenses	\$ -	\$ 683	\$ -	\$ -	\$ 8,569	\$ -	\$ 1,606,759	\$ -	\$ 1,606,759
962.1	Compensated Absences	27,366	11,401	3,952	-	88,934	-	196,572	-	196,572
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	26,539	-	26,539
96400	Bad Debt - Tenant Rents	-	11,012	-	-	-	-	47,440	10,420	57,860
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	27,366	23,096	3,952	-	97,503	-	1,877,310	10,420	1,887,730
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	25,238	371,501	396,739
96900	Total Operating Expenses	203,802	571,003	97,485	-	2,302,225	(1,752,592)	9,740,435	2,975,402	12,715,837
EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES										
97000		-	(150,141)	-	86,987	168,137	-	16,490,764	(359,868)	16,130,896
97200	Casualty Losses - Noncapitalized	-	-	-	-	-	-	24,505	34,450	58,955
97300	Housing Assistance Payments	-	-	-	97,947	-	-	11,778,533	-	11,778,533
97350	Housing Assistance Payments Portability - In	-	-	-	-	-	-	7,510	-	7,510
97400	Depreciation Expense	-	187,536	-	-	103,050	-	2,223,759	695,773	2,919,532
90000	Total Expenses	203,802	758,539	97,485	97,947	2,405,275	(1,752,592)	23,774,742	3,705,625	27,480,367
Other Financing Sources (Uses):										
10010	Operating Transfer In	-	243,201	-	-	-	(536,283)	-	-	-
10020	Operating Transfer Out	-	-	-	(7,214)	-	536,283	-	-	-
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	-	-	-	-	-	(32,050)	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	32,050	-	-	-
10100	Total Other Financing Sources (Uses)	-	243,201	-	(7,214)	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES										
10000		\$ -	\$ (94,476)	\$ -	\$ (18,174)	\$ 65,087	\$ -	\$ 2,456,457	\$ (1,090,091)	\$ 1,366,366
Memo Account Information										
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,275	\$ 11,086	\$ 74,361
11030	Beginning Equity	(13,558)	3,857,444	-	-	2,964,097	-	40,353,852	14,111,779	54,465,631
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	84,619	(475,815)	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	(135,465)	-	(135,465)
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	431,517	-	431,517
11190	Unit Months Available	-	1,092	-	336	-	-	35,154	3,156	38,310
11210	Unit Months Leased	-	1,092	-	174	-	-	27,414	3,156	30,570
11270	Excess Cash	-	-	-	-	-	-	3,507,100	-	3,507,100
11610	Land Purchases	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	3,093,650	-	3,093,650
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	818,790	-	818,790
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	60,529	-	60,529
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

**WILMINGTON HOUSING AUTHORITY
PROJECT BALANCE SHEET SUMMARY
MARCH 31, 2020**

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	AMP 082	AMP 083	AMP 999	OHER PROJ	Totals
CURRENT ASSETS																		
Cash:																		
111	Unrestricted	\$ 905,268	\$ 1,436,058	\$ 471,509	\$ -	\$ 71,807	\$ -	\$ 32,343	\$ -	\$ -	\$ 3,800	\$ 519,633	\$ 904,921	\$ 17,952	\$ 11,250	\$ -	\$ -	\$ 4,374,541
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Other Restricted	13,629	21,120	1,958	-	-	-	-	-	-	-	12,286	262	-	-	-	-	49,255
114	Tenant Security Deposits	29,745	37,282	35,433	-	7,150	-	1,599	-	6,711	250	14,092	9,212	7,386	4,750	-	-	153,610
100	Total Cash	948,642	1,494,460	508,900	-	78,957	-	33,942	-	6,711	4,050	546,011	914,395	25,338	16,000	-	-	4,577,406
Accounts and Notes Receivable:																		
122	HUD Other Projects	-	50,540	-	-	32,358	-	-	-	-	-	-	-	28,872	-	-	-	111,770
124	Other Government	1,870	-	-	-	1,062	-	-	-	-	-	-	-	-	-	-	-	2,932
125	Miscellaneous	83	415,617	2,771	-	-	-	-	-	120,787	109	1,214	-	-	-	-	-	540,581
126	Tenants	5,200	38,862	5,659	-	10,872	-	4,621	-	4,141	-	8,099	4,701	1,985	4,750	-	-	88,890
126.1	Allowance for Doubtful Accounts - Tenants	(2,259)	(30,717)	(1,960)	-	(7,367)	-	(3,277)	-	(1,820)	-	(4,932)	(2,720)	(1,183)	(1,472)	-	-	(57,707)
127	Notes, Loans, and Mortgages - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectibles	4,894	474,302	6,470	-	36,925	-	1,344	-	123,108	109	4,381	1,981	29,674	3,278	-	-	686,466
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	32,954	36,643	41,728	-	4,375	-	1,901	-	5,884	154	17,303	12,997	6,852	-	-	-	160,791
143	Inventories	7,570	5,062	4,230	-	2,155	-	164	-	3,622	23	5,387	2,170	938	562	-	-	31,883
144	Interprogram - Due from	-	-	-	-	-	-	-	-	16,560	-	120	-	-	-	-	-	16,680
150	Total Current Assets	994,060	2,010,467	561,328	-	122,412	-	37,351	16,560	139,325	4,456	573,082	931,543	62,802	19,840	-	-	5,473,226
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	6,485,217	1,048,526	5,530,568	-	502,283	-	1,076,563	-	934,619	47,859	2,059,873	1,577,878	-	3,567,704	-	-	22,831,090
163	Furniture, Equipment, and Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
164	Furniture, Equipment, and Machinery - Administration	410,444	248,438	1,002,800	-	34,901	-	67	-	29,341	-	264,876	68,607	-	-	-	-	2,059,474
165	Leasehold Improvements	6,896,600	12,712,295	7,538,833	-	132,332	-	-	-	2,017,027	-	6,077,627	3,854,972	2,934	1,760	-	-	39,234,380
166	Accumulated Depreciation	(11,031,104)	(11,850,196)	(11,123,725)	-	(591,555)	-	(330,960)	-	(853,556)	(7,312)	(6,466,333)	(4,742,359)	-	-	-	-	(46,997,100)
167	Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	2,809,951	2,192,332	3,038,381	-	1,052,678	-	897,400	-	2,568,431	55,447	2,138,163	862,648	2,934	3,569,464	-	-	19,187,829
171	Notes, Loans, and Mortgages Receivable - Noncurrent	-	-	-	-	-	-	-	-	-	-	1,776,865	1,300,000	-	-	-	-	3,076,865
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	10,869	-	-	-	-	10,869
180	Total Noncurrent Assets	2,809,951	2,192,332	3,038,381	-	1,052,678	-	897,400	-	2,568,431	55,447	3,915,028	2,173,517	2,934	3,569,464	-	-	22,275,563
200	DEFERRED OUTFLOW OF RESOURCES	67,612	134,268	66,578	-	6,706	-	2,931	-	11,787	296	14,950	16,154	-	-	-	-	321,282
290	Total Assets and Deferred Outflow of Resources	\$ 3,871,623	\$ 4,337,067	\$ 3,666,287	\$ -	\$ 1,181,796	\$ -	\$ 937,682	\$ 16,560	\$ 2,719,543	\$ 60,199	\$ 4,503,060	\$ 3,121,214	\$ 65,736	\$ 3,589,304	\$ -	\$ -	\$ 28,070,071

**WILMINGTON HOUSING AUTHORITY
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
MARCH 31, 2020**

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	AMP 082	AMP 083	AMP 999	OTHER PROJ	Totals
CURRENT LIABILITIES																		
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable < 90 Days	67,606	201,928	42,179	-	11,830	-	3,415	-	27,170	1,145	40,315	32,577	16,558	11,219	-	-	455,942
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	1,041	1,466	926	-	114	-	49	-	233	1	456	256	288	181	-	-	5,011
322	Accrued Compensated Absences - Current Portion	3,296	4,215	3,316	-	154	-	137	-	406	20	386	839	780	-	-	-	13,549
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	1,964	-	-	-	-	1,964
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	238,219	-	-	-	-	238,219
333	Accounts Payable - Other Gov.	-	7,378	14,722	-	188	-	1,327	-	2,738	-	-	819	605	-	-	-	27,777
341	Tenant Security Deposits	29,745	37,282	35,433	-	7,150	-	1,599	-	6,711	250	14,092	9,212	7,386	4,750	-	-	153,610
342	Deferred Revenues	5,090	302,445	4,016	-	834	-	-	-	1,275	40	7,499	3,666	864	-	-	-	325,729
343	Current Portion of Long-Term Debt - Capital Projects / Mortgage	-	-	-	-	-	-	-	-	-	-	-	63,275	-	-	-	-	63,275
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	106,778	554,714	100,592	-	20,270	-	6,527	-	38,533	1,456	62,748	350,827	26,481	16,150	-	-	1,285,076
NONCURRENT LIABILITIES																		
351	Capital Projects / Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	422,617	-	-	-	-	422,617
353	Noncurrent Liabilities - Other	13,629	21,120	1,958	-	-	-	-	-	-	-	447,417	262	-	-	-	-	484,386
354	Accrued Compensated Absences - Noncurrent	6,387	1,778	6,428	-	175	-	51	-	234	8	438	314	291	-	-	-	16,104
357	Accrued Pension and OPEB Liabilities	59,091	118,668	60,968	-	7,061	-	2,675	-	11,292	259	15,929	15,191	-	-	-	-	291,134
350	Total Noncurrent Liabilities	79,107	141,566	69,354	-	7,236	-	2,726	-	11,526	267	463,784	438,384	291	-	-	-	1,214,241
300	Total Liabilities	185,885	696,280	169,946	-	27,506	-	9,253	-	50,059	1,723	526,532	789,211	26,772	16,150	-	-	2,499,317
400	DEFERRED INFLOW OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY																		
508.4	Invested in Capital Assets	2,809,951	2,192,332	3,038,381	-	1,052,678	-	897,400	-	2,568,431	55,447	2,138,163	376,756	2,934	3,569,464	-	-	18,701,937
511.4	Restricted Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Assets	875,787	1,448,455	457,960	-	101,612	-	31,029	16,560	101,053	3,029	1,838,365	1,955,247	36,030	3,690	-	-	6,868,817
513	Total Equity/Net Assets	3,685,738	3,640,787	3,496,341	-	1,154,290	-	928,429	16,560	2,669,484	58,476	3,976,528	2,332,003	38,964	3,573,154	-	-	25,570,754
600	Total Liabilities and Equity/Net Assets	\$ 3,871,623	\$ 4,337,067	\$ 3,666,287	\$ -	\$ 1,181,796	\$ -	\$ 937,682	\$ 16,560	\$ 2,719,543	\$ 60,199	\$ 4,503,060	\$ 3,121,214	\$ 65,736	\$ 3,589,304	\$ -	\$ -	\$ 28,070,071

**WILMINGTON HOUSING AUTHORITY
PROJECT REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2020**

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 014	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 021	AMP 022	AMP 080	AMP 081	AMP 082	AMP 083	AMP 999	OTHER PROJ	Totals
REVENUE																				
70300	Net Tenant Rental Revenue	\$249,921	\$556,872	\$424,312	\$0	\$0	\$0	\$0	\$34,288	\$0	\$128,070	\$0	\$516	\$156,760	\$146,313	\$87,881	\$0	\$0	\$0	\$1,784,933
70400	Tenant Revenue - Other	4,813	5,307	2,916	-	-	426	-	93	-	-	-	-	405	2,255	168	-	-	-	16,383
70500	Total Tenant Revenue	254,734	\$562,179	427,228	-	-	426	-	34,381	-	128,070	-	516	157,165	148,568	88,049	-	-	-	1,801,316
70600	HUD PHA Operating Grants	839,967	1,490,397	381,482	-	385,528	160,328	245,727	28,923	913,998	106,802	-	6,314	481,432	353,832	199,813	-	-	-	5,594,543
706.1	Capital Grants	106,220	685,456	12,518	-	-	1,760	-	-	-	2,347	-	-	4,401	63,683	2,934	-	-	-	3,972,969
71100	Investment Income - Unrestricted	437	622	277	-	-	39	-	15	-	41	-	-	213	347	17	-	3,093,650	-	2,008
71200	Mortgage Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	1,694	-	10,600	-	-	11,943	-	-	-	-	-	714	10,326	2,075	-	-	-	-	37,352
71600	Gain or Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	1,203,052	2,738,654	832,105	-	385,528	174,496	245,727	63,319	913,998	237,260	-	7,544	653,537	568,505	290,813	3,093,650	-	-	11,408,188
EXPENSES																				
Administrative:																				
91100	Administrative Salaries	66,777	44,575	67,200	-	-	9,109	-	1,453	-	19,041	-	207	22,856	8,884	8,268	123	-	-	248,493
91200	Auditing Fees	5,539	7,977	5,576	-	-	886	-	259	-	1,182	-	35	2,216	1,588	1,477	-	-	-	26,735
91300	Management Fee	92,385	383,840	100,655	-	-	21,416	-	4,962	-	22,210	-	709	47,396	30,185	21,797	1,122	-	-	726,677
913.1	Bookkeeping Fee	11,730	16,080	12,780	-	-	1,905	-	630	-	2,820	-	90	5,100	3,833	2,767	143	-	-	57,878
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	33,680	29,189	34,608	-	-	4,946	-	799	-	8,732	-	101	12,219	4,476	3,394	-	-	-	132,144
91600	Office Expenses	34,373	43,124	33,492	-	-	6,564	-	3,922	-	17,259	-	150	14,808	10,294	3,152	2,264	-	-	169,402
91700	Legal Expense	4,435	7,809	5,497	-	-	2,217	-	2,217	-	2,217	-	-	3,309	4,435	2,061	2,255	-	-	36,452
91800	Travel	813	1,156	818	-	-	141	-	53	-	183	-	-	328	240	224	43	-	-	3,999
91900	Other	11,946	9,513	16,430	-	-	19,654	-	195	-	810	-	61	5,594	631	1,439	-	-	-	66,273
	Total Administrative	261,678	543,263	277,056	-	-	66,838	-	14,490	-	74,454	-	1,353	113,826	64,566	44,579	5,950	-	-	1,468,053
92000	Asset Management Fee	18,000	25,920	18,120	-	-	2,880	-	840	-	3,840	-	-	7,200	5,160	4,800	240	-	-	87,000
Tenant Services:																				
92100	Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	-	1,061	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,061
92400	Other	1,754	3,905	4,903	-	-	-	-	-	-	-	-	-	4,400	200	61	-	-	-	15,223
	Total Tenant Services	1,754	4,966	4,903	-	-	-	-	-	-	-	-	-	4,400	200	61	-	-	-	16,284
Utilities:																				
93100	Water	46,340	49,564	26,189	-	-	1,459	-	3,677	-	12,759	-	407	19,486	17,869	8,042	-	-	-	185,792
93200	Electricity	194,456	292,080	82,346	-	-	4,939	-	13,607	-	46,650	-	1,727	135,293	92,287	55,705	2,412	-	-	921,502
93300	Gas	39,772	4,752	15,153	-	-	-	-	-	-	-	-	-	-	-	963	-	-	-	60,640
93600	Sewer	44,706	56,354	29,214	-	-	1,553	-	3,658	-	12,725	-	453	21,483	20,396	9,171	-	-	-	199,713
93800	Other Utilities Expense	15,293	18,159	1,385	-	-	1,052	-	877	-	1,716	-	99	5,361	4,151	2,865	-	-	-	50,958
	Total Utilities	340,567	420,909	154,287	-	-	9,003	-	21,819	-	73,850	-	2,686	181,623	134,703	76,746	2,412	-	-	1,418,605
Ordinary Maintenance and Operations:																				
94100	Labor	48,101	129,533	44,315	-	-	6,481	-	3,493	-	12,625	-	481	26,327	22,802	21,663	58	-	-	315,879
94200	Materials and Other	117,680	106,545	19,776	-	-	5,407	-	2,898	-	1,652	-	73	61,532	15,976	22,588	-	-	-	354,127
94300	Contracts	250,630	263,616	144,267	-	-	45,063	-	14,057	-	78,521	-	858	195,345	102,533	73,733	1,040	-	-	1,169,663
94500	Employee Benefits Contribution	23,552	187,409	22,171	-	-	3,165	-	1,706	-	6,401	-	225	8,828	11,007	8,166	-	-	-	272,630
	Total Ordinary Maintenance and Operations	439,963	687,103	230,529	-	-	60,116	-	22,154	-	98,199	-	1,637	292,032	152,318	126,150	1,098	-	-	2,112,299
Protective Services:																				
95100	Labor	1,526	2,254	1,536	-	-	244	-	71	-	326	-	11	610	437	351	-	-	-	7,366
95200	Other Contract Costs	35,524	56,873	133,780	-	-	5,684	-	1,658	-	7,579	-	38	14,210	10,183	3,754	-	-	-	269,283
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	911	-	-	911
95500	Employee Benefit Contributions	1,077	1,663	1,083	-	-	165	-	45	-	213	-	7	402	302	205	-	-	-	5,162
	Total Protective Services	38,127	60,790	136,399	-	-	6,093	-	1,774	-	8,118	-	56	15,222	10,922	4,310	911	-	-	282,722
96100	Total Insurance Premiums	37,878	48,469	48,024	-	-	5,055	-	2,201	-	6,707	-	167	19,718	15,011	2,284	-	-	-	185,514

**WILMINGTON HOUSING AUTHORITY
PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED MARCH 31, 2020**

Line Item #	Accounts Description	AMP 004	AMP 005	AMP 007	AMP 014	AMP 015	AMP 016	AMP 017	AMP 018	AMP 019	AMP 020	AMP 021	AMP 022	AMP 080	AMP 081	AMP 082	AMP 083	AMP 999	OTHER PROJ	Totals
	General Expenses:																			
96200	Other General Expenses	\$ 6,111	\$ 216	\$ 365	\$ -	\$ 385,528	\$ -	\$ 245,727	\$ 1	\$ 922,831	\$ 5,672	\$ -	\$ -	\$ 726	\$ 267	\$ 279	\$ 227	\$ -	\$ -	\$ 1,567,950
96210	Compensated Absences	8,528	9,680	8,603	-	-	1,356	-	428	-	1,638	-	54	3,404	2,335	3,102	-	-	-	39,128
96300	Payments in Lieu of Taxes	-	7,606	14,243	-	-	-	-	627	-	2,738	-	-	-	720	605	-	-	-	26,539
96400	Bad Debt - Tenant Rents	3,853	24,970	-	-	-	-	-	2,917	-	2,032	-	-	-	-	1,183	1,473	-	-	36,428
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total General Expenses	18,492	42,472	23,211	-	385,528	1,356	245,727	3,973	922,831	12,080	-	54	4,130	3,322	5,169	1,700	-	-	1,670,045
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	25,238	-	-	-	-	25,238
96900	Total Operating Expenses	1,156,459	1,833,892	892,529	-	385,528	151,341	245,727	67,251	922,831	278,248	-	5,953	638,151	411,440	264,099	12,311	-	-	7,265,760
97000	Excess of Operating Revenue over Operating Expenses	46,593	904,762	(60,424)	-	-	23,155	-	(3,932)	(8,833)	(40,988)	-	1,591	15,386	157,065	26,714	3,081,339	-	-	4,142,428
97200	Casualty Losses - Noncapitalized	-	-	1,000	-	-	-	-	-	-	-	-	-	23,505	-	-	-	-	-	24,505
97400	Depreciation Expense	454,805	277,262	469,802	-	-	46,338	-	37,022	-	103,647	-	1,595	333,069	204,670	-	-	-	-	1,928,210
90000	Total Expenses	1,611,264	2,111,154	1,363,331	-	385,528	197,679	245,727	104,273	922,831	381,895	-	7,548	994,725	616,110	264,099	12,311	-	-	9,218,475
	Other Financing Sources (Uses):																			
10010	Operating Transfer In	54,193	78,038	54,554	-	24,298	8,671	-	2,529	-	11,561	-	361	21,677	15,535	14,451	-	-	-	285,868
10020	Operating Transfer Out	(54,193)	(78,038)	(54,554)	-	(24,298)	(8,671)	-	(2,529)	-	(11,561)	-	(361)	(21,677)	(15,535)	(14,451)	-	-	-	(285,868)
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	3,800	-	-	12,250	16,000	-	-	32,050
10092	Inter Project Excess Cash Transfer Out	-	(32,050)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,050)
10100	Total Other Financing Sources (Uses)	-	(32,050)	-	-	-	-	-	-	-	-	-	3,800	-	-	12,250	16,000	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	(408,212)	595,450	(531,226)	-	-	(23,183)	-	(40,954)	(8,833)	(144,635)	-	3,796	(341,188)	(47,605)	38,964	3,097,339	-	-	2,189,713
	Memo Account Information																			
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	63,275	-	-	-	-	63,275
11030	Beginning Equity	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
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	475,815	-	-	475,815
11190	Unit Months Available	1,800	2,592	1,812	-	-	288	-	84	-	384	-	12	720	516	480	24	-	-	8,712
11210	Unit Months Leased	1,564	2,144	1,704	-	-	254	-	84	-	376	-	12	680	511	369	19	-	-	7,717
11270	Excess Cash	736,841	1,261,537	412,820	-	-	84,613	(20,477)	27,175	(61,722)	68,024	-	2,197	422,179	565,287	6,523	2,103	-	-	3,507,100
11620	Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,093,650	-	-	3,093,650
11630	Furniture and Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	106,220	685,456	12,518	-	-	1,760	-	-	-	2,347	-	-	4,401	3,154	2,934	-	-	-	818,790
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	60,529	-	-	-	-	60,529
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, 2020**

<u>Account Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
OPERATING REVENUE			
Tenant Rent	\$ 1,894,638	\$ 1,801,316	\$ (93,322)
Operating Grants	4,880,219	5,594,543	714,324
Other Revenue	510,684	37,352	(473,332)
Total Operating Revenue	<u>7,285,541</u>	<u>7,433,211</u>	<u>147,670</u>
OPERATING EXPENSES			
Administration	1,559,498	1,555,053	(4,445)
Tenant Services	18,100	16,284	(1,816)
Utilities	1,407,187	1,418,605	11,418
Maintenance	2,354,756	2,112,299	(242,457)
Protective Services	269,085	282,722	13,637
General Expense	1,599,561	1,905,302	305,741
Total Operating Expenses	<u>7,208,187</u>	<u>7,290,265</u>	<u>82,078</u>
OPERATING INCOME	77,354	142,946	65,592
NONOPERATING REVENUES (EXPENSES)			
Investment Income	<u>2,323</u>	<u>2,008</u>	<u>(315)</u>
Total Nonoperating Revenues/(Expenses)	<u>2,323</u>	<u>2,008</u>	<u>(315)</u>
Net Income (Loss) Excluding Depreciation and Capital Contributions	<u>\$ 79,677</u>	<u>\$ 144,954</u>	<u>\$ 65,277</u>

**WILMINGTON HOUSING AUTHORITY
HOUSING CHOICE VOUCHER PROGRAM
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET TO ACTUAL
YEAR ENDED MARCH 31, 2020**

<u>Account Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
OPERATING REVENUE			
Operating Grants	\$ 11,415,972	\$ 12,715,779	\$ 1,299,807
Other Revenue	82,076	9,768	(72,308)
Total Operating Revenue	<u>11,498,048</u>	<u>12,725,547</u>	<u>1,227,499</u>
OPERATING EXPENSES			
Administration	924,620	890,638	(33,982)
Tenant Services	-	-	-
Utilities	-	-	-
Maintenance	5,900	22,718	16,818
Housing Choice Voucher	10,557,848	11,492,995	935,147
General Expense	7,200	46,229	39,029
Total Operating Expenses	<u>11,495,568</u>	<u>12,452,580</u>	<u>957,012</u>
OPERATING INCOME	2,480	272,967	270,487
NONOPERATING REVENUES (EXPENSES)			
Investment Income	168	187	19
Depreciation	-	(4,778)	(4,778)
Transfer In	-	7,214	7,214
Total Nonoperating Revenues/(Expenses)	<u>168</u>	<u>2,623</u>	<u>2,455</u>
Net Income (Loss) Excluding Depreciation and Capital Contributions	<u>\$ 2,648</u>	<u>\$ 275,590</u>	<u>\$ 272,942</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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 29, 2021. 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 2019-004

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
October 29, 2021



**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, 2020. 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, 2020. 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 Housing Choice Voucher Program Cluster

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 Cluster as described in findings 2020-002 through 2020-004 for eligibility, reporting, 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 Housing Choice Voucher Program Cluster

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 Cluster for the year ended March 31, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, 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 each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended March 31, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001. Our opinion on each major federal program is not modified with respect to these 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 2020-002, 2020-003, and 2020-004 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 consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001 to be a significant deficiency.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 29, 2021

**WILMINGTON HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2020**

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)				
Housing Choice Vouchers	14.871	N/A	N/A	\$ 12,457,358
Mainstream Vouchers	14.879	N/A	N/A	86,987
Total Housing Choice Voucher Program Cluster				<u>12,544,345</u>
Multifamily HUD Insured - Rental Assistance	14.155	N/A	N/A	243,201
Multifamily Housing Service Coordinators	14.191	N/A	N/A	83,739
Continuum of Care Program	14.267	N/A	N/A	172,207
Public and Indian Housing	14.850	N/A	N/A	5,026,563
Resident Opportunity and Supportive Services	14.870	N/A	N/A	203,802
Public Housing Capital Fund Program	14.872	N/A	N/A	4,540,949
Public Housing Family Self-Sufficiency under ROSS	14.877	N/A	N/A	<u>97,485</u>
Total U.S. Department of Housing and Urban Development Direct Loans				22,912,291
City of Wilmington - Housing Opportunities for Persons with Aids	14.241	N/A	N/A	22,894
City of Wilmington - CDBG Loan	14.218	Unknown	N/A	<u>200,000</u>
Total Expenditure of Federal Awards				<u><u>\$ 23,135,185</u></u>

**WILMINGTON HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2020**

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, 2020. 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, 2020.

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, 2020.

NOTE 4 LOANS OUTSTANDING

The Authority had the following loan balances outstanding at March 31, 2020. No new loans were disbursed during the year ended March 31, 2020.

	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, 2020**

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? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified – Housing Voucher Cluster
Unmodified – Other Major Programs
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
14.871/14.879	Housing Voucher Cluster
14.872	Capital Fund 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, 2020**

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

2020-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Public and Indian Housing
CFDA: 14.850
Award Period: 4/1/19 – 3/31/20
Type of Finding: Significant Deficiency 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.

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 2 files, which included the following:

- 2 files lacked support for income, assets and expenses included in the calculation

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, 2020

2020-002

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Housing Voucher Cluster
CFDA: 14.871 / 14.879
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 25 files, which included the following:

- 3 files lacked support for income and expenses
- 3 files were missing Declaration 214 forms
- 23 files were missing general release forms
- 2 files were missing HUD 9886 release forms

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 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, 2020**

2020-003

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Housing Voucher Cluster
CFDA: 14.871 / 14.879
Award Period: 4/1/19 – 3/31/20
Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: 24 CFR part 908 requires the PHA to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

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

Questioned Costs: Unable to determine.

Context: Testing of 40 Housing Choice Voucher Program tenant files identified exceptions in 11 files, which included the following:

- 11 recertifications were not submitted into 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.

Effect: The Authority is not in compliance with federal regulations regarding reporting.

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 reporting requirements.

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, 2020

2020-004

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Housing Voucher Cluster
CFDA: 14.871 / 14.879
Award Period: 4/1/19 – 3/31/20
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 7 files.

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

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 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, 2020**

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, 2020.

Audit period: 4/1/2019 – 3/31/2020

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

2019 – 001 Significant Deficiency 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 2020-001

Reason for finding's recurrence: Management failed on making sure the following steps were taken when it came to Timely Annual Recertification, 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.

2019 – 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 2020-002

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

Corrective Action: Immediately for Eligibility exception.

**WILMINGTON HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2020**

2019 – 003 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 HQS requirements.

Status: See current year finding 2019-004

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

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.