



Date: November 20, 2002
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Windhill Development, LLC 2001-2002

The Internal Audit Division has completed a program and compliance audit of the current year's operations of the Windhill Development, LLC, which received a loan from the City of Greensboro in the amount of \$379,877. This loan helped support the construction of 60 apartment units affordable for families in the Greensboro area. These units located at 201 Windhill Court are called Windhill Apartments and are managed by Affordable Housing Management. Additional financing for this project is as follows:

- Construction Loan from Bank of America \$1,603,000 reduced to \$ 837,485
- Greensboro Housing Authority \$ 500,000
- Community Affordable Housing Equity Corporation \$2,620,768

We accompanied Mr. Bill Black, Rehabilitation Supervisor of Housing & Community Development as he inspected approximately 15% of the units and he found these to appear to be functional and well maintained.

We examined selected financial transactions and program documentation maintained by the agency for compliance with the loan agreement and a Community Development Services Contract of \$16,000 that helps provide a service coordinator on site to help the residents with community development services such as employment programs; education and childcare. This loan requires two reserve accounts as follows: (1) Operating Reserve to be funded after the Certificates of Occupancy are issued for the buildings. This account is in place. (2) Reserve for Replacements to be funded following the conversion of the Construction Loan to Permanent. This is in process. This loan is non-interest bearing and is due to be repaid beginning May 2003 based upon gross receipts less actual expenses incurred. Payments each May are not to exceed \$1,000 with the remaining balance due in full May 1, 2042.

Based on our review, it appears that the funds have been spent according to the terms of the loan agreement with no exceptions noted. We would like to thank Ms. Carol Smith, Property Director and Ms. Lee Bracey, Assistant Property Director of Affordable Housing Management and Ms. Brenda Wray, Service Coordinator of Windhill Apartments for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas
Internal Auditor

A handwritten signature in black ink, appearing to read "Jacky Dowd".

Jacky Dowd
Internal Audit Director

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