

**HOUSING AUTHORITY OF THE CITY OF NEW BERN
NORTH CAROLINA
HUD Project No. NC005**

Financial Statements

December 31, 2019

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
FINANCIAL STATEMENTS	
Statement of Net Position	9 - 10
Statement of Revenues, Expenses, and Change in Net Position	11
Statement of Cash Flows	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 25
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET TO ACTUAL	26 - 27
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS	28 - 30
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31 - 32
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE OMB UNIFORM GUIDANCE	33 - 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	36
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	37
FINANCIAL DATA SCHEDULE SUBMISSION	38 - 42

Thomas, Judy & Tucker, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of New Bern
New Bern, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of New Bern, North Carolina, HUD Project No. NC005, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of New Bern, North Carolina'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 an opinion on these financial statements based on our audit. 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 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.

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, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of New Bern, North Carolina, as of December 31, 2019, and the changes in its net position and 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 3 through 8 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of New Bern, North Carolina's basic financial statements. The budgetary schedule, statement and certification of actual capital fund program costs, as well as the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule, statement and certification of actual capital fund program costs, the schedule of expenditures of federal awards, as well as the Financial Data Schedule 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 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 September 21, 2020, on our consideration of the Housing Authority of the City of New Bern's internal control over financial reporting and 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority of the City of New Bern's internal control over financial reporting and compliance.



Durham, North Carolina
September 21, 2020

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
Management's Discussion and Analysis
For the Year ended December 31, 2019

The management of the Housing Authority of the City of New Bern, North Carolina (the "Authority") offers readers of the Authority's financial statements this management's discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns for the year ended December 31, 2019.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to read it in conjunction with Authority's financial statements, which follow this narrative.

Financial Highlights

- Net Position decreased by \$135,810 (or 1.20%) to \$11,209,241 as compared to December 31, 2018. Included in this net decrease is a \$504,700 (or 8.27%) reduction in Net Investments in Capital Assets and a \$368,890 (or 7.04%) increase in Unrestricted Net Assets.
- Year over year operating losses decreased by \$354,697 (or 44.64%) as compared to the 2018 year, resulting in a net loss from operations of \$439,852 for the year ended December 31, 2019. The reduction in operating losses are the result of a \$148,670 (or 5.67%) decrease in operating revenues and a \$503,367 (or 14.74%) decrease in operating expenses for business type activities.
- Current Assets increased by \$311,150 as compared to December 31, 2018, resulting in Total Current Assets of \$4,838,093. While Current Liabilities increased by \$52,122, resulting in Total Current Liabilities of \$150,433. These amounts result in a current ratio of 32.16 as of December 31, 2019.

Overview of the Financial Statements

The Authority's annual report consist of three major components; 1) the "Management's Discussion and Analysis (MD&A)", 2) "Basic Financial Statements", and 3) "Other Required Supplementary Information". Because the Authority is a special-purpose government entity engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the management's discussion and analysis, management has prepared the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, the Statement of Cash Flows, and Notes to the Financial Statements following the MD&A.

The Statement of Net Position, which is similar to a Balance Sheet, reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are classified as "Current" (convertible within one year) and "Non-Current".

The focus of the Statement of Net Position is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories, Net investment in capital assets, Restricted, and Unrestricted.

Net investment in capital assets 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 consists of restricted assets, when constraints are placed on the assets by creditors, grantors, contributors, laws, regulations, etc. The Authority had \$0 in Restricted Assets as of December 31, 2019.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA

Management's Discussion and Analysis
For the Year ended December 31, 2019

Unrestricted Net Position consist of amounts that do not meet the definition of "Net investment in capital assets", or "Restricted".

The Statement of Revenues, Expenses, and Changes in Net Position which is similar to an Income Statement, includes Operating Revenues such as rental income, Operating Expenses such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income, and interest expense.

The Statement of Cash Flows discloses net cash provided by, or used for operating activities, non-capital financing activities, from capital and related financing activities, and from investing activities.

In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Authority.

Overview of the Authority

The Housing Authority of the City of New Bern's primary mission is to provide affordable low income housing to those eligible in the City of New Bern area as determined by the US Department of Housing and Urban Development (HUD). The Authority's operations and capital fund programs are funded almost entirely through rental fees and subsidies received from HUD.

Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Authority's most significant activities by focusing on the individual activities of the major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance, or non-compliance, with finance-related legal requirements, such as the General Statutes (G.S.), the Authority's budget ordinance, or applicable HUD guidelines. The focus is now on the activities of the major funds, and not on the type of fund. The Authority maintains several different funds based on their activities as required by HUD and for accountability and control. All of the funds are enterprise funds which use the full accrual basis of accounting and account for the Authority's activities in a manner similar to a for-profit business.

Notes to the Financial Statements

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 13-25 of this report. After the notes, supplemental information is provided to show other financial information about the Authority's individual funds.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by the US Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
Management's Discussion and Analysis
For the Year ended December 31, 2019

The Authority's Net Position
Figure 1

	<u>2019</u>	<u>2018</u>
Current assets	\$4,838,093	\$4,526,943
Capital assets	5,599,288	6,103,988
Noncurrent assets	<u>5,571,353</u>	<u>5,462,062</u>
Total assets	<u>\$16,008,734</u>	<u>\$16,092,993</u>
Current liabilities	\$150,433	\$98,311
Non-current liabilities	<u>4,649,060</u>	<u>4,649,631</u>
Total liabilities	4,799,493	4,747,942
Net position:		
Net investment in capital assets	5,599,288	6,103,988
Unrestricted	<u>5,609,953</u>	<u>5,241,063</u>
Total net position	<u>\$11,209,241</u>	<u>\$11,345,051</u>

Net Position may serve over time as one useful indicator of an organization's financial condition. The assets of the Authority exceeded liabilities by \$11,209,241 as of December 31, 2019. The Authority's Net Position decreased by \$135,810 for the year ended December 31, 2019. The Investment in capital assets portion of Net Position (49.95%) reflects the Authority's investment in capital assets (e.g. Land, buildings and improvements, furniture and equipment, and vehicles), less any outstanding debt issued to acquire those items. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Authority's investment in its capital assets has no outstanding debt issued to acquire those items. Included in noncurrent assets are Notes Receivable of \$4,130,000 for the capital lease from the Craven Terrace project. An offsetting liability of \$4,130,000 is included in noncurrent liabilities. The remaining balance consists of \$0 restricted funds and \$5,609,953 of unrestricted funds.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA

Management's Discussion and Analysis
For the Year ended December 31, 2019

**Authority's Changes in Net Position
Figure 2**

	Business-type Activities <u>2019</u>	Business-type Activities <u>2018</u>
Operating revenues:		
Tenant rental revenue	\$560,845	\$738,046
Rental assistance payments	636,116	631,755
Tenant revenue other	77,795	72,574
Non-Tenant rental revenue	73,558	59,840
Operating subsidy-HUD	1,092,520	971,971
Total operating revenues	<u>2,472,240</u>	<u>2,620,910</u>
Operating expenses:		
Administration	891,023	833,427
Tenant services	5,563	3,363
Utilities	506,132	666,741
Ordinary maintenance	566,391	780,088
Insurance	143,589	135,827
Protective services	18,216	6,379
General expense	76,159	87,710
Depreciation	705,019	901,924
Total operating expenses	<u>2,912,092</u>	<u>3,415,459</u>
Loss from operations	<u>(439,852)</u>	<u>(794,549)</u>
Non-operating revenues (expenses):		
Interest income	110,703	110,495
Capital grants	85,248	88,978
FEMA Grant	102,970	94,656
Insurance Proceeds	5,121	311,800
Loss on disposal of fixed assets	-	(1,364,867)
Total non-operating revenues (expense)	<u>304,042</u>	<u>(758,938)</u>
Decrease in net position	<u>(135,810)</u>	<u>(1,553,487)</u>
Net position, beginning of year	11,345,051	12,898,538
Net position, end of year	<u><u>\$11,209,241</u></u>	<u><u>\$11,345,051</u></u>

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA

Management's Discussion and Analysis
For the Year ended December 31, 2019

Capital Assets

The Authority's investment in capital assets as of December 31, 2019, totals \$5,599,288 (net of accumulated depreciation). These assets include land, buildings and improvements, furniture, equipment and vehicles. Capital asset includes buildings and land lease to the Craven Terrace project in the net amount of \$3,197,269.

Major capital asset transactions during the year include additions to building and improvements of \$121,241, Furniture and Equipment of \$62,069 and Vehicles of \$17,009.

**Authority's Capital
Assets Figure 3**

	Capital Assets	Capital Assets
	2019	2018
Land	\$22,999	\$22,999
Buildings and improvements	28,721,420	28,600,179
Furniture and equipment	344,317	282,248
Vehicles	100,238	83,229
Accumulated Depreciation	<u>(23,589,686)</u>	<u>(22,884,667)</u>
Total	<u>\$5,599,288</u>	<u>\$6,103,988</u>

Additional information on the Authority's capital assets can be found in note 2 of the basic financial statements.

Economic Factors

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other cost

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA

Management's Discussion and Analysis
For the Year ended December 31, 2019

Accomplishments

Trent Court, built in 1941, had 218 units of public housing. Due to its age, it is very difficult to maintain and is functionally obsolete. On September 14, 2018 Hurricane Florence forever changed Trent Court, flooding much of the property and rendering 108 of its units uninhabitable. Following the cleanup and mitigation efforts that were required immediately after the hurricane, much of the Authority's 2019 Trent Court efforts focused on continuing to address issues stemming from the historic flooding. In addition to the assorted repairs required for the remaining structures, the proximity of the uninhabitable units to the remaining units required a substantial effort to ensure that the vacated units were properly secured.

Administratively, the Authority continued to assist displaced residents in 2019, as well as working with the Federal Emergency Management Agency (FEMA) and the North Carolina Department of Public Safety on long term recovery efforts. Preliminary amounts related to the Authority's FEMA claim for Trent Court were submitted for review in 2019, with a determination following that additional investigation and documentation were needed in order to better approximate the value of the claim. The Authority subsequently moved forward with the procurement of architectural and engineering professionals duly equipped to provide the additional information needed. Following the close of the 2019 year, but prior to the issuance of this audit, all required information related to the Authority's claim for Trent Court has been submitted and we are awaiting finalization of award amounts. Additionally, preliminary reports have been filed with the State Historic Preservation Office of the North Carolina Department of Natural and Cultural Resources seeking approval to demolish the flood effected units pending resolution of the Authority's FEMA claim and the approval of local historic preservation official.

On August 9, 2019 the North Carolina Housing Finance Agency announced that the Authority's previously planned Carolina Avenue project had been awarded Low Income Housing Tax Credits for the development of 84 units of affordable housing. Utilizing its wholly-owned instrumentality, Better Visions Housing Corporation, Inc. (Better Visions), the Authority has partnered with Mosaic Development Group, Inc. (Mosaic) on this project. Following the award of tax credits, Better Visions and Mosaic began the process of funding the project. In 2020 equity commitments were secured from RBC Community Investments, LLC and lending agreements were finalized with JP Morgan Chase and the North Carolina Housing Finance Agency, resulting in the close of the Carolina Avenue project on July 1, 2020. Construction work began immediately thereafter. The \$13 million project has an estimated completion date of fall 2021.

New Bern Towers consists of 106 apartments for seniors with Section 8 Project-Based Rental Assistance. The property is in good condition having benefitted from improvements made throughout its history. The Authority previously implemented a plan to enhance various features of individual units, but had to pause those efforts in September of 2018 in order to address the previously noted issues stemming from Hurricane Florence. Work resumed on this plan in 2019 and remains ongoing.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Steven M. Strickland
Board of Commissioners - Chair
Housing Authority of the City of New Bern
P.O. Box 1486
New Bern, North Carolina 28563

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
STATEMENT OF NET POSITION
December 31, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$	4,371,079
Cash - tenant security deposits		52,004
Tenant receivables, net		10,578
Accounts receivable - HUD		141,846
Accounts receivable - related party		62,782
Development fee receivable - related party		33,257
Prepaid development costs - related party		108,543
Inventories, net		25,550
Prepaid items		32,454

Total current assets		4,838,093
----------------------	--	-----------

Capital assets:

Land		22,999
Other depreciable assets, net of depreciation		5,576,289

Total capital assets		5,599,288
----------------------	--	-----------

Noncurrent assets:

Interest receivable		441,353
Capital lease receivable		4,130,000
Notes receivable - related party		1,000,000

Total noncurrent assets		5,571,353
-------------------------	--	-----------

Total assets	\$	16,008,734
--------------	----	------------

The notes to the financial statements are an integral part of this statement.

LIABILITIES

Current liabilities:

Accounts payable	\$	86,537
Resident counsel escrow		2,215
Tenant security deposits		52,004
Compensated absences, current		6,353
Unearned revenue		<u>3,324</u>

Total current liabilities 150,433

Noncurrent liabilities:

Capital lease obligation		4,130,000
Note payable		500,000
Compensated absences, non-current		<u>19,060</u>

Total noncurrent liabilities 4,649,060

Total liabilities \$ 4,799,493

NET POSITION

Net investment in capital assets	\$	5,599,288
Unrestricted		<u>5,609,953</u>

Total net position \$ 11,209,241

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For The Year Ended December 31, 2019

Operating revenues:	
Tenant rental revenue	\$ 560,845
Rental assistance payments	636,116
Tenant revenue - other	77,795
Non-tenant revenue	73,558
Federal operating subsidy	1,092,520
Capital fund - operations	<u>31,406</u>
 Total operating revenues	 <u>2,472,240</u>
 Operating expenses:	
Administration	891,023
Tenant services	5,563
Utilities	506,132
Ordinary maintenance	566,391
Insurance	143,589
Protective services	18,216
General expense	76,159
Depreciation	<u>705,019</u>
 Total operating expenses	 <u>2,912,092</u>
 Operating loss	 <u>(439,852)</u>
 Non-operating revenues:	
Capital fund - capital grant	85,248
Insurance Proceeds	5,121
Federal Emergency Management Agency Grant	102,970
Interest income	<u>110,703</u>
 Total non-operating revenues	 <u>304,042</u>
 Change in net position	 (135,810)
 Net position, beginning of year	 <u>11,345,051</u>
 Net position, end of year	 <u><u>\$ 11,209,241</u></u>

The notes to the financial statements are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2019

Cash flows from operating activities:	
Cash received from tenants	\$ 1,363,868
Cash paid for goods and services	(1,243,986)
Cash paid to employees	(891,161)
Operating grants and subsidies	<u>1,123,926</u>
Net cash provided by operating activities	<u>352,647</u>
Cash flows from capital and related financing activities:	
Capital grants	70,561
Acquisition of capital assets	(200,319)
FEMA Proceeds	197,326
Insurance proceeds	<u>5,121</u>
Net cash provided by capital and related financing activities	<u>72,689</u>
Cash flows from investing activities:	
Interest on investments	<u>1,413</u>
Net cash provided by investing activities	<u>1,413</u>
Net increase in cash and cash equivalents	426,749
Cash and cash equivalents at beginning of year	<u>3,944,330</u>
Cash and cash equivalents at end of year	<u>\$ 4,371,079</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (439,852)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	705,019
(Increase) decrease in tenant rents receivable	12,948
(Increase) decrease in accounts receivable other	1,570
(Increase) decrease in supplies inventory	(6,949)
(Increase) decrease in prepaid expenses	(1,458)
Increase (decrease) in accounts payable and accrued liabilities	92,124
Increase (decrease) in prepaid rent	(9,492)
Increase (decrease) in resident counsel escrow	(501)
Increase (decrease) in accrued vacation pay	<u>(762)</u>
Total adjustments	<u>792,499</u>
Net cash provided by operating activities	<u>\$ 352,647</u>

The notes to the financial statements are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies

The accounting policies of the Housing Authority of the City of New Bern, North Carolina (the "Authority") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Housing Authority of the City of New Bern, North Carolina, is a public body and a body corporate and politic created under the authority of Chapter 157 of the General Statutes of North Carolina. The Authority was created for the purpose of providing safe and sanitary housing for the low-income citizens of the City of New Bern, North Carolina (the "City").

To accomplish this purpose, the City appoints a Governing Board of Commissioners, but the Board designates its own management. 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 related programs described herein.

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of the Governmental Accounting Standards Board* and *Financial Accounting Standards Board and Statement Number 39 and Statement Number 80 of the Governmental Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability – The Authority is responsible for its own debts, does not impose a financial burden on the City of New Bern, and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – The Authority is governed by a Board of Commissioners and has governance responsibilities over all activities related to all housing activities within the City of New Bern. The Board of Commissioners has decision-making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will – The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments; therefore, the Authority is not included in the City of New Bern's financial reports.

Blended Component Unit – Although legally separate, Transformation Venture Capital is reported as if it was part of the Authority.

Transformation Venture Capital ("TVC") is organized as a non-profit to develop, acquire, rehabilitate, construct, operate and maintain decent and affordable public housing for low income families and the elderly in New Bern, North Carolina and associated regions.

Condensed combining information regarding the blended component unit is provided in Note 3.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

B. Description of a Public Housing Authority

Funding for public housing authorities is received from the United States Department of Housing and Urban Development (“HUD”) and from participants in public housing programs.

The Authority has 216 units in management.

<u>Management</u>	<u>Units</u>
Owned Housing	110
HAPs Program	<u>106</u>
	<u><u>216</u></u>

C. Basis of Presentation – Enterprise Fund Accounting

The Authority’s accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. Enterprise funds are used to account for operations that provide a service to the public financed by charges to users of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position, which is the result of deducting all the liabilities from all the assets. Net position is segregated into three components: 1) net investment in capital assets, 2) restricted assets, and 3) unrestricted assets. Operating statements for this fund present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

All funds of the Authority are maintained on the modified accrual basis during the year; however, the financial statements for the Authority have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents payments of principal on outstanding debt, and capital outlay.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Data

The Authority maintains budgetary controls over all funds, as required by North Carolina General Statute 159-42 (c-d) and the terms of the Authority's annual contributions contract with HUD. An annual budget is adopted for all enterprise funds, except for capital project funds. A multi-year budget is adopted for those funds. Expenditures may not legally exceed appropriations at the departmental level for the enterprise funds or at the object level for the capital project subsidiary fund. The management of the Authority may transfer appropriations within a fund up to \$500 without Board approval, except that all increases in appropriation to administration and capital expenditures must be approved by the Board. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance as amended through December 31, 2019.

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position

Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by HUD regulations. The Authority may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

Section 401(e) of the federal annual contribution contract authorizes the Authority to invest excess funds in instruments issued by or guaranteed by the federal government. The Authority practices this policy for all invested funds, regardless of source. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a maturity at the time of purchase of one year or less are carried at amortized cost.

As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. During the fiscal year and at year-end, all cash was held in the form of interest bearing accounts. The deposits and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents for the Statement of Cash Flows. At December 31, 2019, the Authority had \$485,017 in cash equivalents.

Accounts Receivable - HUD

The amount due from HUD as of December 31, 2019 consisted of the Capital Fund Program payments earned as of December 31, 2019 but not received as of that date.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectable accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. The allowance was \$3,526 for tenant receivables and \$0 for other receivables at December 31, 2019.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid.

Capital Assets

Donated capital assets received prior to December 31, 2014 are stated at their estimated fair value on the date donated. This includes site acquisition and improvements, structures, and equipment. Donated capital assets received on or after January 1, 2015, are recorded at amortized cost, the price is adjusted for transportation costs but would not otherwise be adjusted for transaction costs.

Other capital assets are recorded at historical cost at the date of acquisition. It is the policy of the Authority to capitalize all assets costing more than \$1,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Capital assets are depreciated on a straight-line basis over the following estimated useful lives in years:

Buildings and improvements	15 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 years

Inventories

Inventories are recorded at the lower of cost or net realizable value using the First-In, First-Out (FIFO) method. The Authority's inventory consists mostly of expendable supplies that are recorded as an expense as it is consumed or sold.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report 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 no items that meet the criterion for this category.

Unearned Revenue

Unearned revenue consists of rental payments made by tenants in advance of their due date.

Compensated Absences

The Authority allows its full time employees to accumulate earned vacation leave, and such leave is fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

Employees can accumulate 96 hours of sick leave annually and can be rolled forward indefinitely. Sick leave does not vest. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Operating Revenues

Subsidies received from HUD or other grantor agencies for operating purposes, are recorded as operating revenues. Those that are received for capital purposes are recorded as a capital contribution and included in non-operating revenues.

Net Position

Net position is classified into three parts; net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed (as by creditors, grantors, contributors, or laws or regulations of other governments), or imposed by the law.

Estimates

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 and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Advertising

Advertising costs are expensed as incurred. The Authority had \$0 of advertising expense during the year ended December 31, 2019.

Impairment of Long-Lived Assets

Accounting principles generally accepted in the United States of America require that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of this accounting principle has not materially affected the Authority's reported earnings, financial condition or cash flows.

Income Taxes

As a political subdivision of the State of North Carolina, the Authority is exempt from federal and State income taxes.

2. Detailed Notes on All Funds

A. Assets

Deposits

The Authority's deposits are either insured or are collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agent in the Authority's name. At December 31, 2019, the Authority's deposits had a carrying amount of \$4,423,084 and a bank balance of \$4,560,335. Of the bank balance \$354,841 was covered by federal depository insurance and \$4,205,494 was covered by collateral held under the dedicated method. The Authority's total cash balances were fully insured. The Authority has \$200 of cash on hand at December 31, 2019.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

2. Detailed Notes on All Funds (Continued)

Due from U.S. Department of HUD

The following amounts were due from HUD at December 31, 2019:

Capital Grants \$ 141,846

Due from Related Party

The following amounts were due from a related party at December 31, 2019:

Related Party Receivable \$ 62,782

Development Fee Receivable

The Development Fee Receivable is due to the Authority upon completion of the initial development and construction budget for The Craven Terrace project. At December 31, 2019, \$33,257 has been earned but not paid.

Changes in Capital Assets

The capital assets of the Authority at December 31, 2019 consisted of the following:

	<u>Balance at</u> <u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>12/31/19</u>
Business Type activities:				
Capital assets not being depreciated:				
Land	\$ 22,999	\$ _____	\$ _____	\$ 22,999
Total capital assets not being depreciated	<u>22,999</u>	<u>_____</u>	<u>_____</u>	<u>22,999</u>
Capital assets being depreciated:				
Buildings and improvements	28,600,179	121,241		28,721,420
Furniture and equipment	282,248	62,069		344,317
Vehicles	<u>83,229</u>	<u>17,009</u>		<u>100,238</u>
Total assets	28,965,656	200,319		29,165,975
Less accumulated depreciation	<u>22,884,667</u>	<u>705,019</u>		<u>23,589,686</u>
Depreciable assets - net	<u>6,080,989</u>	<u>\$ (504,700)</u>	<u>\$ _____</u>	<u>5,576,289</u>
Total capital assets - net	<u>\$ 6,103,988</u>			<u>\$ 5,599,288</u>

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

2. Detailed Notes on All Funds (Continued)

B. Liabilities

Pension Plan Obligation

The Authority provides a defined contribution pension plan through the Principal Financial Group for all eligible full-time employees. The Board of Commissioners authorized participation in the pension plan. The Authority contributes an amount equal to 6.8% of each employee's annual compensation to the plan. Employees are not required to contribute to the plan. Pension expense totaled \$32,502, \$39,236, and \$41,137 for the years ended December 31, 2019, 2018, and 2017 respectively. The financial statements for the plan are available by contacting Billings and Company at 712-239-0314 or by writing to 2020 Indian Hills Drive, Sioux City, IA 51104.

Operating Lease

On July 5, 2019, The Authority entered into a lease agreement with a third party for administrative offices. Monthly rent is \$2,500 and final payment is due July 31, 2021. Future payments on the lease are as follows:

<u>Year Ended</u>	
2020	\$ 30,000
2021	<u>17,500</u>
	<u>\$ 47,500</u>

Capital Lease Obligation/Receivable

In December 2015, the Authority entered into a 99 year lease as a lessor with Craven Terrace, LP and Craven Terrace Phase II, LP (collectively known as the "Partnerships") whereby the Authority leases to the Partnerships land and buildings. The Partnerships agreed to pay a total base rental amount of \$4,130,000 to the Authority. Annual payments are due following completion of construction, but only if cash flows of the project allow. The interest rate on the lease is 2.61% and accrues annually. Total accrued interest receivable was \$441,353 at December 31, 2019. An obligation in the amount of \$4,130,000 and a corresponding receivable have been recorded at December 31, 2019.

Assets held under the capital lease and the related accumulated depreciation have been included in property and equipment as follows as of December 31, 2019:

Building	\$ 18,284,483
Furniture and Equipment	6,651
Less Accumulated Depreciation	<u>(15,093,865)</u>
	<u>\$ 3,197,269</u>

Long Term Debt

On March 30, 2016, TVC received a direct subsidy of \$500,000 from FHLB Pittsburgh with no stated interest. No payments of principal are due until maturity, December 18, 2055. The proceeds of this loan were lent to the Authority, which then lent the proceeds to Craven Terrace LP as disclosed in Footnote 2.C.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

2. Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

	<u>Balance at</u> <u>12/31/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>12/31/19</u>	<u>Current</u> <u>Portion</u>
Compensated absences	\$ 26,176	\$ 44,141	\$ 44,904	\$ 25,413	\$ 6,353
Capital lease obligation	4,130,000			4,130,000	
Note payable	<u>500,000</u>			<u>500,000</u>	
	<u>\$ 4,656,176</u>	<u>\$ 44,141</u>	<u>\$ 44,904</u>	<u>\$ 4,655,413</u>	<u>\$ 6,353</u>

Conduit Debt

Mortgage revenue bonds related to the original acquisition and later modernization of the public housing developments were issued in 2015. These bonds were secured by a deed of trust, security agreement, and assignment of revenues from the project. This obligation does not constitute a debt or pledge of faith and credit of the Authority and accordingly, has not been reported in the accompanying financial statements.

The original amount issued totaled \$16,050,000 and as of December 31, 2019, \$10,711,279 remained outstanding.

C. Related Party Transactions

Accounts Receivable – Related Party

Accounts Receivable – Related Party consists of amounts due from Better Vision Housing Corporation and Craven Terrace.

Better Vision Housing Corporation (“BVHC”) is a nonprofit instrumentality created in 2013 to work with the Authority in developing new housing for the citizens of New Bern and rehabilitating existing units in the Authority. During 2019, various projects were considered and put before the Board of Commissioners. The Authority paid for various expenses on behalf of BHVC related to these projects and as of December 31, 2019 operating accounts receivable amounts due were \$10,724.

The Authority agreed to provide supportive services for Craven Terrace LP for a contracted fee of 2.50% payable within 60 days following the end of Craven Terrace’s fiscal year. Supportive services fees on behalf of Craven Terrace LP as of December 31, 2019 due were \$52,058.

Notes Receivable – Related Party

Notes receivable related party represents \$500,000 receivable from Craven Terrace LP and \$500,000 receivable for Craven Terrace Phase II, LP to the Authority. There is no stated interest and annual repayments are due following completion of construction, but only if cash flows from the project allow.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

2. Detailed Notes on All Funds (Continued)

Related Party Transactions (Continued)

Development Fee

Craven Terrace LP and Craven Terrace Phase II, LP (collectively known as “the Partnerships”) signed a lease with the Authority for the Craven Terrace land and buildings (see note 3). The Authority’s blended component unit, Transformation Venture Capital, is .005% owner in the Partnerships. The Authority has signed an agreement whereby the Partnerships will pay a total of \$781,353 in development fees for the Authority’s assistance with redeveloping Craven Terrace. As of December 31, 2019, \$33,257 is receivable.

Advance of Predevelopment Costs

The Authority advanced predevelopment costs to Mosaic Development Company, a related party, for the purchase of a property in New Bern (See Note 4). The Authority will be reimbursed for the predevelopment costs at closing. As of December 31, 2019, \$108,543 is receivable.

D. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In accordance with G.S. 159-42, the Authority’s finance office is individually bonded for \$50,000. The Authority also has a blanket bond for the remaining employees who have access to inventories in the amount of \$100,000.

The Authority carries commercial insurance against all other risks of loss, including property and general liability insurance. There have been no significant reductions 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.

E. Claims and Judgments

At December 31, 2019, the Authority was not a defendant to any lawsuit. No provision was made in the audited financial statements for any contingent liabilities. In the opinion of management and the Authority attorney, there are no legal matters that will have a materially adverse effect on the Authority’s financial position.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

3. Blended Component Unit

Condensed combining information for the Authority's blended component unit for the year ended December 31, 2019, is presented as follows:

Condensed Statement of Net Position
December 31, 2019

	Transformation Venture Capital	Eliminations	Total
Assets			
Current assets	\$ 604,481	\$ (500,000)	\$ 104,481
Total assets	604,481	(500,000)	104,481
Liabilities			
Current Liabilities	3,400	(3,400)	
Noncurrent liabilities	633,495	(133,495)	500,000
Total liabilities	636,895	(136,895)	500,000
Net position			
Unrestricted	(32,054)	(345,547)	(377,601)
Total net position	\$ (32,054)	\$ (345,547)	\$ (377,601)

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

3. Blended Component Unit (Continued)

Condensed Statement of Revenues, Expenses and
Changes in Net Position
December 31, 2019

	Transformation Venture Capital	Eliminations	Total
Operating expenses:			
Operating expenses	\$ 67	\$	\$ 67
Total operating expenses	67		67
Operating loss	(67)		(67)
Non-operating revenues:			
Interest income	156		156
Interest expense	(3,400)	3,400	
Total non-operating revenues	(3,244)	3,400	156
Change in net position	(3,311)	3,400	89
Net position:			
Net position, beginning of year	(28,743)	(348,947)	(377,690)
Net position, end of year	\$ (32,054)	\$ (345,547)	\$ (377,601)

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

3. Blended Component Unit (Continued)

Condensed Statement of Cash Flows
December 31, 2019

	Transformation Venture Capital	Eliminations	Total
Net cash used by operating activities	\$ (3,311)	\$ 3,400	\$ 89
Net cash used by capital and related financing activities	(14,158)		(14,158)
Net decrease in cash and cash equivalents	(17,469)	\$ 3,400	\$ (14,069)
Cash and cash equivalents at beginning of year	122,310		
Cash and cash equivalents at end of year	\$ 104,841		

The Authority loaned Transformation Venture Capital (“TVC”) \$1,000,000 in January of 2014. Principal is due annually on December 31 of each year and is calculated at 25% of net cash flow. Interest is also due annually and is calculated at the one-month LIBOR plus 1% (2.76% at December 31, 2019) with a maximum rate of 5%. All remaining principal and interest are due December 31, 2044.

4. Commitments

In November 2018, the Authority signed an agreement to purchase land from the City in the amount of \$455,000. The land is to be used for redevelopment and is contingent upon receiving approval on the project from the North Carolina Housing Finance Agency (“NCHFA”). Subsequent to year end, the Authority closed on the purchase of the land from the City (See Note 5).

5. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 21, 2020, which is the date the financial statements were available to be issued.

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which may have a negative impact of the Authority’s financial results in the future. The extent of the impact of COVID-19 on the operational and financial performance will depend on certain developments, including duration and spread of the outbreak, impact on tenants, employees and vendors, all of which are uncertain at this time. The extent to which COVID-19 may impact the Authority’s financial condition or results in the future is uncertain.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

5. Subsequent Events (Continued)

The Authority closed on the purchase of a property in New Bern, North Carolina in July 2020. Carolina Avenue Housing, LLC (“CAH”) is a tax credit project that will be a mixed rate project to be developed jointly by the Authority and Mosaic Development Company (“MD”). The project will have 84 units, a community center and will cost approximately \$13,000,000. MD will own 51% of the managing member ownership and BVHC Carolina Avenue LLC (“BVHC”) will own the remaining 49% of the managing member ownership. RBC will be the investor member. BVHC is 100% owned by Better Vision Housing Corporation, Inc. which is an instrumentality of the Housing Authority.

The Authority purchased the land, which is located at 801 Carolina Avenue, for \$455,000 (Note 4). The land will then be leased to CAH for a 65 year period. Additionally, the Authority will loan CAH \$800,000 to assist with construction and provide 50% of Pre-Development Costs, to be reimbursed. The development fee on the project will be earned 65% by MD and 35% by BVHC. Construction is anticipated to last 18 to 24 months and will be done by a third party. Property management will be performed by Excel Properties.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP)
ACC # A-4053
For The Year Ended December 31, 2019

	2019		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Tenant rental revenue	\$ 885,000	\$ 560,845	\$ (324,155)
Rental assistance payments	630,000	636,116	6,116
Tenant revenue - other	74,160	77,795	3,635
Non - tenant revenue	20,900	73,558	52,658
Federal operating subsidy	800,000	1,092,520	292,520
Capital fund - operations	80,000	31,406	(48,594)
Rent Income	18,000	-	(18,000)
Total operating revenues	<u>2,508,060</u>	<u>2,472,240</u>	<u>(35,820)</u>
Operating expenditures:			
Administration:			
Salaries and employee benefits	573,918	576,724	(2,806)
Auditing fees	28,000	19,000	9,000
Office expenses	78,300	98,649	(20,349)
Legal expenses	25,200	42,410	(17,210)
Rent	12,000	16,000	(4,000)
Other	93,100	138,240	(45,140)
Total administration	<u>810,518</u>	<u>891,023</u>	<u>(80,505)</u>
Tenant services:			
Resident Councils	4,590	5,563	(973)
Tenant services - other	1,860		1,860
Total tenant services	<u>6,450</u>	<u>5,563</u>	<u>887</u>
Utilities:			
Water	312,000	219,959	92,041
Electricity	321,000	220,797	100,203
Gas	94,500	65,376	29,124
Total utilities	<u>727,500</u>	<u>506,132</u>	<u>221,368</u>
Ordinary maintenance:			
Salaries and employee benefits	392,232	269,534	122,698
Materials	150,300	81,079	69,221
Contracted service	196,300	215,778	(19,478)
Total ordinary maintenance	<u>738,832</u>	<u>566,391</u>	<u>172,441</u>
Insurance:			
Workers comp insurance	18,200	12,439	5,761
Property insurance	119,000	131,150	(12,150)
Total insurance	<u>137,200</u>	<u>143,589</u>	<u>(6,389)</u>
Protective services:			
Protective services	11,200	18,216	(7,016)
Total protective services	<u>11,200</u>	<u>18,216</u>	<u>(7,016)</u>

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP)
ACC # A-4053
For The Year Ended December 31, 2019
(Continued)

	2019		Variance Favorable (Unfavorable)
	Budget	Actual	
General expense:			
Compensated absences	\$ *	\$ 44,141	\$ (44,141)
Bad debt - tenants	11,820	9,311	2,509
Other general expenses	25,496	22,707	2,789
Total general expense	<u>37,316</u>	<u>76,159</u>	<u>(38,843)</u>
 Total operating expenditures	 <u>2,469,016</u>	 <u>2,207,073</u>	 <u>261,943</u>
 Net operating income (loss)	 <u>39,044</u>	 <u>265,167</u>	 <u>226,123</u>
Other revenues (expenditures):			
Interest Income	1,300	110,703	109,403
Fund Balance Appropriated	(40,344)	-	40,344
Revenue over expenditures	<u>\$ -</u>	<u>\$ 375,870</u>	<u>\$ 375,870</u>
 Reconciliation of modified accrual basis net income to full accrual basis net income:			
Revenue over expenditures - operating fund (as above)		\$ 375,870	
Nonbudget items:			
Capital grants		85,248	
FEMA Grant		102,970	
Insurance proceeds		5,121	
Depreciation expense		<u>(705,019)</u>	
Change in net assets - full accrual basis		<u>\$ (135,810)</u>	

*Budgeted expenses are included in various salary line items.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
Statement and Certification of Actual Capital Fund Program Costs
Project NC 19P005501-16
For The Year Ended December 31, 2019

1. The actual capital fund costs of NC 19P005501-16 are as follows:

Funds approved	\$	755,128
Funds expended		755,128
Excess (deficiency) of funds approved	\$	-
Funds advanced	\$	755,128
Funds expended		755,128
Excess (deficiency) of funds advanced	\$	-

2. Costs audited during the current audit period totaled \$0.

3. All costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
Statement and Certification of Actual Capital Fund Program Costs
Project NC 19P005501-17
For The Year Ended December 31, 2019

1. The actual capital fund costs of NC 19P005501-17 are as follows:

Funds approved	\$	356,390
Funds expended		<u>141,846</u>
Excess (deficiency) of funds approved	<u>\$</u>	<u>214,544</u>
Funds advanced	\$	
Funds expended		<u>141,846</u>
Excess (deficiency) of funds advanced	<u>\$</u>	<u>(141,846)</u>

2. Costs audited during the current audit period totaled \$116,654.

3. All costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
Statement and Certification of Actual Capital Fund Program Costs
Grant NC 19P005501-18
For The Year Ended December 31, 2019

1. The actual grant fund costs of NC 19P005501-18 are as follows:

Funds approved	\$	547,665
Funds expended		-
		-
Excess (deficiency) of funds approved	\$	547,665
Funds advanced	\$	-
Funds expended		-
		-
Excess (deficiency) of funds advanced	\$	-

2. Costs audited during the current audit period totaled \$0.

3. All costs have been paid and all related liabilities have been discharged through payment.

Thomas, Judy & Tucker, P.A.
Certified Public Accountants

**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**

To the Board of Commissioners
Housing Authority of the City of New Bern
New Bern, North Carolina

We have audited, in accordance with the 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 business-type activities of the Housing Authority of the City of New Bern, North Carolina, HUD Project No. NC005 (the "Authority") as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of New Bern, North Carolina's basic financial statements, and have issued our report thereon dated September 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of New Bern, North Carolina'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 Housing Authority of the City of New Bern, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 Housing Authority of the City of New Bern's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas, Judy & Ducker, P.A.

Durham, North Carolina
September 21, 2020

Thomas, Judy & Tucker, P.A.
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE OMB UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the City of New Bern
New Bern, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of New Bern, North Carolina's 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 Housing Authority of the City of New Bern, North Carolina's major federal program for the year ended December 31, 2019. The Housing Authority of the City of New Bern, North Carolina's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 the Housing Authority of the City of New Bern, North Carolina's major federal program 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 Housing Authority of the City of New Bern, North Carolina'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 opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of New Bern, North Carolina's compliance.

Opinion on Public and Indian Housing

In our opinion, the Housing Authority of the City of New Bern 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 major federal programs for the year ended December 31, 2019.

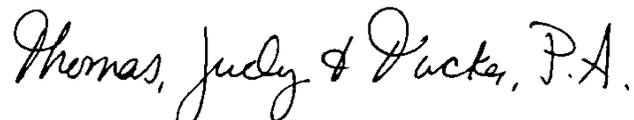
Report on Internal Control over Compliance

Management of the Housing Authority of the City of New Bern 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 Housing Authority of the City of New Bern's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Durham, North Carolina
September 21, 2020

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? _____ Yes X No
- Significant deficiency identified that is not considered to be a material weakness? _____ Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclose that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Public and Indian Housing	14.850

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

Finding 2018-1

Criteria: The Authority should maintain sufficient documentation to verify tenant eligibility.

Condition: On September 14, 2018, the Authority was severely impacted by a natural disaster. Hurricane Florence destroyed 108 resident units and the administration building. Original documents such as bank statements, invoices, payroll records, and tenant files were also destroyed. Most of the Authority's accounting records were backed up off site with the exception of all tenant files for current, former, and rejected tenants; no copies, either physical or electronic, were maintained of the files.

Effect: The Authority cannot prove that tenants were properly rejected or that they meet income eligibility requirements.

Questioned Costs: None.

Current Year Status: Corrected. The Authority prepared new agreements to document terms of current leases.

HOUSING AUTHORITY OF THE CITY OF NEW BERN, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Housing and Urban Development</u>			
Public and Indian Housing	14.850	XXXX	\$ 1,092,520
Section 8 Housing Payments	14.182	XXXX	636,116
Capital Fund Cluster:			
Public Housing Capital Fund	14.872	XXXX	116,654
<u>U.S. Department of Homeland Security</u>			
Disaster Grant - Public Assistance	97.036	XXXX	<u>102,970</u>
Total Federal Assistance			<u>1,948,260</u>
Total Federal Assistance			<u>\$ 1,948,260</u>

Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Housing Authority of the City of New Bern (NC005)

NEW BERN, NC

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	6.2 Component Unit Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	97.036 Disaster Grants - Presidentially Declared Disasters	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,424,274	\$104,841	\$1,439,766	\$1,402,197			\$4,371,078		\$4,371,078
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted									
114 Cash - Tenant Security Deposits	\$29,560		\$22,444				\$52,004		\$52,004
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$1,453,834	\$104,841	\$1,462,210	\$1,402,197	\$0	\$0	\$4,423,082	\$0	\$4,423,082
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$141,846						\$141,846		\$141,846
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous				\$204,582			\$204,582		\$204,582
128 Accounts Receivable - Tenants	\$8,995		\$5,107				\$14,102		\$14,102
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,249		-\$1,277				-\$3,526		-\$3,526
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud			\$0				\$0		\$0
129 Accrued Interest Receivable			\$3,400				\$3,400	-\$3,400	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$148,592	\$0	\$7,230	\$204,582	\$0	\$0	\$360,404	-\$3,400	\$357,004
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$28,415		\$4,039				\$32,454		\$32,454
143 Inventories	\$22,594		\$5,794				\$28,388		\$28,388
143.1 Allowance for Obsolete Inventories	-\$2,259		-\$579				-\$2,838		-\$2,838
144 Inter Program Due From	\$326,623		\$14,775	\$59,910			\$401,308	-\$401,308	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$1,977,799	\$104,841	\$1,493,469	\$1,666,689	\$0	\$0	\$5,242,798	-\$404,708	\$4,838,090
161 Land			\$22,999				\$22,999		\$22,999
162 Buildings	\$6,343,855		\$4,053,702	\$18,284,483			\$28,682,040		\$28,682,040
163 Furniture, Equipment & Machinery - Dwellings	\$192,333		\$182,515	\$6,651			\$381,499		\$381,499
164 Furniture, Equipment & Machinery - Administration	\$15,870		\$86,566				\$102,436		\$102,436
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$4,799,351		-\$3,696,470	-\$15,093,865			-\$23,589,686		-\$23,589,686
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,752,707	\$0	\$649,312	\$3,197,269	\$0	\$0	\$5,599,288	\$0	\$5,599,288
171 Notes, Loans and Mortgages Receivable - Non-Current		\$500,000	\$133,496	\$5,130,000			\$5,763,496	-\$633,496	\$5,130,000

172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets				\$441,353			\$441,353		\$441,353
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$1,752,707	\$500,000	\$782,808	\$8,768,622	\$0	\$0	\$11,804,137	-\$633,496	\$11,170,641
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$3,730,506	\$604,841	\$2,276,277	\$10,435,311	\$0	\$0	\$17,046,935	-\$1,038,204	\$16,008,731
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$23,282		\$63,255				\$86,537		\$86,537
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion	\$5,165		\$1,151	\$37			\$6,353		\$6,353
324 Accrued Contingency Liability									
325 Accrued Interest Payable		\$3,400					\$3,400	-\$3,400	\$0
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$29,560		\$22,444				\$52,004		\$52,004
342 Unearned Revenue	\$1,166		\$2,158				\$3,324		\$3,324
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$2,215						\$2,215		\$2,215
346 Accrued Liabilities - Other									
347 Inter Program - Due To	\$179,688		\$35,575	\$186,045			\$401,308	-\$401,308	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$241,076	\$3,400	\$124,583	\$186,082	\$0	\$0	\$555,141	-\$404,708	\$150,433
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other		\$633,495		\$4,630,000			\$5,263,495	-\$633,496	\$4,629,999
354 Accrued Compensated Absences - Non Current	\$15,495		\$3,452	\$112			\$19,059		\$19,059
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$15,495	\$633,495	\$3,452	\$4,630,112	\$0	\$0	\$5,282,554	-\$633,496	\$4,649,058
300 Total Liabilities	\$256,571	\$636,895	\$128,035	\$4,816,194	\$0	\$0	\$5,837,695	-\$1,038,204	\$4,799,491
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$1,752,707		\$649,312	\$3,197,269	\$0		\$5,599,288		\$5,599,288
511.4 Restricted Net Position					\$0		\$0		\$0
512.4 Unrestricted Net Position	\$1,721,228	-\$32,054	\$1,498,930	\$2,421,848	\$0	\$0	\$5,609,952		\$5,609,952
513 Total Equity - Net Assets / Position	\$3,473,935	-\$32,054	\$2,148,242	\$5,619,117	\$0	\$0	\$11,209,240	\$0	\$11,209,240
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,730,506	\$604,841	\$2,276,277	\$10,435,311	\$0	\$0	\$17,046,935	-\$1,038,204	\$16,008,731

Housing Authority of the City of New Bern (NC005)

NEW BERN, NC

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	97.036 Disaster Grants - Presidentially Declared Disasters	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$247,469		\$313,376				\$560,845		\$560,845
70400 Tenant Revenue - Other	\$65,291		\$12,504				\$77,795		\$77,795
70500 Total Tenant Revenue	\$312,760	\$0	\$325,880	\$0	\$0	\$0	\$638,640	\$0	\$638,640
70600 HUD PHA Operating Grants	\$1,123,926		\$636,116				\$1,760,042		\$1,760,042
70610 Capital Grants	\$85,247						\$85,247		\$85,247
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Services Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$0	\$0	\$0	\$0
70800 Other Government Grants					\$102,970		\$102,970		\$102,970
71100 Investment Income - Unrestricted	\$516	\$156	\$4,141	\$109,290			\$114,103	-\$3,400	\$110,703
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery									
71500 Other Revenue	\$12,620		\$14,000	\$52,058			\$78,678		\$78,678
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$1,535,069	\$156	\$980,137	\$161,348	\$102,970	\$0	\$2,779,680	-\$3,400	\$2,776,280
91100 Administrative Salaries	\$226,874		\$113,876	\$60,386			\$401,136		\$401,136
91200 Auditing Fees	\$10,222		\$6,688	\$2,090			\$19,000		\$19,000
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	\$101,559		\$49,940	\$24,088			\$175,587		\$175,587
91600 Office Expenses	\$40,559		\$56,751	\$1,340			\$98,650		\$98,650
91700 Legal Expense	\$19,382		\$20,085	\$2,942			\$42,409		\$42,409
91800 Travel									
91810 Allocated Overhead									
91900 Other	\$78,868	\$67	\$23,130	\$52,174			\$154,239		\$154,239
91000 Total Operating - Administrative	\$477,464	\$67	\$270,470	\$143,020	\$0	\$0	\$891,021	\$0	\$891,021
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$2,616		\$2,947				\$5,563		\$5,563

97350 HAP Portability-In									
97400 Depreciation Expense	\$179,079		\$86,353	\$439,587			\$705,019		\$705,019
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$1,434,257	\$3,467	\$889,121	\$588,647	\$0	\$0	\$2,915,492	-\$3,400	\$2,912,092
10010 Operating Transfer In	\$31,406						\$31,406		\$31,406
10020 Operating transfer Out	-\$31,406						-\$31,406		-\$31,406
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$100,812	-\$3,311	\$91,016	-\$427,299	\$102,970	\$0	-\$135,812	\$0	-\$135,812
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,438,606	-\$28,743	\$2,057,226	\$5,877,963	\$0	\$0	\$11,345,052		\$11,345,052
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$65,483			\$168,453	-\$102,970		\$0		\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	1872		1272				3144		3144
11210 Number of Unit Months Leased	1546		1206				2752		2752
11270 Excess Cash	\$1,583,375						\$1,583,375		\$1,583,375
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$68,403					\$0	\$68,403		\$68,403
11630 Furniture & Equipment - Dwelling Purchases	\$16,844					\$0	\$16,844		\$16,844
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0	\$0		\$0
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0