



Agenda, Minutes, Reports, and Resolutions

Board of Commissioners Regular Meeting

Monday July 24, 2023, at 6:00 pm

Hope White, Chairwoman

Marcus D. Goodson, Interim Chief Executive Officer



Sanford Housing Authority (SHA)
Board of Commissioners Regular Meeting
AGENDA

Date: July 24, 2023

Time: 6:00 pm

Place: Sanford Housing Authority (SHA)

317 Chatham St. (Central Office)

Sanford, NC 27330

Please silence all cell phones and refrain from cell phone use during the meeting

1. Roll Call
2. Adoption of Minutes-May 22, 2023, Regular Board Meeting
3. Audit Report for FYE September 30, 2022-Prepared by Barton, Gonzalez, & Myers P.A., Certified Public Accountants (See Attachment)
4. Financial Report (See Attachment)

Department Head Reports

5. Public Housing and Maintenance Reports
6. RAD-LIHTC Housing and Maintenance Reports
7. HCV Reports
8. Resident Services Report
9. Development Report (See Attachment)
 - Request for Qualifications for Co-Developer Partner for Preservation of Stewart Manor
10. New Business/Board of Commissioners' Comments
 - Utility Allowances for Housing Choice Voucher (See Attachment)
11. Public Comments
12. Closed Session (If needed)
13. Adjournment



Board of Commissioners Meeting Monday May 22, 2023

1. A meeting of the Board of Commissioners for Sanford Housing Authority was held on Monday May 22, 2023, at 6:05 pm at SHA Central Office, 1000 Carthage Street, Sanford, NC 27330. Notice of this meeting was duly posted.
2. Roll Call:

ATTENDANCE:

Commissioner Hope White, Chairperson
Commissioner William Newby, Vice Chairperson
Commissioner Erin Britton
Commissioner Carolyn Gilchrist

ABSENT:

Commissioner PJ Patel
Commissioner Karen Wicker

3. APPROVAL OF MINUTES:

Ms. White asked for a motion to be made to approve the board minutes from the April 24, 2023, regular board minutes. Mr. Newby moved to approve the April 24, 2023, board minutes. Ms. Gilchrist seconded the motion; all were in favor. The motion passed unanimously.

Financial Report

Mr. Goodson stated that we would not have a financial report for this board meeting but would have one at the next board meeting.

Public Housing and Maintenance Reports

Linden Heights, Utley Plaza, Foushee Heights

Michelle stated that with the total units we are at 90%. She said that there has been a delay for getting the units turned. The company finished at Harris Court so soon they will be coming back to Foushee Heights. Michelle said that we have people who want to move in, but we just need the units turned. Ms. White asked what was done about the waitlist and Michelle said that she was able to generate the waiting list from Yardi and she has called the first 25 on the list as well as agencies that were listed on their application because a lot of them were in homeless shelters and so none have responded. Tonya had a suggestion that we send letters out to everyone who was on the waiting list to make sure that we have not missed anyone. Michelle said that she has not had success with phone calls so she will also start going through the

waiting list and when she does not receive a response back, she will check them as inactive in Yardi. Mr. Goodson stated that we would be purging the waiting list. Ms. White asked how many people approximately is on the waiting list. Tonya said that about 75 were on that waiting list and some of them have been housed. Michelle said that she had a handicapped accessible unit and now has someone who wants the unit who is handicapped. Ms. White asked if it is time to open back up the waiting list and Michelle said no because she still has some people who applied in the past two years, and she is calling those people first.

Michelle said that they are continuing to charge tenants for repairs to units. Ms. White asked how the properties are getting the work orders done so quickly. Mr. Goodson said that we hired a company to turn units and so now maintenance can concentrate on work orders and there was a change in the leader of the maintenance department. Ms. White said that she is just used to work orders being outstanding for about 14 days. Michelle said that she also stays on maintenance by showing that their work orders are completed, even calling the tenants to follow up to make sure that the work was done. Michelle stressed that she tells the maintenance staff that they need to have good customer service and get the work done. Mr. Goodson stated that at every staff meeting he talks about customer service. He also stated that we have good Property Managers and Michelle is very conscientious. He said that Danielle and LaToya are relatively new and walked into a difficult position but are doing well. He also stated that we already have Tonya in Resident Services; what she did at Stewart Manor was remarkable.

Stewart Manor & Harris Court

Ms. White asked if they had finished the plumbing at Harris Court and Tonya Davis-Buie replied, yes.

RAD (LIHTC) Housing & Maintenance Reports

Danielle stated that Matthews Court only has 1 vacancy, but she must get that from the courts. She said that someone passed away and no one got the items out of the unit. Ms. White asked if the Banks Law firm said that we had to go through the court and Danielle replied yes. Therefore, Matthews court is at 98%

Garden-Gilmore Terrace is up to 80% occupied and there are 24 vacant units. She said that we have been having some issues with getting the units inspected. She said that we just had about 9 or 10 that passed so we will have some move-ins this week because the units have already been assigned.

Danielle said that all units remaining are 3-bedroom units. Ms. White asked that Danielle check the police report because she has heard about shootings in Garden and Gilmore Terrace. Danielle said that the police officer came to her about an Amber alert but not a shooting. Ms. White said that on April 28, there was a shooting and that's a fact. Mr. Goodson asked if they had painted over the graffiti, Danielle said that she did not know but would check into it. Ms. White asked what the graffiti said and where it was. Milton Toomer, Maintenance Supervisor

said that it was whatever their group name is and it's on Clark Circle. Mr. Goodson said that you must be careful when covering it because of gangs.

Ms. White asked if there was a waiting list for the properties and Danielle said yes. She has qualified some who applied but others did not qualify. She tries to get the units to pass inspection first so now she can move in people who qualify.

There were no additional questions.

HCV Report

Keren asked if there were any questions. Ms. White said that we are almost there. Ms. White asked if we had started to work on the new applications, Keren replied yes. She said that they must go by the preferences first and verify them first. Ms. White said that we are almost there.

There were no additional questions.

Resident Services Report

Ms. White asked if Shkera was going to do anything for Father's Day, Shkera replied no but she is planning a Family Day that will invite the whole family and community to participate. She said that the event would be held on Thursday June 24, 2023, at the Gilmore Terrace baseball field. She said that she has received confirmations from Blue Cross Blue Shield and other companies. Mr. Goodson said that they would need to speak about the field because it is under contract. Shkera said that she called the contact that Mr. Goodson gave her for the organization and got clearance for that date. Ms. White asked if she considered the Burke Center; Shkera replied that part of the issue with the Burke Center is their driveway is not paved and the Food Bank cannot deliver on the driveway. She said that the Food Bank did a site visit and did approve the baseball field and for us to have a food pantry at First Street. Ms. White said that she was asking because June is hot, and it may be raining. Shkera said that she would reach out to the vendors to see if they could bring tents. She said that she had to send pictures and then the Food Bank came out to conduct a site visit before approving the location. Ms. White said that she is concerned about it being in June at 1:00 pm because of the heat, especially because we have seniors coming out. Ms. Britton said that June probably is better than July or August, which is the latter part of the summer. Shkera said that she will try to collaborate with Danielle to allow the seniors to cool off in the community center at Gilmore Terrace. Mr. Goodson said that we do need to at least have a big tent for the event. Ms. White asked if she considered Matthews Court Community Center and Shkera said that for all the vendors and participants coming, there is not enough space. Mr. Goodson asked about how big the event is and would there be cookout food. Ms. White said that it is amazing and a big turnout. Shkera said that she has asked for sponsors from restaurants for items for cook out food. Mr. Goodson said that now people have Food Trucks to come out and give discounts.

Development & Modernization Report

Mr. Goodson stated that we need to focus all our development efforts on Stewart Manor. He is working with Stogner & A and E Firm to develop a Request for Qualifications (RFQ) done by the middle of June or sooner. Ms. White asked if we had one for Matthews Garden & Gillmore. Mr. Goodson said that he did a search of Shannon's email to see if he could find it, but he did not find anything. Ms. White said that she would see if she has it. Mr. Goodson said that this one would be different because Stewart Manor is a preservation project and not a Section 18 project which is demolition. He said that we must get Stewart Manor back because we need the 99 units. He said that we'll get the RFQ out so that we can get a co-developer that we choose that will work within the split that we would like and the ownership structure. Mr. Goodson explained that we should get proposals in from developers. Mr. Haire asked if this was a request for proposal and how much money it would bring in. Mr. Goodson said that it would at least be about \$50,000 per door or more. He said that we would get developer fees at closing, when we get to a certain part of renovation, when we close out the project, and when we get to stabilization. Mr. Goodson said that we'll get our share, and the co-developer will get their fee. Mr. Goodson said that Stogner said that some developers only get about a 10% developer fee and Mr. Goodson said that we are starting off the negotiations at a 50/50 split; we are bringing the property to the table as well as Section 8 vouchers if HUD approves them. If we go RAD conversion, we'll get Section 8 vouchers or Section 8 rents like MGG. He said that whoever we select will know what we are doing. He said that he is hoping that we could have some serious talks with the City and County about funding.

Mr. Haire said that there is a new company that is coming which will generate a lot of revenue. Sanford has a direct connection to the Cape Fear River water supply and will now start selling some to Pittsboro. He said, once the money starts coming in, then you can start asking for help. Mr. Goodson said that he is also working on the HUD emergency grant with Stogner as well to resubmit it for Stewart Manor. He said that Stewart Manor is boarded up, but we must get it back online as quickly and strategically as possible because of vagrants who are trying to steal copper and other valuable components.

Interim CEO's Report

Mr. Goodson reiterated that we are scheduled to move out this week, and we are boxed up but there is a delay because of the internet connection with Spectrum. Ms. White asked if we

Ms. White asked whose responsibility it would be to change out the letterhead and Mr. Goodson said that we would work on that. He also said that he would contact HUD himself to update the address.

Mr. Goodson said that we will be speaking with the landlord about putting a drop box on the side door. Mr. Goodson stated that Sherri Campanale, the new Director of Operations, would be starting June 22, 2023. He said that Sherri worked for about 16 years in Florida and took over when he left the agency. He said that she is excellent, has experience in public housing,

Section 8, and RAD; she is a go-getter and no-nonsense person, and the board and staff will like her. He said that she is a hard worker and will get the job done.

New Business

Ms. White asked for a motion to approve health dental and vision insurance renewal. Mr. Newby motioned to approve; Ms. Gilchrist seconded the motion; All were in favor. The motion passed unanimously.

Mr. Goodson pointed out that everything that we do is to the benefit of the employees but also for the company. He said that typically the agency does not cover spouse and child; the employee covers that.

Mr. Goodson said that he met with the staff, and we are being fair but conducting business the way that it needs to be conducted. Ms. White asked if we got any kickback for it. Mr. Goodson said that the Benefits Coordinator came out and offered some other solutions so he thinks everyone is ok now.

Ms. White said that most companies pay for the benefits for the employee, and they can add their family at a flat rate.

Anesha spoke said that we conducted a survey where employees could voice their opinion about which company that they wanted to go through between Blue Cross Blue Shield and Aetna and 13 out of 18 employees who responded by the deadline and the results were unanimous that we remain with Blue Cross Blue Shield.

Ms. White asked for someone to make a motion to adjourn. Mr. Newby motioned to adjourn. Ms. Gilchrist seconded the motion; All were in favor. The motion passed unanimously. The meeting was adjourned at approximately 6:50 pm.

Closed Session

There was no close session.

Adjournment

Ms. White asked for someone to make a motion to adjourn. Mr. Newby motioned to adjourn. Ms. Gilchrist seconded the motion; All were in favor. The motion passed unanimously. The meeting was adjourned at approximately 6:50 pm.

Attest


Marcus D. Goodson

Date

**3. Audit Report for FYE September 30, 2022-Prepared by Barton, Gonzalez, & Myers
P.A., Certified Public Accountants (Attached)**

MEMORANDUM

To: Board of Commissioners

From: Marcus D. Goodson, Interim CEO 

Date: July 19, 2023

Subject: FYE September 2022 Audit Report

Enclosed for your review is the Sanford Housing Authority's FYE September 2022 Audit Report as prepared by Barton, Gonzalez & Myers, P.A. During the upcoming board meeting Sergio Gonzalez, CPA will attend the meeting via Zoom to present the Audit Report and answer any questions the board may have. There was one (1) Finding identified by the auditors and can be found on page 56, which will be discussed during the presentation.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

AUDIT REPORT

For the Year Ended September 30, 2022

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

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September 30, 2022

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Independent Auditor's Report

Board of Commissioners
Sanford Housing Authority
Sanford, North Carolina

Opinion

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Sanford Housing Authority ("Authority") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Sanford Housing Authority as of September 30, 2022 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Matthews Garden Gilmore, LLC (who is the 100% member of Matthews Court LLC and Garden Gilmore LLC), "the Discrete Component Unit", which represent 77 percent, 35 percent, and 20 percent, respectively, of the assets, net position, and operating revenues of the Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Discrete Component Unit, is based solely on the report of the other auditors.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 accompanying financial information listed in the Table of Contents as Supplementary Information, the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 listed in the Table of Contents, the Financial Data Schedule and the Schedule of Expenditures of Federal Awards are 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 June 22, 2023 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
June 22, 2023

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

The Housing Authority of Sanford ("the Authority") management's discussion and analysis is designed 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 (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current Fiscal Year's (FY) activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$1,237,886 or 11.64% during 2022 due to a decrease in government grants, operating subsidy, and other income. Since the Authority engages only in business-type activities, the decrease is in the category of business-type net position. The net position was \$9.4 million and \$10.6 million for FY 2022 and FY 2021, respectively.
- The business-type activity revenue decreased by \$1,714,756 or 19.40% during FY 2022. The primary reason for the decrease in revenue was due to a decrease in capital grants, operating subsidy, and other income. Total revenue was \$7.1 million and \$8.8 million for FY 2022 and FY 2021, respectively.
- The total expenses of all Authority programs decreased by \$152,694 or 1.79%. Primary reasons for the decrease in expenses were attributable to decreased housing assistance payments and administrative expenses. Total expenses were \$8.4 million and \$8.5 million for FY 2022 and FY 2021, respectively.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

This is a presentation of the Authority's financial statements. The following graphic outline is provided for your review:

MD&A

~ Management's Discussion
and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~
~ Notes to Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on the consolidated business type basis. This consolidates all programs into a combined statement of Net Position. This method is easier for the end user to analyze and to understand.

Authority-Wide Financial Statements

The Authority-wide financial statements (see Tables 1 thru 5) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

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

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: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets," "Net of Related Debt," or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position," which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Consolidated Financial Statements

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation more familiar. The focus is now on a consolidated balance rather than the individual fund types or programs. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

The Authority's Programs

Public Housing Program – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income after deductions. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher – The objective of this program is to provide housing for eligible low-income families through housing assistance payments to private landlords.

AUTHORITY-WIDE STATEMENT

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

Sanford Housing Authority
Combined Statement of Net Position
TABLE I

Account Descriptions	2022	2021	Total Change	% Change
Current Assets	\$ 1,249,021	2,465,551	(1,216,530)	-49.34%
Capital Assets	6,889,602	5,438,486	1,451,116	26.68%
Notes and Loan Receivable- Non Current	2,625,373	3,634,511	(1,009,138)	-27.77%
Total Assets and Deferred Outflows	\$ 10,763,996	11,538,548	(774,552)	-6.71%
Current Liabilities	\$ 1,237,151	649,921	587,230	90.35%
Noncurrent Liabilities	132,788	256,684	(123,896)	-48.27%
Total Liabilities and Deferred Inflows	\$ 1,369,939	906,605	463,334	51.11%
Net Investment in Capital Assets	\$ 6,135,555	5,438,486	697,069	12.82%
Restricted Net Position	82,161	368,008	(285,847)	-77.67%
Unrestricted Net Position	3,176,341	4,825,449	(1,649,108)	-34.18%
Total Net Position	\$ 9,394,057	10,631,943	(1,237,886)	-11.64%
Total Liabilities, Deferred Inflows & Net Position	\$ 10,763,996	11,538,548	(774,552)	-6.71%

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

Major Factors Affecting the Statement of Net Position

- **Current Assets** decreased by \$1,216,530 or 49.34% primarily due to a reduction in unrestricted cash.
- **Capital Assets** increased by \$1,451,116 or 26.68% primarily due to renovations to the 226 Linden Street Property.
- **Notes and Loan Receivable – Non Current** decreased by \$1,009,138 or 27.77% due to an increase in the allowance for uncollectable notes.
- **Current Liabilities** increased by \$587,230 or 90.35% primarily due to \$754K in construction loans payable for 226 Linden maturing in the next fiscal year
- **Restricted Net Position** - decreased by \$285,847 or 77.67% due a decrease in Housing Choice Voucher funds on-hand.

Table II presents details on the change in Net Position

**Sanford Housing Authority
Change in Net Position
Table II**

Net Position	09/30/21	10,631,943
Net Loss		(1,237,886)
Net Position	09/30/22	<u>9,394,057</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

The following schedule compares the combined revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

Sanford Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
TABLE III

Account Description	2022	2021	Total Change	% Change
Tenant Revenue	509,045	458,472	50,573	11.03%
Operating Subsidies	5,433,764	5,686,474	(252,710)	-4.44%
Capital Grants	445,655	1,554,852	(1,109,197)	-71.34%
Other Government Grants	534,783	84,990	449,793	529.23%
Interest Income	52	1,689	(1,637)	-96.92%
Other Income	199,569	1,051,147	(851,578)	-81.01%
Total Revenue	7,122,868	8,837,624	(1,714,756)	-19.40%
Administration	1,479,279	1,594,323	(115,044)	-7.22%
Tenant Services	183,134	231,069	(47,935)	-20.74%
Maintenance	793,225	720,274	72,951	10.13%
Utilities	457,993	478,583	(20,590)	-4.30%
Insurance	117,917	114,735	3,182	2.77%
General Expense	1,037,308	886,994	150,314	16.95%
Protective Services	125,392	86,663	38,729	44.69%
Housing Assistance Payments	3,780,140	3,990,879	(210,739)	-5.28%
Depreciation	386,366	409,928	(23,562)	-5.75%
Total Expenses	8,360,754	8,513,448	(152,694)	-1.79%
Change in Net Position	(1,237,886)	324,176	(1,562,062)	481.86%
Beginning Net Position	10,631,943	10,307,767	324,176	3.14%
Ending Net Position	9,394,057	10,631,943	(1,237,886)	-11.64%

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Total Revenue decreased by \$1,714,756 or 19.40% during fiscal year 2022.

- **Tenant Revenue** increased by \$50,573 or 11.03%. Rent is based on resident incomes and can fluctuate.
- **Operating Subsidies** decreased \$252,710 or 4.44% primarily due to a decrease in Housing Assistance Payments subsidy. HUD decreased funding due to Authority's prior year Restricted Cash on hand for Housing Assistance payments.
- **Capital Grants** decreased by \$1,109,197 or 71.34%. In the prior year, Capital Fund were used for the renovation of the Matthews Court and Garden Gilmore properties under the Rental Assistance Demonstration (RAD) Program.
- **Other Government Grants** increased by \$449,793 or 529.23% primarily due to increase funding through Community Development Block Grant program for renovations at 226 Linden Street.

Total Expenses decreased by \$152,694 or 1.79% during fiscal year 2022.

- **Tenant Service Expenses** decreased by \$47,935 or 20.74% due to turnover in supportive services staff.
- **Maintenance Expenses** increased by \$72,951 or 10.13% primarily due to increased maintenance needs at Stewart Manor.
- **Housing Assistance Payments** decreased by \$210,739 or 5.28%. In the prior year, there was increase Housing Assistance Payments expense related to the RAD Conversion.

CAPITAL ASSETS

As of year end, the Authority had \$6.9 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$1.5 million from the prior fiscal year.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

The following reconciliation summarizes the change in Capital Assets.

Sanford Housing Authority
Combined Statement of Capital Assets
TABLE IV

<u>Account Descriptions</u>	<u>2022</u>	<u>2021</u>	<u>Total Change</u>	<u>% Change</u>
Land	882,693	882,693	-	0.00%
Buildings & improvements	15,222,898	15,405,438	(182,540)	-1.18%
Equipment	1,288,969	660,774	628,195	95.07%
Construction in progress	1,484,011	92,183	1,391,828	1509.85%
	18,878,571	17,041,088	1,837,483	10.78%
Accumulated Depreciation	(11,988,969)	(11,602,602)	(386,367)	3.33%
Total Capital Assets	6,889,602	5,438,486	1,451,116	26.68%

- Net (additions minus disposals) accumulated depreciation for the fiscal year was -\$386,367 which was a 3.33% increase.

LONG-TERM LIABILITIES

As of year-end 2022, the Authority had \$132,788 in long-term liabilities as reflected in the following schedule, which represents a net decrease of \$123,896 from the end of the prior fiscal year.

The following reconciliation summarizes the change in Long-Term Liabilities.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Management Discussion and Analysis

September 30, 2022

Sanford Housing Authority
Combined Statement of Long-Term Liabilities
TABLE V

<u>Account Descriptions</u>	<u>2022</u>	<u>2021</u>	<u>Total Change</u>	<u>% Change</u>
FSS Escrows	125,857	207,509	(81,652)	-39.35%
Accrued Compensated Absences	9,901	70,249	(60,348)	-85.91%
	135,758	277,758	(142,000)	-51.12%
Current Portion	(2,970)	(21,074)	18,104	-85.91%
Net Long-Term Liabilities	132,788	256,684	(123,896)	-48.27%

- FSS escrows decreased due to resident withdrawals and forfeitures exceeding deposits.
- Accrued compensated absences decreased due to staff turnover.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of 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 utility rates, supplies, and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marcus Goodson, Chief Executive Officer, Sanford Housing Authority, 919-776-7655. Specific requests may be submitted to Sanford Housing Authority, P.O. Box 636, Sanford, NC 27331.

Sanford Housing Authority
Sanford, North Carolina

Statement of Net Position - Proprietary Fund Type

September 30, 2022

	Primary Government Sept 30, 2022	Discrete Component Unit Dec 31, 2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Cash and cash equivalents - unrestricted	\$ 70,642	\$ 252,288
Cash and cash equivalents - restricted	239,809	16,228,680
Accounts receivable - HUD	143,596	-
Accounts receivable - tenants, net of an allowance	34,177	31,369
Accounts receivable - other	682,062	498,848
Prepaid expenses and other assets	78,735	28,113
Total Current Assets	1,249,021	17,039,298
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	6,889,602	18,046,635
Notes and loans receivable, non-current	2,625,373	-
Other assets	-	276,313
Total Noncurrent Assets	9,514,975	18,322,948
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources	\$ 10,763,996	\$ 35,362,246
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 328,189	\$ 60,906
Accrued compensated absences - current portion	2,970	-
Tenant security deposits	31,791	14,121
Other current liabilities	82,824	1,564,306
Accrued interest payable	-	35,252
Unearned revenue	37,330	14,895
Current portion of long term debt	754,047	82,830
Total Current Liabilities	1,237,151	1,772,310
Long-Term Liabilities:		
Other non-current liabilities	125,857	816,808
Accrued compensated absences - noncurrent	6,931	-
Long term debt	-	27,606,514
Total Long-Term Liabilities	132,788	28,423,322
Total Liabilities	1,369,939	30,195,632
Deferred Inflows of Resources	-	-
Net Position:		
Net investment in capital assets	6,135,555	(9,642,709)
Restricted net position	82,161	16,214,559
Unrestricted net position	3,176,341	(1,405,236)
Total net position	9,394,057	5,166,614
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,763,996	\$ 35,362,246

See auditor's report.

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

Sanford Housing Authority

Sanford, North Carolina

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund Type

For the Year Ended September 30, 2022

	For the period ended:	
	Primary Government Sept 30, 2022	Discrete Component Unit Dec 31, 2021
Operating Revenues		
Net tenant rental revenue	\$ 509,045	\$ 926,528
HUD operating grants	5,433,764	-
Other government grants	534,783	-
Other revenue	199,569	825,748
Total Operating Revenue	<u>6,677,161</u>	<u>1,752,276</u>
Operating Expenses		
Administrative	1,479,279	482,180
Tenant services	183,134	-
Utilities	457,993	333,063
Ordinary maintenance and operations	793,225	316,836
Protective services	125,392	45,228
General	1,155,225	120,070
Housing assistance payments	3,780,140	-
Depreciation	386,366	152,908
Total Operating Expense	<u>8,360,754</u>	<u>1,450,285</u>
Operating Income (Loss)	(1,683,593)	301,991
Non-Operating Revenue (Expenses)		
Investment income	52	17,316
Interest expense	-	(244,510)
Total Non-Operating Income (Expenses)	<u>52</u>	<u>(227,194)</u>
Operating Income (Loss) before Capital Grants	(1,683,541)	74,797
HUD Capital Grants	<u>445,655</u>	<u>-</u>
Change in Net Position	\$ (1,237,886)	\$ 74,797
Net Position - Beginning of Year	10,631,943	-
Contributed Capital	-	5,091,817
Net Position - Ending of year	<u><u>\$ 9,394,057</u></u>	<u><u>\$ 5,166,614</u></u>

See auditor's report.

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

Sanford Housing Authority
Sanford, North Carolina

Statement of Cash Flows - Proprietary Fund Type

For the Year Ended September 30, 2022

<u>Cash flows used by operating activities:</u>	
Cash received from tenants and others	\$ 824,271
Cash paid for goods and services	(2,355,311)
Cash paid to employees for services	(1,138,941)
Housing assistance payments	(3,780,140)
HUD operating grants received	5,272,073
Other government grants received	563,603
Other revenues	199,569
Net cash used by operating activities	<u>(414,876)</u>
<u>Cash flows used by capital and related financing activities:</u>	
Proceeds from capital grants	462,158
Acquisition of capital assets (net)	<u>(1,083,435)</u>
Net cash provided by capital and related financing activities	<u>(621,277)</u>
<u>Cash flows provided by investing activities:</u>	
Interest earned	<u>52</u>
Net cash flows provided by investing activities	<u>52</u>
Net decrease in cash and cash equivalents	(1,036,101)
Cash and cash equivalents, beginning of year	<u>1,346,552</u>
Cash and cash equivalents, end of year	<u><u>\$ 310,451</u></u>
<u>Reconciliation of operating income (loss) to net cash used by operating activities:</u>	
Operating income (loss)	\$ (1,683,593)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	386,366
Changes in:	
Accounts receivable HUD	(80,102)
Other government grants	28,820
Tenant accounts receivable	(3,218)
Accounts receivable other	1,232,044
Prepaid expenses	(44,731)
Inventory	40,251
Accounts payable and accrued expenses	(162,662)
Accrued compensated absences	(60,348)
Tenant security deposits	2,705
Unearned revenue	11,244
Other liabilities	(81,652)
Total adjustments	<u>1,268,717</u>
Net cash used by operating activities	<u><u>\$ (414,876)</u></u>
<u>Non-Cash Investing and Financing Activity</u>	
Fixed assets purchased with notes payable	<u><u>\$ 754,047</u></u>

See auditor's report.

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

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies:

Reporting Entity

The Sanford Housing Authority ("Authority") is a public body created under 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 Sanford, North Carolina.

The Board of Commissioners of the Housing Authority is appointed by the Mayor of the City of Sanford but the Authority designates its own management. The City of Sanford 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 Board is appointed by the City of Sanford, no other criteria established by Section 2100 and 2600 of the Codification of Governmental Accounting Standards Board, the Financial Accounting Standards Board, and Governmental Accounting Standards Board Statement No. 39 for inclusion of the Authority in the City of Sanford's financial statements are met. Therefore, a separate financial report is prepared for the Authority. All of the operations of the Authority are included in the audited financial statements and there are no operations or activities which have been excluded.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based upon the application of these criteria, the reporting entity has the following component units:

Blended:

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government.

The Authority's operations include a blended component unit, which is included in the basic financial statements and consists of a legally separate entity for which the Authority is financially accountable and that has the same governing board as the Authority as follows:

The Central Carolina Strategic Developers ("CCSD") is a not-for-profit organization that was incorporated during a prior year and was established for the purpose of providing affordable housing to low-income purposes. The Authority appoints directors to CCSD and as such the commissioners of CCSD and directors of the Authority are the same. When a commissioner is appointed to the Authority, that Commissioner is automatically appointed to the board of CCSD.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

Effective October 1, 2020, CCSD is the co-manager for Matthews Garden Gilmore, LLC, and responsible for the rehabilitation. The day-to-day operations and management of 176 affordable housing units are performed by the Sanford Housing Authority.

Discrete:

The Authority has relationships with for-profit, limited liability companies listed below which were formed to develop and operate mixed-finance housing properties. CCSD is a 70% member and manager of CCSD – HDP, LLC (a blended component unit of the Authority by virtue of CCSD's percentage ownership) who is the .009% managing member of Matthews Garden Gilmore, LLC who is the 100% member of the discrete component units listed below. The managing member has certain rights and responsibilities which enable it to impose its will on the limited partnerships. The Authority has also entered into agreements with the partnerships to provide loans. Neither the Authority nor its blended component unit is served exclusively or almost exclusively by the limited partnerships. Therefore, the limited liability companies are to be presented as discretely presented component units.

The for-profit, limited liability companies considered discrete component units were created as a result of the Sanford Housing Authority converting one hundred and seventy-six (176) of the Sanford Housing Authority's public housing units to HUD's Rental Assistance Demonstration Program ("RAD"), which is essentially Section 8 housing (project-based vouchers). This conversion occurred in October 2020. Converting via the RAD program allowed the Authority to embark upon major renovations by using various financial resources. The limited partnerships created as a result of these conversions and considered discrete component units are as follows:

- Matthews Court, LLC
- Garden Gilmore, LLC

The activity for the discrete component units is presented jointly in these financial statements as Matthews Garden Gilmore, LLC (who is the 100% member of Matthews Court LLC and Garden Gilmore LLC).

Matthews Garden Gilmore, LLC (the "Company") was organized on October 1, 2020 as a North Carolina limited liability company for the purpose of acquiring, rehabilitating, and operating a rental housing project.

The Project has received a preliminary reservation of \$1,106,474 in low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. To qualify for the tax credits, each building of the project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

Discrete (continued):

The Company shall remain in effect until December 31, 2120, unless sooner dissolved in accordance with the provisions of the Operating Agreement.

On October 2, 2020, the Company acquired assets comprising the rental property of the Project in a transaction with Sanford Housing Authority for a purchase price of \$6,940,000. Both the selling and purchasing entity are consolidated by the parent entity and, as a result, this is considered to be a transaction between entities under common control. In accordance with the accounting guidance for entities under common control, the acquired assets are recorded at the respective net book value at the date of acquisition as reflected on the seller's books with the sales price in excess of the net book value of the acquired assets reflected as net assets transferred on the balance sheet and statement of operations. The allocation of the purchase price is as follows:

	<u>Matthews Court</u>	<u>Garden Gilmore</u>	<u>Total</u>
Buildings and Improvements	\$ 279,103	\$ 2,603,593	\$ 2,882,696
Net assets transferred	1,070,897	2,986,407	4,057,304
	<u>\$ 1,350,000</u>	<u>\$ 5,590,000</u>	<u>\$ 6,940,000</u>

The discrete component units are for-profit entities and as such are governed by the Financial Accounting Standards Board (FASB) standards, which differ from GASB. The most significant difference is the Discrete Component Unit shows the acquired assets recorded at the respective net book value at date of acquisition (as noted above) while the Authority shows the sales price as the gross value. Separately issued financial statements for the year ended December 31, 2021 for Matthews Garden Gilmore, LLC (which includes the combined activity of Matthews Court LLC and Garden Gilmore LLC) can be obtained by contacting the Authority.

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. Under the Low Rent Housing Program, low income tenants pay monthly rents which are determined by their need for assistance. HUD pays operating subsidies to the housing authority to enable the authority to maintain the low-income character of the neighborhood while providing adequate services and maintaining adequate reserves.

The Authority's capital funds are received from the Federal Government through a formula driven computation. These funds are used to upgrade the facilities at various developments to give the residents a decent and safe living environment. Each year's grant funds must be entirely obligated within two years of inception of the grant and entirely expended within four years.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Description of a Public Housing Authority

The Section 8 Housing Assistance Payments Program provides rental supplements to the owners of existing private housing who rent to qualified individuals. The Authority processes all applicants for the Section 8 Housing Assistance Payments Program, places approved applicants in housing, and pays the owners of the private housing monthly rental supplements. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative costs of managing the program up to a per unit limit established in the annual contributions contract.

Basis of Presentation

The accounts of the Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, net position, revenues and expenses.

The Authority accounts for its operation in one fund type, the enterprise fund that reflects the business type activities of the Authority. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Sanford Housing Authority maintains one enterprise fund which includes the following programs: the Public Housing Program, Capital Fund Program, Section 8 – Housing Choice Voucher Program, Resident Opportunities Supportive Services Program (ROSS), Family Self Sufficiency Program (FSS) Business Activities (Building Fund), the Central Office Cost Center (COCC), and a blended component unit.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is 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. Enterprise fund type equity (i.e., total net position) is segregated into net investment in capital assets, and restricted and unrestricted net position components. Operating activities for this fund present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Basis of Accounting (Continued)

The financial statements for the Authority have been presented on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. Operating income reported includes rental income, other tenant charges, operating grants and other revenue for the continuing operations of the fund. Operating expenses are the costs of providing goods and services. Other revenues and expenses are classified as non-operating in the financial statements.

As permitted, the Sanford Housing Authority has elected to apply only the applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its operations.

Budgetary Data

The Authority maintains budgetary controls over its fund, 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 the Low-rent Housing Program. Capital Fund Program budgets are for the length of the grants. The Authority determined that all revenues and expenses were in accordance with the program budgets. The budgets were prepared on the modified accrual basis of accounting.

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 accounts and certificates of deposit. Section 401(e) of the annual contribution contract authorizes the Authority to invest in the following types of securities:

1. Obligations of the Federal Government which are backed by the full faith and credit of the Federal Government.
2. Obligations of any agency or instrumentality of the Federal Government if the payment of interest and principal on such obligations is fully guaranteed by the Federal Government.
3. Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, the Federal National Mortgage Association, the Banks for Cooperatives, and the Federal Land Banks which mature no later than 18 months after the date of purchase.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Deposits and Investments (Continued)

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 the above described investments with an original maturity of ninety days or less are considered cash and cash equivalents for the Statement of Cash Flows.

Fair Value of Financial Instruments

The carrying amount of the Authority's financial instruments at September 30, 2022, including cash, investments, accounts receivable, accounts payable and debt closely approximates fair value.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition. Assets are depreciated on a straight-line basis over the following years:

Dwelling structures	40 years
Dwelling structures improvements	27.5 years
Leasehold improvements	15 years
Furniture and equipment	5-7 years

The Authority capitalizes purchases with an initial cost that exceeds \$5,000 and a useful life greater than one year. Maintenance and repairs expenditures are charged to operations when incurred.

Unearned Revenue

Unearned revenues consist of tenant rents paid in advance (prepaid rents).

Vacation and Sick Leave Compensation

The Sanford Housing Authority allows its full time employees to accumulate vacation leave, and such leave is fully vested when earned. Full-time employees with less than ten years of service earn 1 day per month, and full-time employees with greater than ten years of service earn 1.5 days per month. The maximum number of days of annual leave that may be paid for upon separation or carried forward to the next calendar year is 30 days. Sick leave is earned by employees but will not be paid upon termination.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Operating Revenues

Subsidies received from the Department of Housing and Urban Development 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.

Net Position

Net Investment in Capital Assets represents funds received for development and modernization of the Authority's dwelling units. Capital assets purchased through operations and grant programs are included in this amount.

Restricted Net Position represents the difference between the assets and liabilities that are constrained in use by creditors or by grantors, contributors, or laws or regulations of governments.

The Authority: The Authority's restricted net position is comprised of restricted insurance proceeds for the Public Housing Program, cash held for debt service and restricted for current liabilities, and excess Section 8 Housing Choice Voucher housing assistance payments restricted for payments of housing assistance to landlords on behalf of tenants. As of September 30, 2022, the Authority's restricted net position was comprised of the following:

Cash restricted from proceeds of Section 32 sale	\$ 45,800
Cash restricted for FSS escrow forfeitures	<u>36,361</u>
Total Restricted Net Position	<u>\$ 82,161</u>

The Discrete Component Unit: The statement of net position of the Discrete Component Unit reports \$16,214,559 of restricted net position which consists of the following:

- Construction cash of \$21,560
- Replacement reserves of \$115,046;
- Other reserves of \$391,167;
- Bond reserves of \$15,686,786.

Unrestricted Net Position represents the difference between the Authority's assets and liabilities that are not classified as net investment in capital assets or as restricted net position.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 2: Stewardship, Compliance, and Accountability

The Authority believes it has met its responsibilities regarding stewardship, compliance and accountability for its fund.

NOTE 3: Deposits and Investments

The Authority's deposits include deposits with financial institutions. The carrying amount of the Authority's deposits for cash and investments was \$310,451. All deposits and certificates of deposit are secured by the Authority's financial institutions with F.D.I.C. coverage and securities pledged in the entity's name.

The Authority's cash and investments consist of checking, money market and certificates of deposits. The Authority's checking and money market accounts are short-term highly liquid investments that are considered cash and cash equivalents. The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The Authority's investments (if any) consist of certificates of deposits from FDIC insured state banks with an original maturity in excess of ninety days. Investments (if any) are stated at cost, which approximates fair value. The Authority did not have any investments as of September 30, 2022.

Interest rate risk- The Sanford Housing Authority has no specific policy regarding interest rate risk.

Credit risk- The Authority has no policy regarding credit risk. However, the Authority did not have any investments as of September 30, 2022.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy on custodial credit risk. However, the Authority had no investments as of September 30, 2022.

Concentration of credit risk- The Authority places no limit on the amount that the Authority may invest in any one issuer.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 3: Deposits and Investments (Continued)

Restricted cash and cash equivalents for the Authority

As of September 30, 2022, restricted cash and cash equivalents for the Authority consist of:

Cash restricted from proceeds of Section 32 sale	\$ 45,800
Cash restricted for FSS program	125,857
Cash restricted for FSS escrow forfeitures	36,361
Cash restricted for security deposits	31,791
Total Restricted Cash	<u>\$ 239,809</u>

Restricted cash and cash equivalents for the Discrete Component Unit

As of December 31, 2021, restricted cash for Matthews Garden Gilmore, LLC consists of:

Construction cash	\$ 21,560
Tenant security deposit cash	14,121
Replacement reserves	115,046
Other reserves	391,167
Bond reserves	15,686,786
Total Restricted Cash	<u>\$ 16,228,680</u>

Replacement reserves - In accordance with the operating agreement, the Company is required to establish and maintain a replacement reserve in the initial amount of \$115,000 deposited no later than Initial Closing, as defined. Thereafter, the Company shall deposit \$61,600 annually commencing at Final Closing, as defined, increasing by 4% every five years. As of December 31, 2021, the balance held in the replacement reserve was \$115,046. Activity for the year ended December 31, 2021 was as follows:

Balance at October 1, 2020	\$ -
Other deposits	-
Initial funding deposit	115,000
Interest income	46
Balance at December 31, 2021	<u>\$ 115,046</u>

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 3: Deposits and Investments (Continued)

Restricted cash and cash equivalents for the Discrete Component Unit (Continued)

Operating reserves - In accordance with the operating agreement, the Company is required to establish and maintain an operating reserve in the initial amount of \$391,010 deposited no later than the date of the first capital contribution. Thereafter, the Company shall deposit an additional \$316,658 no later than the date of the final capital contribution. Withdrawals from the operating reserve are required to be approved by the Special member and in no event shall the balance of the operating reserve fall below \$353,834. As of December 31, 2021, the balance held in the operating reserve was \$391,167. Activity for the year ended December 31, 2021 was as follows:

Balance at October 1, 2020	\$ -
Initial funding deposit	391,010
Interest income	157
Balance at December 31, 2021	<u>\$ 391,167</u>

Bond reserves - In connection with the Bonds, reserves were required to be deposited with U.S. Bank, N.A. (the "Trustee") in accordance with the terms of the trust indenture. Amounts in these funds are restricted as to use. As of December 31, 2021, the Trustee has invested the money in short-term U.S. treasury obligations. The reserves are carried at cost which approximates market value. At December 31, 2021, the balance in these funds is \$15,686,786.

NOTE 4: Accounts Receivable - Other

Authority: Accounts Receivable – Other of \$682,062 consists of the following:

Developer fees receivable	\$ 652,244
Miscellaneous	29,818
Total accounts receivable - other	<u>\$ 682,062</u>

CCSD (the blended component unit) served as co-developer of the for-profit limited liability companies discussed in Note 1. According to the developer agreement, CCSD was to earn 70% (its share) of the developer fees based on services provided and progress on the construction of the development. The agreement states that CCSD was entitled to receive 80% of its 70% share of the developer fee once the construction of the developments exceeded 50% completion.

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Notes to Financial Statements

September 30, 2022

NOTE 4: Accounts Receivable – Other (continued)

Authority (continued):

As of September 30, 2022, the developments were at least 50% completed and CCSD has earned \$827,244 (which represents its 70% share of 80% of the total developer fee of \$1,477,221). As of September 30, 2022, CCSD had received \$175,000 of the developer fee which resulted in amount receivable of \$652,244 (\$827,244 less \$175,000 received) as of September 30, 2022.

Discrete Component Units: Accounts Receivable – Other of \$498,848 consists of RAD rehabilitation payments. During 2021, in connection with the ongoing rehabilitation of the Project, the Company received funds from SHA to offset vacancies during development. For the period from October 1, 2020 (inception) through December 31, 2021, \$498,848 was recognized and included in other revenue on the statement of operations. As of December 31, 2021, \$498,848 remains receivable from SHA.

NOTE 5: Capital Assets

Authority: The changes in capital assets for the year ended September 30, 2022 for the Authority were as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Nondepreciable capital assets:					
Land and site improvements	\$ 882,693	\$ -	\$ -	\$ -	\$ 882,693
Construction in progress	92,183	1,391,828	-	-	1,484,011
	<u>974,876</u>	<u>1,391,828</u>	<u>-</u>	<u>-</u>	<u>2,366,704</u>
Depreciable capital assets:					
Buildings and improvements	15,405,437	345,696	-	-	15,751,133
Furniture, equipment, vehicles	660,774	99,960	-	-	760,734
	<u>16,066,211</u>	<u>445,656</u>	<u>-</u>	<u>-</u>	<u>16,511,867</u>
Accumulated Depreciation:	(11,602,602)	(386,366)	(1)		(11,988,969)
	<u>(11,602,602)</u>	<u>(386,366)</u>	<u>(1)</u>	<u>-</u>	<u>(11,988,969)</u>
Total Capital Assets, net	<u>\$ 5,438,485</u>	<u>\$ 1,451,118</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 6,889,602</u>

Depreciation expense was \$386,366 for the year ended September 30, 2022.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 5: Capital Assets (continued)

Authority (Continued):

A summary of capital assets at September 30, 2022 is as follows:

	<u>Public Housing</u>	<u>HCV</u>	<u>Bus Activities</u>	<u>COCC</u>	<u>Total</u>
Nondepreciable capital assets:					
Land and site improvements	\$ 431,083	\$ -	\$ 361,065	\$ 90,545	\$ 882,693
Construction in progress	-	-	-	1,484,011	1,484,011
	<u>431,083</u>	<u>-</u>	<u>361,065</u>	<u>1,574,556</u>	<u>2,366,704</u>
Depreciable capital assets:					
Buildings and improvements	14,806,276	-	366,800	578,057	15,751,133
Furniture, equipment, vehicles	597,378	22,355	7,003	133,998	760,734
	<u>15,403,654</u>	<u>22,355</u>	<u>373,803</u>	<u>712,055</u>	<u>16,511,867</u>
Accumulated Depreciation:	<u>(11,217,552)</u>	<u>(22,355)</u>	<u>(213,527)</u>	<u>(535,535)</u>	<u>(11,988,969)</u>
	<u>(11,217,552)</u>	<u>(22,355)</u>	<u>(213,527)</u>	<u>(535,535)</u>	<u>(11,988,969)</u>
Total Capital Assets, net	<u>\$ 4,617,185</u>	<u>\$ -</u>	<u>\$ 521,341</u>	<u>\$ 1,751,076</u>	<u>\$ 6,889,602</u>

Discrete Component Units: The changes in capital assets for the year ended December 31, 2021 for the Discrete Component Units were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Buildings	\$ -	\$ 10,997,022	\$ -	\$ -	\$ 10,997,022
Furnishings	-	111,959	-	-	111,959
Miscellaneous fixed assets	-	7,090,562	-	-	7,090,562
	<u>-</u>	<u>18,199,543</u>	<u>-</u>	<u>-</u>	<u>18,199,543</u>
Accumulated Depreciation:	<u>-</u>	<u>(152,908)</u>	<u>-</u>	<u>-</u>	<u>(152,908)</u>
	<u>-</u>	<u>(152,908)</u>	<u>-</u>	<u>-</u>	<u>(152,908)</u>
Total Capital Assets, net	<u>\$ -</u>	<u>\$ 18,046,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,046,635</u>

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 6: Notes and Loans Receivable, Non-current

As discussed in Note 1, the Authority has relationships with certain for-profit limited liability companies that are considered discrete component units. As of September 30, 2022, these related entities are indebted to the Authority in the form of promissory notes totaling \$2,625,373 as a result of the RAD conversion and additional financing needed. See below for a summary:

	Garden Gilmore, LLC	Matthews Court, LLC	Subtotal
Purchase Money Promissory Note	\$ 5,590,000	\$ 1,350,000	\$ 6,940,000
2nd Promissory Note	-	527,067	527,067
CFP Promissory Note	47,523	989,654	1,037,177
Subtotal	<u>47,523</u>	<u>1,516,721</u>	<u>1,564,244</u>
Total All	5,637,523	2,866,721	8,504,244
Less Allowance for Uncollectible Amounts	<u>(3,922,637)</u>	<u>(1,956,234)</u>	<u>(5,878,871)</u>
Total After Allowance	<u>\$ 1,714,886</u>	<u>\$ 910,487</u>	<u>\$ 2,625,373</u>

Garden Gilmore, LLC

Purchase Money Promissory Note - \$5,590,000 note payable to the Authority compounded annually at an interest rate of 5.6%. During the construction term, the interest shall accrue but not be payable. The construction term shall end on July 1, 2022. The permanent term shall end on July 1, 2062. No interest has been accrued as the Authority does not believe the interest will ultimately be collectible.

CFP Promissory Note- \$319,699 capital fund advance compounded annually at an interest rate of 5.6%. At closing \$272,176 was applied to this loan leaving a balance of \$47,523. During the construction term, the loan shall bear no interest. The construction term shall end on July 1, 2022. The permanent term shall end on July 1, 2062. During the permanent term, to the extent surplus cash is available, the Buyer shall make interest payments to the Authority.

The allowance of \$3,922,637 is based on projected cash flows from Garden Gilmore, LLC operations and the resulting ability to repay the promissory notes. For the year ended September 30, 2022 bad debt expense in the amount of \$659,166 has been recorded as an increase to the allowance.

Matthews Court, LLC

Purchase Money Promissory Note - \$1,350,000 note payable to the Authority compounded annually at an interest rate of 5.6%. During the construction term, the interest shall accrue but not be payable. The construction term shall end on April 1, 2022. The permanent term shall end on April 1, 2062. No interest has been accrued as the Authority does not believe the interest will ultimately be collectible.

2nd Promissory Note - \$527,067 note payable to the Authority compounded annually at an interest rate of 5.6%. During the construction term, the loan shall bear no interest. The construction term shall end on April 1, 2022. The permanent term shall end on April 1, 2062.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 6: Notes and Loans Receivable, Non-current (Continued)

CFP Promissory Note - \$1,352,189 capital fund advance compounded annually at an interest rate of 5.6%. At closing \$362,535 was applied to this loan leaving a balance of \$989,654. During the construction term, the loan shall bear no interest. The construction term shall end on April 1, 2022. The permanent term shall end on April 1, 2062. During the permanent term, to the extent surplus cash is available, the Buyer shall make interest payments to the Authority.

The allowance of \$1,956,234 is based on projected cash flows from Garden Court, LLC operations and resulting ability to repay the promissory notes. For the year ended September 30, 2022 bad debt expense in the amount of \$349,972 has been recorded as an increase to the allowance.

NOTE 7: Other Current Liabilities

Authority - Other current liabilities of \$82,824 represents amounts due to the for-profit limited liability companies (related entities as discussed in Note 1) for rehab assistance payments ("RAP") earned by the partnerships as a result of vacancies (per the RAD Conversion Commitment "RCC" agreement), but not paid as of September 30, 2022.

Discrete Component Units - Other current liabilities of \$1,564,306 consists of construction/development accounts payable of \$1,348,560 and entity accounts payable of \$215,746 as of December 31, 2021.

NOTE 8: Other Non-Current Liabilities

Authority - Other non-current liabilities of \$125,857 represent FSS escrows for the Public Housing Program (\$20,580) and the HCV Program (\$105,277).

Discrete Component Units - The Company has entered into a development agreement with Central Carolina Strategic Developers, an affiliate of the Managing member, and Horizon Development Properties, Inc. The agreement provides for development fee in the amount of \$1,477,221, for services in connection with the development of the project and the supervision of construction. Development fees are recognized as incurred ratably over the course of construction. For the period from October 1, 2020 (inception) through December 31, 2021, \$1,066,808 has been incurred and capitalized into building. As of December 31, 2021, \$816,808 remains payable.

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Notes to Financial Statements

September 30, 2022

NOTE 9: Authority Schedule of Changes in Other Noncurrent Liabilities:

	September 30, 2021				September 30, 2022	
	Long-Term Portion	Current Portion	Additions	Payments	Long-Term Portion	Current Portion
FSS Escrows (other non-current)	207,509	-	-	(81,652)	125,857	-
Accrued Compensated Absences	49,175	21,074	-	(60,348)	6,931	2,970
	<u>\$ 256,684</u>	<u>\$ 21,074</u>	<u>\$ -</u>	<u>\$ (142,000)</u>	<u>\$ 132,788</u>	<u>\$ 2,970</u>

NOTE 10: Long-Term Debt

Authority - On February 4, 2022 the Authority signed a construction loan promissory note in the amount of \$900,000 with a financial institution for the purpose of funding construction on a development. The note carries a variable interest rate of 2.25% above the Secured Overnight Financing Rate ("SOFR"), with interest payable monthly starting March 4, 2022. The loan matures on May 4, 2023. The note is secured by real property. As of September 30, 2022, the unpaid principal balance was \$754,047. See also Note 19.

Discrete Component Units - Mortgages payable with Prudential Huntoon Paige Associates, LLC ("Prudential") and Sanford Housing Authority ("SHA") at December 31, 2021 are as follows:

Lender Name	Prudential (MC)	Prudential (GG)	SHA-Bonds (MC)	SHA-Bonds (GG)	SHA-CFP (MC)	SHA-CFP (GG)	SHA-Reserve (MC)	Total
Original amount	\$ 1,989,300	\$ 9,256,100	\$ 4,000,000	\$ 11,500,000	\$ 1,352,189	\$ 319,699	\$ 527,067	
Maturity date	April 1, 2062	July 1, 2062	October 1, 2023	October 1, 2023	April 1, 2062	July 1, 2062	April 1, 2062	
Security/deed of trust	First	First	Second	Second	Third	Third	Fourth	
Payment terms	Interest Only	Interest Only	At Maturity	At Maturity	Cash flow	Cash flow	Cash flow	
Interest rate	2.94%	2.81%	0.30%	0.30%	5.60%	5.60%	5.60%	
Imputed interest rate	2.95%	5.80%	0.45%	2.33%	5.60%	11.65%	5.60%	
Monthly Principal and interest	\$ 7,053	\$ 32,130	\$ -	\$ -	\$ -	\$ -	\$ -	
12/31/2021 Accrued interest	\$ 4,245	\$ 19,382	\$ 3,000	\$ 8,625	\$ -	\$ -	\$ -	\$ 35,252
2021 Interest expense	\$ 6,687	\$ 22,505	\$ 78,550	\$ 136,188	\$ 99	\$ 382	\$ 99	\$ 244,510
2021 Interest capitalized	\$ 20,500	\$ 130,319	\$ 23,895	\$ 86,055	\$ 47	\$ 242	\$ 47	\$ 261,105
Principal payments due in the following years:								
2022	\$ 19,559	\$ 63,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,830
2023	27,020	128,595	4,000,000	11,500,000	-	-	-	15,655,615
2024	27,665	132,178	-	-	-	-	-	159,843
2025	28,646	136,060	-	-	-	-	-	164,706
2026	29,497	139,864	-	-	-	-	-	169,361
Thereafter	1,692,946	8,270,985	-	-	1,352,189	319,699	527,067	12,162,886
Outstanding Balance December 31, 2021	1,825,333	8,870,953	4,000,000	11,500,000	1,352,189	319,699	527,067	28,395,241
Less: unamortized debt issuance costs	(114,299)	(276,372)	(53,689)	(233,147)	(4,525)	(19,340)	(4,525)	(705,897)
Outstanding Balance December 31, 2021, net	<u>\$ 1,711,034</u>	<u>\$ 8,594,581</u>	<u>\$ 3,946,311</u>	<u>\$ 11,266,853</u>	<u>\$ 1,347,664</u>	<u>\$ 300,359</u>	<u>\$ 522,542</u>	<u>\$ 27,689,344</u>

The Company's loan listed above is secured by the Property and its improvements in the lien priority described.

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Notes to Financial Statements

September 30, 2022

NOTE 10: Long-Term Debt (Continued)

Discrete Component Units (Continued)

Prudential - Matthews Court - Under the agreement with the mortgage lender, the Company is required to make interest only payments monthly up to and including the April 1, 2022 payment. Thereafter, the Company is required to make monthly payments of principal and interest in the amount of \$7,053 through maturity on April 1, 2062.

Prudential - Garden Gilmore - Under the agreement with the mortgage lender, the Company is required to make interest only payments monthly up to and including the July 1, 2022 payment. Thereafter, the Company is required to make monthly payments of principal and interest in the amount of \$32,130 through maturity on July 1, 2062.

NOTE 11: Schedule of Changes in Net Position

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
Balance, beginning of year	\$ 5,438,486	\$ 368,008	4,825,449	\$ 10,631,943
Change in net position	-	-	(1,237,886)	(1,237,886)
Changes in restricted net position	-	(285,847)	285,847	-
Change in net investment in capital assets	697,069	-	(697,069)	-
Balance, end of year	<u>\$ 6,135,555</u>	<u>\$ 82,161</u>	<u>\$ 3,176,341</u>	<u>\$ 9,394,057</u>

NOTE 12: Pension Plan Obligation

The Authority provides a defined contribution pension plan through the MVP Plan Administrators, Inc. for eligible employees working more than 20 hours per week on a regular basis after six months of service. The Board of Commissioners authorized participation in the plan effective September 1, 1982. The Authority contributes an amount equal to 5.0% of each employee's annual compensation to the plan and employees are required to contribute 3.0% of their annual compensation as pre-tax employee contributions. Pension expense totaled \$42,269 for the year ended September 30, 2022. Covered payroll was approximately \$845,000 for the year ended September 30, 2022. Employees contributed \$25,036 for the year ended September 30, 2022.

NOTE 13: Related Party Transactions

Authority - There were no related party transactions for the year ended September 30, 2022, other than the entities discussed in Note 1 (and related activity on Note 5 and Note 6) and the activity with the discrete component unit described below.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 13: Related Party Transactions (Continued)

Discrete Component Units – The related party transactions for the discrete component units as of December 31, 2021 are listed below:

- **Management fee** - The Property is managed by SHA, an affiliate of the Managing Member, pursuant to a management agreement approved by HUD. The current management agreement provides for a management fee equal to 7% of gross rental revenues of the project. Such fees charged to operations for the period from October 1, 2020 (inception) through December 31, 2021 were \$117,419. As of December 31, 2021, no amounts remain payable.
- **Developer fee** – See Note 8 “Other Non-Current Liabilities.”
- **Ground lease** - During October 2020, the Company entered into a ground lease with SHA, an affiliate of the Managing Member, which requires the Company to restrict 176 residential units for project-based vouchers (“PBV”) via the United States Department of Housing and Urban Development Rental Assistance Demonstration (“RAD”) program (Note 9). The lease begins on October 1, 2020 and ends on September 20, 2110, unless sooner terminated in accordance with provisions of the lease agreement. Annual rent payments of \$2,000 are due to SHA, commencing on December 31 of the year in which Stabilization, as defined, is obtained and shall be payable by December 31st of every year thereafter. For the period from October 1, 2020 (inception) through December 31, 2021, Stabilization has not been obtained and no amounts have been charged to operations. See also Note 14 “Ground Lease.”
- **Asset management fee** - Pursuant to the operating agreement, the Company is required to pay the Investor Member a cumulative fee in the annual amount of \$10,000, pro-rated and commencing upon the first anniversary of the Initial Closing, as defined. The fee is cumulative and does accrue. For the period from October 1, 2020 (inception) through December 31, 2021, \$2,500 of asset management fees were charged to operations. As of December 31, 2021, \$2,500 remains payable and is included in accounts payable - entity.
- **RAD rehabilitation payments** - See Note 4 “Accounts Receivable - Other.”
- **Operating subsidy and capital fund pass-through** - The Company receives operating subsidy and capital fund support from SHA. During the period from October 1, 2020 (inception) through December 31, 2021, \$307,826 was received, recognized and included in other revenue on the statement of operations.
- **Due to affiliates** - The Company owes amounts to affiliated properties related to development advances. As of December 31, 2021, the Company owed \$213,246, which is included in accounts payable - entity.

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September 30, 2022

NOTE 14: Ground Lease

As discussed in Note 1, the Authority has relationships with certain for-profit limited liability companies that are considered discrete component units. As part of the RAD conversion, the Authority retained ownership of the land and signed a 90-year ground lease with Garden Gilmore, LLC as well as Matthews Court, LLC. Each ground lease is \$2,000 per year and is to be paid from net cash flows and shall increase annually by 3%.

NOTE 15: 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. The Authority participates in a public entity risk pool, North Carolina Housing Authority's Risk Retention Pool (NCHARRP) for all risks of loss, including worker's compensation, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Through this pool, the Authority obtains general liability and auto liability coverage of \$ 5 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of the coverage documents. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. In addition, the Authority is in compliance with North Carolina G.S. 159-29 (Fidelity bonds) and the finance officer is bonded in the amount of \$50,000.

NOTE 16: Commitments and Contingencies

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, and laws and regulations governing grants given to the Authority in the current and prior years.

The Office of Inspector General (OIG) selected the Authority for a procurement, financial operations and compliance audit based on concerns from the U.S. Department of Housing and Urban Development's (HUD) North Carolina State Office of Public Housing, following a technical assistance review performed. The technical assistance review identified issues with the Authority's procurement practices and financial operations, among other items, to include the housing choice voucher program operations. The executive director had assessed the Authority's operation systems and identified and corrected most of the issues identified in the reports below.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 16: Commitments and Contingencies (Continued)

Examinations (Continued): On July 19, 2016, the Office of the Inspector General (OIG) of HUD issued a report on Sanford Housing Authority's procurement and financial operations practices. Among other things, the OIG cited the Authority for procurement deficiencies, improper expenses involving disbursements and travel, as well as undocumented purchases with credit cards. As a result, the Authority (after providing follow up information) was required to reimburse the appropriate Operating Fund, Capital Fund, and Housing Choice voucher program \$68,169 from non-federal funds as well requiring the Authority to revise its policies and procedures to ensure that staff complies with HUD regulations when administering procurement and financial operations (which has been completed). The terms of the repayment agreement require monthly installments to be paid from the COCC to Public Housing over a period of 17 years commencing on January 15, 2018. As of September 30, 2022, the related interprogram receivable and payable is as follows:

	Balance Due Sept. 30, 2021	Current Payments	Balance Due Sept. 30, 2022	Due from COCC	Due to Public Housing
Public Housing	<u>\$ 24,495</u>	<u>\$ (3,338)</u>	<u>\$ 21,157</u>		
		Current	\$ 3,337		
		Long Term	<u>17,820</u>		
			<u>\$ 21,157</u>		

The above interprogram amounts have been eliminated in the financial statements.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. See above "Examinations."

Administrative Office Flooding: On May 21, 2020, the administrative office building for the Authority experienced flooding as a result of water entering through the roof. The insurance company has denied the claim to cover the loss. The Authority engaged an architectural consulting firm to assess the damage. The consulting firm concluded there are two issues arising within the facility: The first issue is the extensive damage caused by significant water intrusion into the building. The second issue was the discovery of extensive mold that had developed and migrated throughout the basement floor and parts of the first floor. Both contributing issues have caused the building to be vacated. The mold has since been mitigated. The building has not been repaired to its normal state, and the Authority feels the building is no longer safe to be occupied. As a result, the Authority is in the process of moving its operations to a temporary location while repairs are made. The Authority estimates the cost of renovating the entire building to be in excess of \$2,000,000.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 17: Concentrations

For the year ended September 30, 2022, approximately 83% of revenues are received from the Department of Housing and Urban Development through various grants. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

NOTE 18: Conduit Type Debt

Debt related to the original acquisition and early modernization of the public housing developments was funded, guaranteed and serviced by the United States Department of HUD. There is no debt or pledge of faith and credit on part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority. HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE 19: Subsequent Events

Management for the Authority has evaluated subsequent events after September 30, 2022, and through June 22, 2023, the date which the financial statements were available to be issued, and no events were identified that would require recognition or disclosure within these financial statements except for the following:

Permanent Loan: On March 17, 2023 the Authority signed a permanent loan promissory note in the amount of \$763,852 with North Carolina Housing Finance Agency, a public agency of the State of North Carolina, for the purpose of paying off the construction loan used for funding construction on a development. The note bears no interest but calls for principal payments ranging from \$938 to \$2,500 to be paid monthly as described in the note. The loan matures on May 1, 2053. The note is secured by real property.

Stewart Manor: Stewart Manor (AMP 2) is a 99-unit high-rise that over time has been deteriorating. The plumbing system is old and in need of extensive repair, and there is significant mold damage in many of the units. In November 2022 the Authority began the process of relocating residents to other Public Housing units as they became available. The Authority is currently in the process of applying to receive funding from HUD as well as other sources in order to make the necessary repairs. As of the date of this report, no official estimate has been performed to determine the cost of renovations.

SANFORD HOUSING AUTHORITY
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Notes to Financial Statements

September 30, 2022

NOTE 20: Segment Information – Central Carolina Strategic Developers ("CCSD")

The following condensed component unit information represents Central Carolina Strategic Developers ("CCSD"), a blended component unit of the Authority, as of and for the year ended September 30, 2022:

Condensed Statement of Net Position

Assets	
Cash	\$ -
Accounts receivable - other	652,244
Other receivables	60,078
Total assets	<u>\$ 712,322</u>
Liabilities	
Current liabilities	\$ 6,416
Total liabilities	<u>6,416</u>
Deferred inflow of resources	<u>-</u>
Net position	
Net investment in capital assets	-
Restricted	-
Unrestricted	705,906
Total net position	<u>705,906</u>
Total liabilities, deferred inflows and net position	<u>\$ 712,322</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues and (expenses):	
Other operating revenues	\$ 20
Other operating expenses	<u>(19,181)</u>
Change in net position	<u>(19,161)</u>
Beginning net position	725,067
Ending net position	<u>\$ 705,906</u>

Condensed Statement of Cash Flows

Net cash used in:	
Operating activities	\$ (65,098)
Capital and related financing activities	<u>-</u>
Net increase in cash	<u>(65,098)</u>
Beginning cash	65,098
Ending cash	<u>\$ -</u>

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 21: Financial Statement Information – Discrete Component Units

The combining information for the discrete component units are listed below. The discrete component unit "Matthews Garden Gilmore, LLC" is composed of Matthews Court LLC and Garden Gilmore LLC. The combining statement of net position as of December 31, 2021 is as follows:

	Matthew s Court LLC	Garden Gilmore LLC	Total
ASSETS AND DEFERED OUTFLOW OF RESOURCES			
Current Assets:			
Cash	\$ 106,578	\$ 145,710	\$ 252,288
Restricted Reserves	4,351,367	11,863,192	16,214,559
Tenant Security Deposits	3,352	10,769	14,121
Tenant Receivables	10,177	21,192	31,369
Miscellaneous Receivable	96,152	402,696	498,848
Prepaid Expense	4,973	23,140	28,113
Total Current Assets	<u>4,572,599</u>	<u>12,466,699</u>	<u>17,039,298</u>
Fixed Assets:			
Building/Improvements	4,655,891	6,341,131	10,997,022
Furniture/Equipment	56,991	54,968	111,959
Miscellaneous Fixed Assets	50,218	7,040,344	7,090,562
Accumulated Depreciation	(44,485)	(108,423)	(152,908)
Net Fixed Assets	<u>4,718,615</u>	<u>13,328,020</u>	<u>18,046,635</u>
Other Assets:			
Other Assets	68,205	208,108	276,313
Total Other Assets	<u>68,205</u>	<u>208,108</u>	<u>276,313</u>
Deferred Outflows of Resources:	-	-	-
Total Assets and Deferred Outflow of Resources	<u>\$ 9,359,419</u>	<u>\$ 26,002,827</u>	<u>\$ 35,362,246</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities:			
Accounts Payable	\$ 23,813	\$ 37,093	\$ 60,906
Tenant Security Deposits	3,352	10,769	14,121
Accrued Interest Payable	7,245	28,007	35,252
Other Current Liabilities	524,372	1,039,934	1,564,306
Unearned Revenue	2,434	12,461	14,895
Current Portion Long Term Debt	19,559	63,271	82,830
Total Current Liabilities	<u>580,775</u>	<u>1,191,535</u>	<u>1,772,310</u>
Noncurrent Liabilities:			
Other non-current liabilities	232,657	584,151	816,808
Mortgage Payable	7,507,992	20,098,522	27,606,514
Total Noncurrent Liabilities	<u>7,740,649</u>	<u>20,682,673</u>	<u>28,423,322</u>
Total Liabilities	<u>8,321,424</u>	<u>21,874,208</u>	<u>30,195,632</u>
Deferred Inflows of Resources:	-	-	-
Net Position:			
Net Investment In Capital Assets	(2,808,936)	(6,833,773)	(9,642,709)
Restricted Net Position	4,351,367	11,863,192	16,214,559
Unrestricted Net Position	(504,436)	(900,800)	(1,405,236)
Total Net Position	<u>1,037,995</u>	<u>4,128,619</u>	<u>5,166,614</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 9,359,419</u>	<u>\$ 26,002,827</u>	<u>\$ 35,362,246</u>

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Notes to Financial Statements

September 30, 2022

NOTE 21: Financial Statement Information – Discrete Component Units (Continued)

The combining statement of revenue, expenses and changes in fund net position for the period ended December 31, 2021 is as follows:

	Matthew s Court	Garden Gilmore	Total
Operating Revenues:			
Tenant Rental Revenue (Net)	\$ 261,879	\$ 664,649	\$ 926,528
Other Operating Revenues	182,354	643,394	825,748
Total Operating Revenues	444,233	1,308,043	1,752,276
Operating Expenses:			
Administration	133,577	348,603	482,180
Utilities	64,402	268,661	333,063
Ordinary Maintenance	75,024	241,812	316,836
Protective Services	7,924	37,304	45,228
General Expenses	34,135	85,935	120,070
Depreciation	44,485	108,423	152,908
Total Operating Expenses	359,547	1,090,738	1,450,285
Operating Income	84,686	217,305	301,991
Nonoperating Revenue (Expenses):			
Interest income	4,486	12,830	17,316
Interest Expense	(85,435)	(159,075)	(244,510)
Total Nonoperating Revenue (Expenses)	(80,949)	(146,245)	(227,194)
Net Income	3,737	71,060	74,797
Contributions (Distributions) from/to Partners:	1,034,258	4,057,559	5,091,817
Change in Net Position	1,037,995	4,128,619	5,166,614
Net Position, Beginning of Year	-	-	-
Net Position, End of Year	<u>\$ 1,037,995</u>	<u>\$ 4,128,619</u>	<u>\$ 5,166,614</u>

Sanford Housing Authority
Sanford, North Carolina

Combining Schedule of Net Position - Proprietary Fund Type

September 30, 2022

	Public Housing	HCV & FSS Forf.	ROSS & FSS	CDBG	Business Activities	Blended Comp. Unit	COCC	Subtotal	Elimi- nations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
Current Assets:										
Cash and cash equivalents - unrestricted	\$ 54,282	\$ 16,321	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ 70,642	\$ -	\$ 70,642
Cash and cash equivalents - restricted	98,171	141,638	-	-	-	-	-	239,809	-	239,809
Accounts receivable - HUD	52,485	71,080	20,031	-	-	-	-	143,596	-	143,596
Accounts receivable - tenants	34,177	-	-	-	-	-	-	34,177	-	34,177
Accounts receivable - other	7,130	22,688	-	-	-	652,244	-	682,062	-	682,062
Due from/to other programs	21,157	-	-	-	125,702	60,078	-	206,937	(206,937)	-
Prepaid expenses	72,241	933	-	-	-	-	5,561	78,735	-	78,735
Total current assets	339,643	252,660	20,031	-	125,702	712,322	5,600	1,455,958	(206,937)	1,249,021
Noncurrent Assets:										
Capital Assets										
Nondepreciable capital assets	431,083	-	-	-	361,065	-	90,545	882,693	-	882,693
Depreciable capital assets, net	4,186,102	-	-	-	160,276	-	176,520	4,522,898	-	4,522,898
Construction in progress	-	-	-	-	-	-	1,484,011	1,484,011	-	1,484,011
Total capital assets	4,617,185	-	-	-	521,341	-	1,751,076	6,889,602	-	6,889,602
Notes and loans receivable - noncurrent	-	-	-	-	2,625,373	-	-	2,625,373	-	2,625,373
Total noncurrent assets	4,617,185	-	-	-	3,146,714	-	1,751,076	9,514,975	-	9,514,975
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resource:	\$ 4,956,828	\$ 252,660	\$ 20,031	\$ -	\$ 3,272,416	\$ 712,322	\$ 1,756,676	\$ 10,970,933	\$ (206,937)	\$ 10,763,996
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
Current Liabilities:										
Accounts payable and accrued liabilities	\$ 152,030	\$ 115,862	\$ 607	\$ -	\$ -	\$ 6,416	\$ 53,274	\$ 328,189	\$ -	\$ 328,189
Accrued compensated absences - current portion	2,232	250	-	-	-	-	488	2,970	-	2,970
Tenant security deposits	31,791	-	-	-	-	-	-	31,791	-	31,791
Mortgages and other notes payable - current	-	-	-	-	-	-	754,047	754,047	-	754,047
Other current liabilities	-	82,824	-	-	-	-	-	82,824	-	82,824
Unearned revenue	37,330	-	-	-	-	-	-	37,330	-	37,330
Due to/from other programs	-	-	19,424	-	-	-	187,513	206,937	(206,937)	-
Total current liabilities	223,383	198,936	20,031	-	-	6,416	995,322	1,444,088	(206,937)	1,237,151
Noncurrent Liabilities:										
Other non-current liabilities - FSS escrows	20,580	105,277	-	-	-	-	-	125,857	-	125,857
Accrued compensated absences - noncurrent	5,208	584	-	-	-	-	1,139	6,931	-	6,931
Total noncurrent liabilities	25,788	105,861	-	-	-	-	1,139	132,788	-	132,788
Total liabilities	249,171	304,797	20,031	-	-	6,416	996,461	1,576,876	(206,937)	1,369,939
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Net Position:										
Net investment in capital assets	4,617,185	-	-	-	521,341	-	997,029	6,135,555	-	6,135,555
Restricted net position	45,800	36,361	-	-	-	-	-	82,161	-	82,161
Unrestricted net position	44,672	(88,498)	-	-	2,751,075	705,906	(236,814)	3,176,341	-	3,176,341
Total net position	4,707,657	(52,137)	-	-	3,272,416	705,906	760,215	9,394,057	-	9,394,057
Total liabilities, deferred inflows of resources, and net position	\$ 4,956,828	\$ 252,660	\$ 20,031	\$ -	\$ 3,272,416	\$ 712,322	\$ 1,756,676	\$ 10,970,933	\$ (206,937)	\$ 10,763,996

See auditor's report.

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

Sanford Housing Authority
Sanford, North Carolina

Combining Schedule of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Fund Type

For the Year Ended September 30, 2022

	Public Housing	HCV & FSS Forf.	ROSS & FSS	CDBG	Business Activities	Blended Comp. Unit	COCC	Subtotal	Elimi- nations	Total
Operating revenues:										
Tenant rental revenue (net)	\$ 509,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509,045	\$ -	\$ 509,045
HUD operating grants	1,313,677	3,942,602	177,485	-	-	-	-	5,433,764	-	5,433,764
Other government grants	-	-	-	534,783	-	-	-	534,783	-	534,783
Other revenue	40,767	61,442	-	-	-	20	97,340	199,569	-	199,569
Management and other fees	-	-	-	-	-	-	430,490	430,490	(430,490)	-
Total operating revenues	1,863,489	4,004,044	177,485	534,783	-	20	527,830	7,107,651	(430,490)	6,677,161
Operating expenses:										
Administration	626,525	578,487	-	-	-	19,181	685,576	1,909,769	(430,490)	1,479,279
Tenant services	3,064	-	177,485	-	-	-	2,585	183,134	-	183,134
Utilities	437,518	7,288	-	-	-	-	13,187	457,993	-	457,993
Ordinary maintenance and operations	730,241	10,426	-	-	7	-	52,551	793,225	-	793,225
Protective services	124,955	212	-	-	-	-	225	125,392	-	125,392
General expenses	130,427	1,879	-	-	1,009,137	-	13,782	1,155,225	-	1,155,225
Housing assistance payments	-	3,780,140	-	-	-	-	-	3,780,140	-	3,780,140
Depreciation	356,039	-	-	-	7,475	-	22,852	386,366	-	386,366
Total operating expenses	2,408,769	4,378,432	177,485	-	1,016,619	19,181	790,758	8,791,244	(430,490)	8,360,754
Operating loss	(545,280)	(374,388)	-	534,783	(1,016,619)	(19,161)	(262,928)	(1,683,593)	-	(1,683,593)
Nonoperating revenue and expense:										
Interest income	8	44	-	-	-	-	-	52	-	52
Net nonoperating expense	8	44	-	-	-	-	-	52	-	52
Net loss	(545,272)	(374,344)	-	534,783	(1,016,619)	(19,161)	(262,928)	(1,683,541)	-	(1,683,541)
Contributions - capital grants	445,655	-	-	-	-	-	-	445,655	-	445,655
Increase (decrease) in net position	(99,617)	(374,344)	-	534,783	(1,016,619)	(19,161)	(262,928)	(1,237,886)	-	(1,237,886)
Equity transfers between programs	-	-	-	(534,783)	-	-	534,783	-	-	-
Net position, beginning of year	4,807,274	322,207	-	-	4,289,035	725,067	488,360	10,631,943	-	10,631,943
Net position, end of year	\$ 4,707,657	\$ (52,137)	\$ -	\$ -	\$ 3,272,416	\$ 705,906	\$ 760,215	\$ 9,394,057	\$ -	\$ 9,394,057
	-	-	-	-	-	-	-	-	-	-

See auditor's report.

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

Sanford Housing Authority

Sanford, North Carolina

Low Rent Public Housing Projects

Statement of Revenues and Expenditures - Budget to Actual (Non-GAAP)

For the Year Ended September 30, 2022

	Budget	Actual	Variance
Operating Revenues			
Net tenant rental revenue	\$ 520,236	\$ 509,045	\$ 11,191
HUD operating grants	1,074,640	1,313,677	(239,037)
Other revenue	124,500	40,767	83,733
Total Operating Revenue	1,719,376	1,863,489	(144,113)
Operating Expenses			
Administrative	750,765	626,525	124,240
Tenant services	3,940	3,064	876
Utilities	323,290	437,518	(114,228)
Ordinary maintenance and operations	441,134	730,241	(289,107)
Protective services	81,377	124,955	(43,578)
Insurance	56,721	102,257	(45,536)
General	60,315	28,170	32,145
Total Operating Expense	1,717,542	2,052,730	(335,188)
Operating Income (Loss)	1,834	(189,241)	191,075
Non-Operating Revenue (Expenses)			
Investment income	35	8	27
Interest expense	-	-	-
Total Non-Operating Income (Expenses)	35	8	27
Increase (decrease) in net assets	\$ 1,869	\$ (189,233)	\$ 191,102
<u>Reconciliation of modified accrual basis net income to full accrual net income:</u>			
Net income (loss) - per above		\$ (189,233)	
Depreciation expense		(356,039)	
HUD capital grants		445,655	
Net income (loss) - full accrual basis		\$ (99,617)	

See auditor's report.

Sanford Housing Authority

Sanford, North Carolina

Housing Choice Vouchers

Statement of Revenues and Expenditures - Budget to Actual (Non-GAAP)

For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
HUD operating grants	\$ 612,263	\$ 500,685	\$ 111,578
Other revenue	1,000	61,442	(60,442)
Total Operating Revenue	<u>613,263</u>	<u>562,127</u>	<u>51,136</u>
Operating Expenses			
Administrative	584,265	578,487	5,778
Utilities	9,220	7,288	1,932
Ordinary maintenance and operations	9,517	10,426	(909)
Protective services	-	212	(212)
Insurance	9,554	1,879	7,675
Total Operating Expense	<u>612,556</u>	<u>598,292</u>	<u>14,264</u>
Operating Income (Loss)	707	(36,165)	36,872
Non-Operating Revenue (Expenses)			
Investment income	30	44	(14)
Total Non-Operating Income (Expenses)	<u>30</u>	<u>44</u>	<u>(14)</u>
Increase (decrease) in net assets	<u>\$ 737</u>	<u>\$ (36,121)</u>	<u>\$ 36,858</u>
<u>Reconciliation of modified accrual basis net income to full accrual net income:</u>			
Net income (loss) - per above		\$ (36,121)	
Depreciation expense		-	
HCV HAP revenue		3,441,917	
HCV HAP disbursements		(3,780,140)	
Net income (loss) - full accrual basis		<u>\$ (374,344)</u>	

See auditor's report.

Sanford Housing Authority

Sanford, North Carolina

ROSS/FSS

Statement of Revenues and Expenditures - Budget to Actual (Non-GAAP)

For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
HUD operating grants	\$ 194,477	\$ 177,485	\$ 16,992
Total Operating Revenue	<u>194,477</u>	<u>177,485</u>	<u>16,992</u>
Operating Expenses			
Tenant services	<u>194,477</u>	<u>177,485</u>	<u>16,992</u>
Total Operating Expense	<u>194,477</u>	<u>177,485</u>	<u>16,992</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Reconciliation of modified accrual basis net income to full accrual net income:</u>			
Net income (loss) - per above		\$ -	
Depreciation expense		<u>-</u>	
Net income (loss) - full accrual basis		<u><u>\$ -</u></u>	

See auditor's report.

Sanford Housing Authority

Sanford, North Carolina

Business Activities

Statement of Revenues and Expenditures - Budget to Actual (Non-GAAP)

For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Other revenue	\$ -	\$ -	\$ -
Total Operating Revenue	-	-	-
Operating Expenses			
Administrative	-	-	-
Utilities	-	-	-
Ordinary maintenance and operations	-	7	(7)
General	-	1,009,137	(1,009,137)
Total Operating Expense	-	1,009,144	(1,009,144)
Operating Income (Loss)	-	(1,009,144)	1,009,144
Non-Operating Revenue (Expenses)			
Investment income	-	-	-
Operating transfers	-	-	-
Total Non-Operating Income (Expenses)	-	-	-
Increase (decrease) in net assets	\$ -	\$ (1,009,144)	\$ 1,009,144
<u>Reconciliation of modified accrual basis net income to full accrual net income:</u>			
Net income (loss) - per above		\$ (1,009,144)	
Depreciation expense		(7,475)	
Net income (loss) - full accrual basis		<u>\$ (1,016,619)</u>	

See auditor's report.

Sanford Housing Authority

Sanford, North Carolina

COCC

Statement of Revenues and Expenditures - Budget to Actual (Non-GAAP)

For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues			
Other revenue	\$ 245,835	\$ 97,340	148,495
Fee revenue	701,094	430,490	270,604
Total Operating Revenue	<u>946,929</u>	<u>527,830</u>	<u>419,099</u>
Operating Expenses			
Administrative	819,248	685,576	133,672
Tenant services	-	2,585	(2,585)
Utilities	10,446	13,187	(2,741)
Ordinary maintenance and operations	100,174	52,551	47,623
Protective services	-	225	(225)
Insurance	16,850	13,782	3,068
Total Operating Expense	<u>946,718</u>	<u>767,906</u>	<u>178,812</u>
Operating Income (Loss)	211	(240,076)	240,287
Non-Operating Revenue (Expenses)			
Investment income	25	-	25
Operating transfers	-	-	-
Total Non-Operating Income (Expenses)	<u>25</u>	<u>-</u>	<u>25</u>
Increase (decrease) in net assets	<u>\$ 236</u>	<u>\$ (240,076)</u>	<u>\$ 240,312</u>
<u>Reconciliation of modified accrual basis net income to full accrual net income:</u>			
Net income (loss) - per above		\$ (240,076)	
HUD Capital Grants		-	
Depreciation expense		(22,852)	
Net income (loss) - full accrual basis		<u>\$ (262,928)</u>	

See auditor's report.

Sanford Housing Authority
Sanford, North Carolina

Statement of Capital Fund Program Costs - Uncompleted

September 30, 2022

The capital fund program costs are as follows:

	CFP 20	CFP 21	CFP 22
Funds approved	\$ 1,097,899	\$ 672,679	\$ 843,161
Funds expended	<u>841,107</u>	<u>672,679</u>	<u>305,433</u>
Excess of funds approved	<u>\$ 256,792</u>	<u>\$ -</u>	<u>\$ 537,728</u>
Funds advanced	\$ 841,107	\$ 672,679	\$ 252,948
Funds expended	<u>841,107</u>	<u>672,679</u>	<u>305,433</u>
Deficit of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,485)</u>
Costs incurred during the current audit period totaled:	<u>\$ 78,473</u>	<u>\$ 380,795</u>	<u>\$ 305,433</u>

See auditor's report.

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
Sanford Housing Authority
Sanford, 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 and the aggregate discretely presented component units of the Sanford Housing Authority ("Authority") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 22, 2023.

Our report includes a reference to other auditors who audited the financial statements of Matthews Garden Gilmore, LLC (who is the 100% member of Matthews Court LLC and Garden Gilmore LLC), "the Discrete Component Unit", 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 financial statements of the Discrete Component Unit were not audited in accordance with *Government Auditing Standards*.

Report on 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.

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.

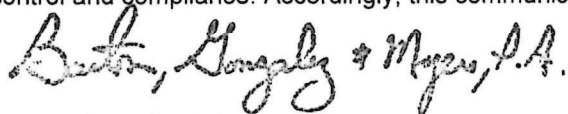
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

We noted certain other matters that we reported to management of the Authority in a separate letter dated June 22, 2023.

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.



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
June 22, 2023



**Barton,
Gonzalez
& Myers, P.A.**
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Sanford Housing Authority
Sanford, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sanford Housing Authority's (the "Authority")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended September 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Section 8 Housing Vouchers Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Vouchers Program for the year ended September 30, 2022.

Basis for Qualified Opinion

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Section 8 Housing Vouchers Program

As described in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding the CFDA 14.871 Section 8 Housing Choice Vouchers as described in finding number 2022-001 for Eligibility.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 item 2022-001 to be a material weakness.

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
June 22, 2023

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Schedule of Findings and Questioned Costs

September 30, 2022

Section I - Summary of Auditor's Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major program:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Type of report issued on the compliance for major program:	
14.871 Section 8 Housing Choice Vouchers Program	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Identification of major program:	14.871 Section 8 Housing Choice Vouchers Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did the Authority qualify as a low-risk auditee?	No

Section II - Financial Statement Findings:

There were no findings relating to this area for the period ended September 30, 2022.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Schedule of Findings and Questioned Costs

September 30, 2022

Section III - Federal Awards:

Findings relating to this area for the period ended September 30, 2022 are as follows:

2022-001 Eligibility – Tenant Files

Section 8 Housing Voucher Cluster (Section 8):

14.871 Section 8 – Housing Choice Vouchers

14.879 Mainstream Vouchers

Material Weakness in Internal Control, Material Noncompliance

Repeat finding of finding 2021-002 from the prior year September 30, 2021

Condition: Out of a total tenant population of approximately 573 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 file that did not contain a 214 affidavit for one member of the household, however they did have a birth certificate showing they were an eligible citizen.
- 2 files where the 214 affidavit was not checked for one member of the household certifying they were an eligible citizen, however they did have birth certificates to verify their citizenship.
- 5 files that did not contain a signed Form 9886 for at least one member of the household age 18 or over.
- 1 file where the tenant's income was calculated correctly but had the wrong amount reported on the 50058, which would have decreased HAP rent by \$11.
- 1 file where the prior year utility allowance schedule was used instead of the current year, however this had no effect on HAP rent.
- 1 file where there was no support that an inspection had been done for a new admission.
- 1 file that did not contain a tenancy addendum to support the contract rent and HAP rent for a tenant with a project-based voucher.
- 2 files where there was no support that an EIV report had been processed.

In addition to the above, we noted the following during our new admissions testing (9 new admissions tested):

- 3 files that did not contain a passed inspection completed prior to move-in.
- 1 file that did not contain a signed lease agreement or tenancy addendum.
- 1 file where the request for tenancy approval was not executed until the day after the voucher had expired.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as maintain complete and accurate tenant files. In addition, the Authority's administrative plan also requires following proper procedures for determination of HAP and documentation in the tenant files.

Questioned Costs: None.

Effect: The Authority is not in compliance with all of the HUD requirements regarding eligibility and tenant recertifications, which could result in incorrect total tenant payments for rent and HAP payments to landlords.

Cause: Procedures to ensure compliance with all of the HUD requirements were not being fully implemented.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Schedule of Findings and Questioned Costs

September 30, 2022

2022-001 Eligibility – Tenant Files (Continued)

Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Views of Responsible Officials of the Auditee: The Authority concurs with this finding and will implement review procedures and provide ongoing training to staff.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Summary Schedule of Prior Year Findings

September 30, 2022

The prior audit report for the year ended September 30, 2021 contained the following findings:

2021-001 Eligibility – Tenant Files

Public and Indian Housing – CFDA Number 14.850

Significant deficiency in Internal Control, Other matters

Repeat finding of finding 2020-001 from the prior year September 30, 2020 (originally occurred on finding 2017-002 from September 30, 2017)

Condition: Out of a total tenant population of approximately 254 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 file where tenant social security income was calculated differently than the support in the file, which resulted in an overpayment of rent by \$1.
- 1 file where there was no support for the \$480 deduction for full-time students, which resulted in an underpayment of rent by \$11.
- 1 file where the signed personal declaration/application and signed Form 9886 were not present.
- 1 file where tenant wage income was calculated incorrectly by not using the gross amount on the paystubs, which resulted in an underpayment of rent by \$7.
- 1 file where there was no support for \$2,146 of non-wage income, however this had no effect on the rent.
- 1 file where there was no support for \$4,092 in unreimbursed medical expenses, which resulted in an underpayment of rent by \$88.

In addition to the above, we noted the following during our new admissions testing (5 new admissions tested):

- 1 file where the lease agreement was not signed by either party.

Auditor's Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility and rent calculations. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Current Status: Cleared.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Summary Schedule of Prior Year Findings

September 30, 2022

2021-002 Eligibility – Tenant Files

Section 8 Housing Voucher Cluster (Section 8):

14.871 Section 8 – Housing Choice Vouchers

14.879 Mainstream Vouchers

Material Weakness in Internal Control, Material Noncompliance

Condition: Out of a total tenant population of approximately 587 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 3 files that did not contain 214 affidavits for at least one member of the household, however, they did have birth certificates showing all were eligible citizens.
- 1 file where there was no support for \$480 deduction for full-time students, however this had no effect on HAP rent.
- 1 file that did not contain a lease agreement, only a signed note from landlord authorizing tenant to move into the unit.
- 1 file where the lead paint notice was not signed by the tenant.
- 1 file where rent was reported \$15 lower on the 50058 than the lease addendum and rent register, however this had no effect on HAP rent.
- 1 file where there was no reasonable rent documentation, however there was documentation from the initial move-in that showed comparable rents higher than the current amount.
- 1 file that did not contain a HAP contract.
- 1 file that had support showing the tenant earned \$300 per month in unemployment income that was not reported on the 50058. This had no effect on the HAP rent.
- 1 file where the utility allowance was calculated using incorrect amounts from the utility allowance schedule, and should have been \$38 lower. This had no effect on the HAP rent.

In addition to the above, we noted the following during our new admissions testing (5 new admissions tested):

- 1 file that did not contain a HAP contract
- 1 file that did not contain a 214 affidavit or birth certificate for a member of the household
- 1 file where the Request for Tenancy form was signed but not dated by either party.

Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Current Status: Not cleared. See Finding 2022-001.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Corrective Action Plan

September 30, 2022

The following is the corrective action planned by the Authority regarding the current finding:

Finding

No.

2022-001 Eligibility – Tenant Files

Section 8 Housing Voucher Cluster (Section 8):

14.871 Section 8 – Housing Choice Vouchers

14.879 Mainstream Vouchers

Material Weakness in Internal Control, Material Noncompliance

Repeat finding of finding 2021-002 from the prior year September 30, 2021

Condition: Out of a total tenant population of approximately 573 tenants, 25 files were selected for testing. Exceptions were noted as follows:

- 1 file that did not contain a 214 affidavit for one member of the household, however they did have a birth certificate showing they were an eligible citizen.
- 2 files where the 214 affidavit was not checked for one member of the household certifying they were an eligible citizen, however they did have birth certificates to verify their citizenship.
- 5 files that did not contain a signed Form 9886 for at least one member of the household age 18 or over.
- 1 file where the tenant's income was calculated correctly but had the wrong amount reported on the 50058, which would have decreased HAP rent by \$11.
- 1 file where the prior year utility allowance schedule was used instead of the current year, however this had no effect on HAP rent.
- 1 file where there was no support that an inspection had been done for a new admission.
- 1 file that did not contain a tenancy addendum to support the contract rent and HAP rent for a tenant with a project-based voucher.
- 2 files where there was no support that an EIV report had been processed.

In addition to the above, we noted the following during our new admissions testing (new admissions tested):

- 3 files that did not contain a passed inspection completed prior to move-in.
- 1 file that did not contain a signed lease agreement or tenancy addendum.
- 1 file where the request for tenancy approval was not executed until the day after the voucher had expired.

Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

SANFORD HOUSING AUTHORITY
Sanford, North Carolina

Corrective Action Plan

September 30, 2022

Action Taken: Errors were corrected in the tested files where corrections could be made. Meaning for example Form 9886 cannot be regenerated for this audit period but will be obtained during future annual recertification (also known as the personal declaration/application) periods. Adjustments will be made to the tenant accounts. Staff was informed to obtain Form 214 during all recertification re-examinations to ensure the required form is in the file. This way, if it was never obtained or if it was inadvertently purged, the file will always have a copy in the file for the review period.

File Audit: A file audit (not a 100% audit) was completed for the Housing Choice Voucher Program. A procured third-party vendor performed this process. However, previous staff members did not make the file corrections. For months, there was only one staff member in the HCV Department. The department, at this time, is fully staffed. The current staff is making the file corrections as they come across various issues while moving the program/department forward. Of importance to note is the hire of a new Chief Operating Officer with over twenty (20) plus years of HCV experience who will oversee the Section 8 Department. We believe the new leadership, to include CEO and COO positions will provide the necessary oversight of the HCV program that will improve the overall performance of staff and the program.

Quality Control Review: After completion of the file audit, the Housing Choice Voucher Program Manager and their supervisor will be responsible for documented monthly quality control reviews of 10% of files completed during the month.

Effective Date: June 22, 2023

Contact Information

Marcus Goodson, Interim Executive Director
Sanford Housing Authority
1000 Carthage Street
Sanford, North Carolina 27330
(919) 776-7655

Sanford Housing Authority

Sanford, North Carolina

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2022

<u>FEDERAL GRANTOR</u>		<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
U. S. Department of HUD				
Public Housing:				
Public and Indian Housing Program	*	14.850	\$ 994,631	\$ 994,631
Public Housing Capital Fund Program	*	14.872	2,613,739	764,701
Resident Opportunity & Supportive Services	**	14.870	20,174	20,174
PHI Family Self-Sufficiency Program	**	14.896	157,311	157,311
Section 8 Housing Choice Vouchers Program	* +	14.871	3,942,602	3,942,602
TOTAL			<u>\$ 7,728,457</u>	<u>\$ 5,879,419</u>

Notes to the Schedule of Expenditures of Federal Awards**Basis of Accounting and Presentation**

This schedule includes the federal grant activity of the Sanford Housing Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance (Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Authority has not elected to use the 10% de minimis cost rate.

Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule

FDS Line 70600	HUD PHA Grants	\$ 5,433,764
FDS Line 70610	Capital Grants	445,655
		<u>\$ 5,879,419</u>

Program Type

* Type A Program

** Type B Program

+ Major Program

See auditor's report.

Financial Data Schedule

Sanford Housing Authority (NC035)
SANFORD, NC
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	14.896 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discreetly Presented	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14. EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$54,282	\$0	\$0	\$0	\$252,288	\$0	\$0	\$16,321		\$39	\$322,930		\$322,930
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
113 Cash - Other Restricted	\$66,980	\$0	\$0	\$0	\$16,214,559	\$0	\$0	\$105,277	\$36,361	\$0	\$16,422,577		\$16,422,577
114 Cash - Tenant Security Deposits	\$31,791	\$0	\$0	\$0	\$14,121	\$0	\$0	\$0		\$0	\$45,912		\$45,912
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
100 Total Cash	\$152,453	\$0	\$0	\$0	\$16,480,968	\$0	\$0	\$121,598	\$36,361	\$39	\$16,791,419	\$0	\$16,791,419
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$52,485	\$0	\$0	\$20,031	\$0	\$0	\$0	\$71,080		\$0	\$143,596		\$143,596
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$498,848	\$0	\$552,244	\$22,688		\$0	\$1,173,780		\$1,173,780
126 Accounts Receivable - Tenants	\$82,965	\$0	\$0	\$0	\$91,550	\$0	\$0	\$0		\$0	\$174,515		\$174,515
126.1 Allowance for Doubtful Accounts - Tenants	\$48,788	\$0	\$0	\$0	\$-60,181	\$0	\$0	\$0		\$0	\$-108,969		\$-108,969
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$10,467	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$10,467	\$-3,337	\$7,130
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$97,129	\$0	\$0	\$20,031	\$530,217	\$0	\$552,244	\$93,768	\$0	\$0	\$1,393,389	\$-3,337	\$1,390,052
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$72,241	\$0	\$0	\$0	\$28,113	\$0	\$0	\$933		\$5,561	\$106,848		\$106,848
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
144 Inter Program Due From	\$0	\$125,702	\$0	\$0	\$0	\$0	\$60,078	\$0		\$0	\$185,780	\$-185,780	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
150 Total Current Assets	\$321,823	\$125,702	\$0	\$20,031	\$17,039,268	\$0	\$172,322	\$216,299	\$36,361	\$5,600	\$18,477,436	\$-189,117	\$18,288,319
161 Land	\$431,083	\$361,065	\$0	\$0	\$0	\$0	\$0	\$0		\$90,545	\$882,693		\$882,693
162 Buildings	\$14,278,041	\$366,800	\$0	\$0	\$18,087,584	\$0	\$0	\$0		\$578,057	\$33,310,482		\$33,310,482
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$597,378	\$7,003	\$0	\$0	\$111,959	\$0	\$0	\$22,355		\$133,988	\$872,693		\$872,693
165 Leasehold Improvements	\$528,235	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$528,235		\$528,235
166 Accumulated Depreciation	\$-11,217,552	\$-213,527	\$0	\$0	\$-152,908	\$0	\$0	\$-22,355		\$-535,535	\$-12,141,877		\$-12,141,877
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,484,011	\$1,484,011		\$1,484,011
168 Infrastructure	\$4,617,185	\$521,341	\$0	\$0	\$18,046,635	\$0	\$0	\$0	\$0	\$1,751,076	\$24,936,237	\$0	\$24,936,237
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,820	\$2,625,373	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$2,643,193	\$-17,820	\$2,625,373
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
173 Grants Receivable - Non-Current	\$0	\$0	\$0	\$0	\$276,313	\$0	\$0	\$0		\$0	\$276,313		\$276,313
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
180 Total Non-Current Assets	\$4,635,005	\$3,146,714	\$0	\$0	\$18,322,948	\$0	\$0	\$0	\$0	\$1,751,076	\$27,655,743	\$-17,820	\$27,637,923
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$4,956,828	\$3,272,416	\$0	\$20,031	\$35,362,246	\$0	\$172,322	\$216,299	\$36,361	\$1,756,676	\$46,333,179	\$-206,937	\$46,126,242

Sanford Housing Authority (NC035)
SANFORD, NC
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	14.896 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discreetly Presented	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14. EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$146,742	\$0	\$0	\$0	\$60,906	\$0	\$6,416	\$112,489	\$51,824	\$0	\$378,377		\$378,377
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$5,288	\$0	\$0	\$607	\$0	\$0	\$0	\$3,373	\$1,450	\$0	\$10,718		\$10,718
322 Accrued Compensated Absences - Current Portion	\$2,232	\$0	\$0	\$0	\$0	\$0	\$0	\$250	\$488	\$0	\$2,970		\$2,970
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$35,252	\$0	\$0	\$0	\$0	\$0	\$35,252		\$35,252
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
341 Tenant Security Deposits	\$31,791	\$0	\$0	\$0	\$14,121	\$0	\$0	\$0	\$0	\$0	\$45,912		\$45,912
342 Unearned Revenue	\$37,330	\$0	\$0	\$0	\$14,895	\$0	\$0	\$0	\$0	\$0	\$52,225		\$52,225
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$82,830	\$0	\$0	\$0	\$754,047	\$0	\$836,877		\$836,877
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,337	\$3,337	\$3,337	-\$3,337	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$1,564,306	\$0	\$0	\$0	\$0	\$0	\$1,564,306		\$1,564,306
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,824	\$0	\$0	\$82,824		\$82,824
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$166,356	\$0	\$166,356	-\$165,760	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$223,383	\$0	\$0	\$20,031	\$1,772,310	\$0	\$6,416	\$198,936	\$977,502	\$0	\$3,198,578	-\$189,117	\$3,009,461
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$27,606,514	\$0	\$0	\$0	\$0	\$0	\$27,606,514		\$27,606,514
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,820	\$17,820	\$17,820	-\$17,820	\$0
353 Non-current Liabilities - Other	\$20,580	\$0	\$0	\$0	\$816,808	\$0	\$0	\$105,277	\$0	\$0	\$942,665		\$942,665
354 Accrued Compensated Absences - Non Current	\$5,208	\$0	\$0	\$0	\$0	\$0	\$0	\$584	\$1,139	\$0	\$6,931		\$6,931
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
356 FASB 1 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
350 Total Non-Current Liabilities	\$25,788	\$0	\$0	\$0	\$28,423,322	\$0	\$0	\$105,861	\$18,959	\$0	\$28,573,930	-\$17,820	\$28,556,110
300 Total Liabilities	\$249,171	\$0	\$0	\$20,031	\$30,195,632	\$0	\$6,416	\$304,797	\$996,461	\$0	\$31,772,508	-\$206,937	\$31,565,571
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
508.4 Net Investment in Capital Assets	\$4,617,185	\$521,341	\$0	\$0	-\$9,642,709	\$0	\$0	\$0	\$897,029	\$0	-\$3,507,154		-\$3,507,154
511.4 Restricted Net Position	\$45,800	\$0	\$0	\$0	\$16,214,559	\$0	\$0	\$0	\$36,361	\$0	\$16,296,720		\$16,296,720
512.4 Unrestricted Net Position	\$44,672	\$2,751,075	\$0	\$0	-\$1,405,236	\$0	\$105,906	-\$88,498	\$0	-\$236,814	\$1,771,105		\$1,771,105
513 Total Equity - Net Assets / Position	\$4,707,657	\$3,272,416	\$0	\$0	\$5,166,614	\$0	\$105,906	-\$88,498	\$36,361	\$760,215	\$14,560,671	\$0	\$14,560,671
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,956,828	\$3,272,416	\$0	\$20,031	\$35,462,246	\$0	\$712,322	\$216,299	\$36,361	\$1,756,676	\$46,333,179	-\$206,937	\$46,126,242

Sanford Housing Authority (NC035)
SANFORD, NC
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	1 Business Activities	14,218 Community Development Block Grant/Entitlement Grants	14,895 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discreetly Presented	14,870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14,871 Housing Choice Vouchers	14,874 FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$509,015	\$0	\$0	\$0	\$926,528	\$0	\$0	\$0		\$0	\$1,435,543		\$1,435,543
70400 Tenant Revenue - Other	\$30	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$30		\$30
70500 Total Tenant Revenue	\$509,045	\$0	\$0	\$0	\$926,528	\$0	\$0	\$0	\$0	\$0	\$1,435,573	\$0	\$1,435,573
70600 HUD PHA Operating Grants	\$1,313,677	\$0	\$0	\$157,311	\$0	\$20,174	\$0	\$3,942,602		\$0	\$5,433,764		\$5,433,764
70610 Capital Grants	\$445,655							\$0		\$0	\$445,655		\$445,655
70710 Management Fee										\$355,445	\$355,445	-\$355,445	\$0
70720 Asst Management Fee										\$0	\$0		\$0
70730 Book Keeping Fee										\$75,045	\$75,045	-\$75,045	\$0
70740 Front Line Service Fee										\$0	\$0		\$0
70750 Other Fees		\$0								\$0	\$0		\$0
70700 Total Fee Revenue										\$430,490	\$430,490	-\$430,490	\$0
70800 Other Government Grants	\$0	\$0	\$534,783	\$0	\$0	\$0	\$0	\$0		\$0	\$534,783		\$534,783
71100 Investment Income - Unrestricted	\$8	\$0	\$0	\$0	\$17,316	\$0	\$0	\$44		\$0	\$17,368		\$17,368
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
71400 Fraud Recovery	\$5,224	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$5,224		\$5,224
71500 Other Revenue	\$35,543	\$0	\$0	\$0	\$825,748	\$0	\$20	\$25,081	\$36,361	\$97,340	\$1,020,093		\$1,020,093
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
70000 Total Revenue	\$2,309,152	\$0	\$534,783	\$157,311	\$1,769,592	\$20,174	\$20	\$3,967,727	\$36,361	\$527,830	\$9,322,950	-\$430,490	\$8,892,460
91100 Administrative Salaries	\$171,213	\$0	\$0	\$0	\$125,751	\$0	\$0	\$180,805		\$333,634	\$811,403		\$811,403
91200 Auditing Fees	\$17,962	\$0	\$0	\$0	\$11,882	\$0	\$0	\$11,882		\$9,591	\$38,835		\$38,835
91300 Management Fee	\$255,308	\$0	\$0	\$0	\$0	\$0	\$0	\$100,137			\$355,445	-\$355,445	\$0
91310 Book-keeping Fee	\$21,585	\$0	\$0	\$0	\$0	\$0	\$0	\$53,460			\$75,045	-\$75,045	\$0
91400 Advertising and Marketing	\$52	\$0	\$0	\$0	\$10,976	\$0	\$0	\$586		\$814	\$12,428		\$12,428
91500 Employee Benefit Contributions - Administrative	\$44,570	\$0	\$0	\$0	\$31,692	\$0	\$0	\$35,484		\$79,495	\$191,241		\$191,241
91600 Office Expenses	\$106,104	\$0	\$0	\$0	\$215,181	\$0	\$426	\$164,570		\$236,061	\$722,342		\$722,342
91700 Legal Expense	\$5,561	\$0	\$0	\$0	\$33,676	\$0	\$0	\$9,758		\$15,029	\$64,024		\$64,024
91800 Travel	\$109	\$0	\$0	\$0	\$0	\$0	\$0	\$0		-\$48	\$61		\$61
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0		\$0
91900 Other	\$4,661	\$0	\$0	\$0	\$64,904	\$0	\$18,755	\$21,805		\$11,000	\$121,125		\$121,125
91000 Total Operating - Administrative	\$626,525	\$0	\$0	\$0	\$482,180	\$0	\$19,181	\$578,487	\$0	\$685,576	\$2,391,949	-\$430,490	\$1,961,459
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$130,917	\$0	\$16,801	\$0	\$0		\$0	\$147,718		\$147,718
92200 Relocation Costs	\$1,525	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$2,585	\$4,110		\$4,110
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$26,394	\$0	\$3,373	\$0	\$0		\$0	\$29,767		\$29,767
92400 Tenant Services - Other	\$1,539	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$1,539		\$1,539
92500 Total Tenant Services	\$3,064	\$0	\$0	\$157,311	\$0	\$20,174	\$0	\$0	\$0	\$2,585	\$183,134	\$0	\$183,134
93100 Water	\$99,882	\$0	\$0	\$0	\$202,516	\$0	\$0	\$34		\$146	\$302,578		\$302,578
93200 Electricity	\$89,961	\$0	\$0	\$0	\$76,732	\$0	\$0	\$7,224		\$12,862	\$186,779		\$186,779
93300 Gas	\$103,035	\$0	\$0	\$0	\$53,815	\$0	\$0	\$0		\$21	\$156,871		\$156,871
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
93600 Sewer	\$144,640	\$0	\$0	\$0	\$0	\$0	\$0	\$30		\$156	\$144,828		\$144,828
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0

Sanford Housing Authority (NC035)
SANFORD, NC
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	14.856 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discreetly Presented	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14. EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$437,518	\$0	\$0	\$0	\$333,063	\$0	\$0	\$7,288	\$0	\$13,187	\$791,056	\$0	\$791,056
94100 Ordinary Maintenance and Operations - Labor	\$223,341	\$0	\$0	\$0	\$124,225	\$0	\$0	\$0	\$0	\$24,882	\$372,448		\$372,448
94200 Ordinary Maintenance and Operations - Materials and Other	\$121,220	\$7	\$0	\$0	\$26,572	\$0	\$0	\$3,620	\$0	\$9,844	\$161,263		\$161,263
94300 Ordinary Maintenance and Operations Contracts	\$320,335	\$0	\$0	\$0	\$166,039	\$0	\$0	\$6,006	\$0	\$14,774	\$507,954		\$507,954
94500 Employee Benefit Contributions - Ordinary Maintenance	\$65,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,051	\$68,396		\$68,396
94000 Total Maintenance	\$730,241	\$7	\$0	\$0	\$316,836	\$0	\$0	\$10,426	\$0	\$52,551	\$1,110,061	\$0	\$1,110,061
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$124,955	\$0	\$0	\$0	\$45,228	\$0	\$0	\$212	\$0	\$225	\$170,620		\$170,620
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$124,955	\$0	\$0	\$0	\$45,228	\$0	\$0	\$212	\$0	\$225	\$170,620	\$0	\$170,620
96110 Property Insurance	\$97,663	\$0	\$0	\$0	\$48,542	\$0	\$0	\$324		\$6,764	\$153,293		\$153,293
96120 Liability Insurance	\$0	-\$1	\$0	\$0	\$0	\$0	\$0	\$0		\$0	-\$1		-\$1
96130 Workmen's Compensation	\$4,594	\$0	\$0	\$0	\$0	\$0	\$0	\$1,555		\$7,018	\$13,167		\$13,167
96140 All Other Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96100 Total Insurance Premiums	\$102,257	-\$1	\$0	\$0	\$48,542	\$0	\$0	\$1,879	\$0	\$13,782	\$166,459	\$0	\$166,459
96200 Other General Expenses	\$2,833	\$0	\$0	\$0	\$10,930	\$0	\$0	\$0		\$0	\$13,763		\$13,763
96210 Compensated Absences	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96400 Bad debt - Tenant Rents	\$25,337	\$0	\$0	\$0	\$60,598	\$0	\$0	\$0		\$0	\$85,935		\$85,935
96500 Bad debt - Mortgages	\$0	\$1,009,138	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$1,009,138		\$1,009,138
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96000 Total Other General Expenses	\$28,170	\$1,009,138	\$0	\$0	\$71,528	\$0	\$0	\$0	\$0	\$0	\$1,108,836	\$0	\$1,108,836
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$244,510	\$0	\$0	\$0		\$0	\$244,510		\$244,510
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$244,510	\$0	\$0	\$0	\$0	\$0	\$244,510	\$0	\$244,510
96900 Total Operating Expenses	\$2,052,730	\$1,009,144	\$0	\$157,311	\$1,541,887	\$20,174	\$19,181	\$598,292	\$0	\$767,908	\$6,166,625	-\$430,490	\$5,736,135
97000 Excess of Operating Revenue over Operating Expenses	\$256,422	-\$1,009,144	\$534,783	\$0	\$227,705	\$0	-\$19,161	\$3,369,435	\$36,361	-\$240,076	\$3,156,325	\$0	\$3,156,325
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,764,124		\$0	\$3,764,124		\$3,764,124
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,016		\$0	\$16,016		\$16,016
97000 Depreciation Expense	\$356,039	\$7,475	\$0	\$0	\$152,908	\$0	\$0	\$0		\$22,852	\$539,274		\$539,274
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97700 Debt Principal Payment - Governmental Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
97800 Dwelling Units Rent Expense	\$2,408,769	\$1,016,619	\$0	\$157,311	\$1,694,795	\$20,174	\$19,181	\$4,378,432	\$0	\$790,758	\$10,486,039	-\$430,490	\$10,055,549
99000 Total Expenses	\$174,715	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$174,715	-\$174,715	\$0
10010 Operating Transfer In													

Sanford Housing Authority (NC035)
SANFORD, NC
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	1 Business Activities	14.218 Community Development Block Grants/Entitlement Grants	14.896 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discretely Presented	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
10020 Operating Transfer Out	\$174,715	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$174,715	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$5,091,817	\$0	\$0	\$0		\$0	\$5,091,817	\$5,091,817	\$5,091,817
10091 Inter Project Excess Cash Transfer In	\$0										\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0										\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$5,091,817	\$0	\$0	\$0		\$0	\$5,091,817	\$0	\$5,091,817
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$99,617	\$1,016,619	\$534,783	\$0	\$5,166,614	\$0	\$19,161	\$410,705	\$36,361	\$262,328	\$3,928,728	\$0	\$3,928,728
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0
11030 Beginning Equity	\$4,907,274	\$4,289,035	\$0	\$0	\$0	\$0	\$725,067	\$322,207	\$0	\$488,360	\$10,631,943	\$10,631,943	\$10,631,943
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$534,783	\$0	\$0	\$0	\$0	\$0		\$534,783	\$0	\$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								\$88,498			\$88,498		\$88,498
11180 Housing Assistance Payments Equity								\$0			\$0		\$0
11190 Unit Months Available	2345	0	0	0	2640	0	0	11184		0	16169		16169
11210 Number of Unit Months Leased	2009	0	0	0	1637	0	0	7128		0	10774		10774
11270 Excess Cash	\$199,213										\$199,213		\$199,213
11610 Land Purchases	\$0									\$0	\$0		\$0
11620 Building Purchases	\$445,655									\$0	\$445,655		\$445,655
11630 Furniture & Equipment - Dwelling Purchases	\$0									\$0	\$0		\$0
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
13501 Replacement Housing Factor Funds	\$0									\$0	\$0		\$0