

**Housing Authority of the City of Thomson**  
Thomson, Georgia

AUDIT REPORT

For the Year Ended December 31, 2021

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis (MD&A).....	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position - Proprietary Fund Type.....	12
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund Type.....	13
Statement of Cash Flows - Proprietary Fund Type.....	14
Notes to Financial Statements.....	15
<b>SUPPLEMENTARY INFORMATION</b>	
Statement and Certification of Actual Capital Fund Program Costs.....	30
Schedule of Expenditures of Federal Awards.....	31
Financial Data Schedule.....	32
<b>SINGLE AUDIT SECTION</b>	
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.....	40
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	42
Schedule of Findings and Questioned Costs.....	45
Summary Schedule of Prior Year Findings.....	48
Corrective Action Plan.....	49

# Kendall L. Davis, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Thomson  
Thomson, Georgia

### Report on the Audit of the Financial Statements Opinions

I have audited the financial statements of the business-type activities of the Housing Authority of the City of Thomson, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the Housing Authority of the City of Thomson's basic financial statements as listed in the table of contents. In my opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and unit of the Housing Authority of the City of Thomson as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Housing Authority of the City of Thomson and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### Responsibilities of Management for the Financial Statements

The Housing Authority of the City of Thomson's 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 Housing Authority of the City of Thomson's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinions. 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 GAAS 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 GAAS and *Government Auditing Standards*, I:

- 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 Housing Authority of the City of Thomson'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Thomson's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Thomson's basic financial statements. The financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 my opinion, the financial data schedule and 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*, I have also issued my report dated September 27, 2022 on my consideration of the Housing Authority of the City of Thomson's internal control over financial reporting and on my 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 my 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 Housing Authority of the City of Thomson'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 Housing Authority of the City of Thomson's internal control over financial reporting and compliance.



Kendall L. Davis, P.C.  
Certified Public Accountant

Hazlehurst, Georgia  
September 27, 2022

# Housing Authority of the City of Thomson

Thomson, Georgia

Management's Discussion and Analysis

December 31, 2021

The Thomson Housing Authority's (the Authority's) 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 years' challenges), and (d) identify individual program issues or concerns. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

The Management's Discussion and Analysis (MD&A) provides a narrative that should be read in conjunction with the Authority's financial statements to obtain a full understanding of its financial position. Questions concerning the information provided in the discussion or requests for additional information should be addressed to the Authority's Executive Director.

## **FINANCIAL HIGHLIGHTS**

As of December 31, 2021, total assets and deferred outflow of resources were \$3,614,491 as compared to \$3,290,993, as of December 31, 2020, an increase of \$323,498, or 9.83%. Current assets increased \$593,292 and capital assets decreased \$269,794.

Total liabilities decreased \$17,805, or -5.65%, primarily due to decreases in Accrued Liabilities – Other of \$14,977 and Accrued Compensated Absences – Non Current Portion of \$18,042 offset by increase in Accounts Payable of \$6,107 and Accrued Compensated Absences- Current Portion of \$9,813.

In 2021, total revenue increased \$389,425, as compared to 2020, due to increases in Total Tenant Revenue of \$38,910, HUD PHA Operating Grants of \$442,822, and Investment Income – Unrestricted of \$16,758 offset by decreases in Other Government Grants of \$99,895 and Other Revenue of \$9,170.

Total expenses decreased \$105,2018, or -7.27%, due to decreases in Administrative Expense of \$184,745, Maintenance Expense of \$68,879, and Depreciation Expense of \$16,839 offset by increases in Tenant Services Expense of \$83,272, Utilities Expense of \$21,022 , and Other General Expense of \$47,665.

## **OVERVIEW OF THE FINANCIAL REPORTS**

The following outline describes the integral parts of the financial presentation and is a guideline for understanding its components:

- I. The MD&A serves as an introduction to the Authority's financial statements.
- II. Financial Statements
  - a. Financial statements
  - b. Notes to the financial statements
- III. Other Required Supplementary Information

## **Overview of the Financial Reports (continued)**

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the Statement of Net Position.

Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance of the Thomson Housing Authority for year-ending December 31, 2021.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain the property (meet HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered all its costs through its rental fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities plus provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended December 31, 2021.

**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
December 31, 2021

**Financial Analysis**

One of the most important questions asked about the Authority's finances; "Has the Housing Authority's financial position improved as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Fund Net Position and Statement of Cash Flows. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on December 31, 2021. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues, generated and the expenses incurred in operating the Housing Authority for the year-ended December 31, 2021.

Thomson Housing Authority has a public housing program that provides housing for qualified tenants and a capital fund program that the Housing Authority uses for improvements to its public housing property. The following analysis focuses on the net position and the change in net position of the Housing Authority as a *whole* and not the individual programs.

**Statement of Net Position**  
**December 31, 2021**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Variance</u>	<u>% Change</u>
Cash and Investments	\$ 537,552	\$ 207,177	\$ 330,375	159.47%
Other Current Assets	610,449	347,532	262,917	75.65%
Total Current Assets	<u>1,148,001</u>	<u>554,709</u>	<u>593,292</u>	<u>106.96%</u>
Capital Assets	2,466,490	2,736,284	(269,794)	-9.86%
Total Assets	<u>3,614,491</u>	<u>3,290,993</u>	<u>323,498</u>	<u>9.83%</u>
Deferred Outflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Total Assets and Deferred Outflow of Resources	<u><u>3,614,491</u></u>	<u><u>3,290,993</u></u>	<u><u>323,498</u></u>	<u><u>9.83%</u></u>
Current Liabilities	297,348	297,111	237	0.08%
Non-Current Liabilities	-	18,042	(18,042)	-100.00%
Total Liabilities	<u>297,348</u>	<u>315,153</u>	<u>(17,805)</u>	<u>-5.65%</u>
Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Net Position				
Net Investment in Capital Assets	2,466,490	2,736,284	(269,794)	-9.86%
Unrestricted Net Position	844,889	239,556	605,333	252.69%
Total Net Position	<u>3,311,379</u>	<u>2,975,840</u>	<u>335,539</u>	<u>11.28%</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 3,608,727</u>	<u>\$ 3,290,993</u>	<u>\$ 317,734</u>	<u>9.65%</u>



**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
December 31, 2021

**Assets:**

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the next twelve months.

As of December 31, 2021, current assets were \$1,148,001 as compared to \$554,709, as of December 31, 2020, an increase of \$593,292. Current assets increased primarily due to increases in Cash – Unrestricted of \$314,350, Accounts Receivable – HUD of \$283,601, Accounts Receivable – Tenants Rents of \$7,737, Investments – Unrestricted of \$16,255, Prepaid Expenses of \$7,357, and Inventories of \$8,892 offset by a decrease in Accounts Receivables – Other Governments of \$43,948.

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land. Capital assets decreased \$269,794 due to an increase in Accumulated Depreciation of \$269,794.

**CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Variance</u>
Non-depreciable assets:			
Land	\$ 574,134	\$ 574,134	\$ -
Construction in progress	-	-	-
Total non-depreciable	<u>574,134</u>	<u>574,134</u>	<u>-</u>
Depreciable assets:			
Buildings	9,172,870	9,172,870	-
Furniture, Equipment & Machinery			
– Dwellings	-	-	-
– Administration	323,087	323,087	-
Leasehold Improvements	207,822	207,822	-
Total depreciable assets	<u>9,703,779</u>	<u>9,703,779</u>	<u>-</u>
Less accumulated depreciation	<u>(7,811,423)</u>	<u>(7,541,629)</u>	<u>(269,794)</u>
Book value – depreciable assets	<u>\$ 1,892,356</u>	<u>\$ 2,162,150</u>	<u>\$ (269,794)</u>
Percentage depreciated	80.50%	77.72%	
Book value – all assets	<u>\$ 2,466,490</u>	<u>\$ 2,736,284</u>	<u>\$ (269,794)</u>

The Housing Authority did not expend any capital asset additions in fiscal year 2021. Capital assets decreased \$269,794 due to current year depreciation.

**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
 December 31, 2021

**Liabilities:**

Current liabilities are current debts that are owed by the Authority and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt.

As of December 31, 2021, current liabilities were \$297,348 as compared to \$297,111, as of December 31, 2020, an increase of \$237. The change consisted primarily of increases in Accounts Payable of \$6,107 and Accrued Compensated Absences – Current Portion of \$9,813 offset by a decrease Accrued Liabilities – Other of \$14,977.

Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume the Authority's current financial resources to satisfy the debt. The Authority had \$0 in Accrued Compensated Absences- Noncurrent, as of December 31, 2021, as compared to \$18,042 as of December 31, 2020, a decrease of \$18,042.

**Debt:**

The Authority had no long term obligations such as notes or bonds payable.

**Net Position:**

As of December 31, 2021, the Housing Authority had \$3,311,379 in total net position. Of this amount, \$844,889 of unrestricted net position may be used to meet the Authority's future ongoing expenses and obligations. The remainder of \$2,466,490 represents the investment in capital assets of land, buildings, furnishings, leasehold improvements, and equipment.

**Expendable Fund Balance:**

The expendable fund balance is a measure of the entity's liquidity. If current assets, less materials inventory, are converted to cash and the Authority pays all current liabilities, the amount of cash remaining is the expendable fund balance. Thomson Housing Authority's expendable fund balance increased \$584,163 due to an increase in current assets offset by a smaller increase in current liabilities (figures based on the 2020 and 2021 FDS information).

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	<u>\$ 794,269</u>	<u>\$ 210,106</u>	<u>\$ 584,163</u>	<u>278.03%</u>
Number of Months Expendable	<u>7.09</u>	<u>1.74</u>	<u>5.35</u>	<u>307.04%</u>

**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
December 31, 2021

**Number of Months Expendable Fund Balance:**

The number of months in expendable funds is a measure of how many months the Authority could operate under current conditions without any additional income. It is derived by dividing the expendable fund balance by average monthly expenses. Average monthly expenses are calculated by dividing the total expenses for the year, less depreciation, by twelve (12). The Authority's number of months expendable fund balance increased 5.32 months due to an increase in the expendable fund balance and by a decrease in average monthly expense (figures based on the 2020 and 2021 FDS information).

**Statement of Revenues, Expenses, and Changes in Fund Net Position**

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% of Change</u>
<b>Revenue:</b>				
Tenant Revenue	\$ 580,184	\$ 541,274	\$ 38,910	7.19%
Federal Grants & Subsidy	1,356,936	1,014,009	342,927	33.82%
Investment Income	16,758	-	16,758	100.00%
Other Income	2,225	11,395	(9,170)	-80.47%
Gain/Loss on Sale of Cap Assets	-	-	-	0.00%
<b>Total Revenue</b>	<b>1,956,103</b>	<b>1,566,678</b>	<b>389,425</b>	<b>24.86%</b>
<b>Expenses:</b>				
Administrative	413,230	597,975	(184,745)	-30.90%
Tenant Services	100,074	16,802	83,272	495.61%
Utilities	229,998	208,976	21,022	10.06%
Routine Maintenance	420,726	489,605	(68,879)	-14.07%
Protective Services	389	370	19	5.14%
General Expenses	177,679	133,576	44,103	33.02%
Non-Routine Expenses	2,911	899	2,012	223.80%
Depreciation	269,793	286,632	(16,839)	-5.87%
<b>Total Operating Expenses</b>	<b>1,614,800</b>	<b>1,734,835</b>	<b>(120,035)</b>	<b>-6.92%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 341,303</b>	<b>\$ (168,157)</b>	<b>\$ 509,460</b>	<b>-302.97%</b>

**Revenues:**

The main revenue sources are rents and other tenant charges and/or income received from the Department of Housing and Urban Development (HUD) in the form of operating subsidies and capital improvement grants.

Total Tenant revenue increased \$38,910 due to an increase Net Tenant Rental Revenue of \$29,796 and Tenant Revenue- Other of \$9,114.

HUD revenue will often vary from year to year since it is dependent on the federal budget (operating subsidy) and availability and/or use of grant revenues. In 2021, Thomson Housing Authority's operating subsidy increased by \$21,400 and the Authority recognized \$454,015 of Operating Grants from CFP 2018. The Authority received \$87,303 in ROSS grants. The Authority also had a decrease in CARES Act Grant revenue of \$119,896.

**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
December 31, 2021

Other Government Grants decreased \$99,895. Investment income increased \$16,758 and Other Revenue decreased by \$9,170. Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

**Expenses:**

Administration – Administrative costs include all non-maintenance and non-resident service personnel cost (including benefits and accrued leave), legal cost, auditing cost, travel and training cost, and other administrative cost such as supplies, telephone costs, etc. Administrative Expenses decreased \$184,745, from \$597,975 to \$413,230, primarily due to decreases in Administrative Salaries of \$113,123, Employee Benefits of \$57,878, Office Expense of \$21,217, Legal Expenses of \$8,953, and Travel Expense of \$3,462 offset by increases in Audit Fees of \$13,600 and Other Administrative Expense of \$5,859.

Tenant Services cost include all costs incurred by the Authority to provide social services to the residents. Tenant Services increased by \$83,272 from \$16,802 to \$100,074, due to increases in Tenant Services Salaries of \$51,969 and Employee Benefits of \$31,456.

Utilities increased \$21,022 from \$208,976 to \$229,998, primarily due to increases in Water Expense of \$17,889 and Sewer Expense of \$7,392 offset by a decrease in Gas Expense of \$4,110.

Routine maintenance costs are all the costs incurred by the Authority to maintain its public housing units in a decent, safe and sanitary manner. Costs include personnel costs, materials, and contracts for waste management, maintenance on vehicles and equipment, grounds cutting, etc. Maintenance Expense decreased \$68,879, from \$489,605 to \$420,726, primarily due to decreases in Labor Expense of \$41,854, Materials Expense of \$15,668, and Employee Benefits of \$23,761 offset by an increase in Contracts Expense of \$12,404.

Other General Expenses – General expenses include insurance expense, compensated absences, collection losses, and payment in lieu of taxes. Total Other General Expenses increased \$47,665, from \$47,104 to \$94,769, primarily due to increases in Compensated Absence Expense of \$25,146 and Bad Debt – Tenants Rent of \$25,192 offset by a decrease in Other General Expenses of \$2,574.

Extraordinary Maintenance increased by \$2,911.

Depreciation – The costs of all capitalized additions are spread over the estimated useful life of an asset as depreciation. Depreciation Expense decreased \$16,839.

**Economic Factors:**

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

Significant economic factors affecting the Authority are as follows:

- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income. The local (McDuffie County)

**Housing Authority of the City of Thomson**  
**Management's Discussion and Analysis**  
December 31, 2021

unemployment rate in 2021 was 3.0% compared to 6.7% in FY 2020, which is 3.7 percentage points lower than prior year.

- Congressional funding of the Department of Housing and Urban Development. The Authority's eligibility for calendar year 2021 was \$826,350. HUD provided funding at 97.04% of the eligible amount in 2020 and 96.74% in 2021. Due to the proration of funding, the Authority received \$799,445 for calendar year 2021.
  
- In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

**Contacting the Housing Authority's Financial Management:**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Laura Williamson, Interim Executive Director, Thomson Housing Authority, PO Box 627, Thomson, GA 30824, telephone number (706) 595-4878.

## **BASIC FINANCIAL STATEMENTS**

HOUSING AUTHORITY OF THE CITY OF THOMSON

Thomson, Georgia

STATEMENT OF NET POSITION – PROPRIETARY FUND TYPE

As of December 31, 2021

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 441,930
Restricted cash	30,257
Investments - unrestricted	65,365
Due from HUD	286,071
Accounts receivable - other government	188,748
Accounts receivable - miscellaneous	8,195
Tenant rents receivable (net of \$3,856 allowance)	34,701
Prepaid expenses	36,350
Supplies inventory (net of \$6,265 allowance)	56,384
Total current assets	<u>1,148,001</u>

Noncurrent Assets:

Capital Assets:

Nondepreciable capital assets	574,134
Depreciable capital assets, net	<u>1,892,356</u>
Total noncurrent assets	<u>2,466,490</u>
Total assets	<u>3,614,491</u>

Deferred outflow of resources

Total assets and deferred outflow of resources	<u>\$ 3,614,491</u>
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**LIABILITIES**

Current Liabilities:

Accounts payable and accrued liabilities	\$ 132,159
Accrued wages/payroll taxes payable	10,983
Accounts payable - other governments	19,242
Accounts payable - HUD	68,431
Tenant security deposits	30,257
Unearned revenue	2,905
Accrued compensated absences	33,371
Total current liabilities	<u>297,348</u>

Noncurrent Liabilities

Total Liabilities	<u>297,348</u>
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Deferred inflows of resources

Total liabilities and deferred inflow of resources	<u>297,348</u>
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**NET POSITION**

Net Investment in capital assets	2,466,490
Unrestricted net position	850,653
Total net position	<u>3,317,143</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,614,491</u>

See auditor's report.

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

**HOUSING AUTHORITY OF THE CITY OF THOMSON**

Thomson, Georgia

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION – PROPRIETARY FUND TYPE

For the year ended December 31, 2021

Operating revenues:	
Tenant rental revenue	\$ 580,184
HUD operating grants	1,341,634
Other government grants	15,302
Other revenue	2,225
Total operating revenues	<u>1,939,345</u>
Operating expenses:	
Administration	413,230
Tenant services	100,074
Utilities	229,998
Ordinary maintenance	420,726
Insurance	82,910
General expenses	94,769
Extraordinary maintenance	2,911
Protective services	389
Depreciation	269,793
Total operating expenses	<u>1,614,800</u>
Operating income (loss)	<u>324,545</u>
Nonoperating revenue (expenses):	
Investment income	16,758
Total nonoperating revenue (expenses)	<u>16,758</u>
Net Income (Loss) before contributions	341,303
Contributions – capital grants	<u>-</u>
Increase (decrease) in net position	341,303
Net position, beginning of year	<u>2,975,840</u>
Net position, end of year	<u>\$ 3,317,143</u>

*See auditor's report.*

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



**HOUSING AUTHORITY OF THE CITY OF THOMSON**

Thomson, Georgia

STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE

For the year ended December 31, 2021

Cash flows provided from/ (used by) operating activities:	
Cash received from tenants/others	\$ 575,446
Cash paid for goods and services	(1,039,170)
Cash paid to employees for services	(323,184)
HUD operating grants	1,055,563
Other government grants	61,720
Net cash provided from/ (used by) operating activities	<u>330,375</u>
Cash flows from noncapital financing activities	
	<u>-</u>
Cash flows from/ (used by) capital and related financing activities:	
Proceeds from capital grants	-
Acquisition of capital assets	-
Net cash from/ (used by) capital and related financing activities	<u>-</u>
Cash flows provided from investing activities:	
Purchase of investments	(16,255)
Net cash provided from investing activities	<u>(16,255)</u>
Net increase (decrease) in cash and cash equivalents	314,120
Cash and cash equivalents at beginning of year	158,067
Cash and cash equivalents at end of year	<u>\$ 472,187</u>
Reconciliation of cash/cash equivalents:	
Cash - unrestricted	\$ 441,930
Cash - restricted	30,257
Total cash	<u>\$ 472,187</u>
Reconciliation of operating income (loss) to net cash provided from/ (used by) operating activities:	
Operating income (loss)	<u>\$ 324,545</u>
Adjustments to reconcile operating income (loss) to net cash provided from operating activities:	
Depreciation	269,793
(Increase) decrease in due from HUD	(286,071)
(Increase) decrease in tenants accounts receivable	(6,963)
(Increase) decrease in accounts receivable - miscellaneous	(52)
(Increase) decrease in accounts receivable - other government	46,418
(Increase) decrease in inventory and prepaid insurance	(16,249)
Increase (decrease) in accounts payable and accrued liabilities	7,739
Increase (decrease) in accrued payroll/payroll taxes payable	(885)
Increase (decrease) in accounts payable other government	(99)
Increase (decrease) in security deposits	(230)
Increase (decrease) in unearned revenues	658
Increase (decrease) in accrued compensated absences	(8,229)
Total adjustments	<u>5,830</u>
Net cash provided from/ (used by) operating activities	<u>\$ 330,375</u>

*See auditor's report.*

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

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE 1: Summary of Significant Accounting Policies:**

The accounting policies of the Housing Authority of the City of Thomson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

*A. Reporting Entity*

The Housing Authority of the City of Thomson is a public body created under the General Statutes of Georgia. The Authority was created for the purpose of providing safe and sanitary housing for the low-income citizens of Thomson, Georgia.

In determining how to define the reporting entity, management has considered all potential component units. Management considered criteria established by the Governmental Accounting Standards Board for inclusion of the Authority in the City of Thomson's financial statements. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit 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 government is not financially accountable. The Board of Commissioners of the Housing Authority is appointed by the Mayor of the City of Thomson but the Authority designates its own management. The City of Thomson 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 Thomson 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. 14, 39, and 61 for inclusion of the Authority in the City of Thomson'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.

*B. Description of a Public Housing Authority*

Funding for public housing authorities is received from the United States Department of Housing and Urban Development (HUD) and from participants in public housing programs. Under the Low Rent Housing Assistance Program, low income tenants pay monthly rents which are determined by their need for assistance. HUD pays the annual debt service contributions directly to a fiscal or paying agent under the terms of the annual contributions contract. HUD also 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 programs also include the Capital Fund Program provided by HUD as the primary funding source for physical and management improvements to the Authority's properties. These grants are received from HUD through a formula driven computation. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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

B. Description of a Public Housing Authority (Continued)

The Authority was also a recipient of a \$720,000 YouthBuild grant awarded by U.S. Department of Labor under the authority of the Workforce Innovation and Opportunity Act, P.I. 113-28. The program is designed to provide disadvantaged youth with: the education and employment skills necessary to achieve economic self sufficiency in occupations in high demand and post secondary education and training opportunities; opportunities for meaningful work and service to their communities; and opportunities to develop employment and leadership skills and a commitment to community development among youth in low-income communities.

The Authority had 200 units in management and was administrating a capital fund program and a YouthBuild grant.

C. 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 all the 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 Housing Authority of the City of Thomson maintains one enterprise fund which includes the following programs: Public Housing Program, Capital Fund Program, and YouthBuild Program.

D. Measurement Focus and 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., net total position) is segregated into investment in capital assets (net of related debt) and unrestricted net position components. Operating activities for this fund present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The fund of the Authority is maintained on the modified accrual basis during the year. 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. The converting from the modified accrual basis to the full accrual basis, the changes required are adjustments for accrued interest, prepaid insurance, depreciation, prepaid tenant rents, payments of principal on outstanding debt, and capital outlay. Payments of outstanding debts and accrued interest by HUD which have earned by the Authority, but not yet realized, are recorded as revenue. 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.

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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

E. Revenue Recognition

The significant revenue recognition policies and practices related to these revenues are as follows:

Charges to tenants, participants, or applicants – These revenues consist primarily of dwelling rental charges and related fees and charges. Such revenues are recognized when due. Rental charges are typically recorded and recognized at the beginning of the rental term while tenant charges and fees are recognized when the underlying transaction occurred. The revenues associated with installment repayment agreements are recorded when collected.

Operating grants and contributions – The Authority receives various grants from other governments and entities. In general, for cost reimbursement-type grants, the revenues are recognized when the underlying expenses are incurred and as soon as all eligibility requirements imposed by the provider have been met. For formula-based operating subsidies, the revenues are recognized during the period for which the subsidy was approved and authorized by the grantor agency. For fee-based grants, the revenues are recognized when the services are performed and delivered. The principle operating grant revenues earned by the Authority include operating subsidies for its low-rent public housing program and the non-capital portions of modernization and capital improvement grants.

F. Budgetary Data

The Authority maintains budgetary controls over its fund, as required by the terms of the Authority's annual contributions contract with HUD. An annual budget is adopted for the enterprise fund. It was determined that all revenues and expenses were in accordance with the program budgets. Expenses may not legally exceed appropriations at the departmental level for the enterprise fund. All increases in appropriation to administration and capital expenditures must be approved by the Board. The budget was prepared on the modified accrual basis of accounting. The capital fund budgets are prepared on a "project length" basis.

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by HUD regulations. The Authority may designate as an official depository any bank or savings and loan association whose principal office is located in Georgia. 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.

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

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.

Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a maturity at the time of purchase of one year or less are carried at amortized cost. As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. During the fiscal year and at year-end, all cash was held in the form of interest bearing accounts. The deposits and 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.

Disclosure About Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sale an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority also follows a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard's three level of inputs that may be used to measure fair value:

Level 1: Observable prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Authority currently recognizes all assets and liabilities at Level 1 of the valuation hierarchy unless stated otherwise.

Accounts Receivable – Tenants

Charges to tenants are recorded as revenue at the first of each month. Balances in this account represent amounts that have been charged to tenants for which the Authority has not received payment. The Authority estimates that some of the carrying balance of this account will not be collected. The Authority uses the Balance Sheet approach to estimate the allowance for uncollectible accounts.

HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Prepaid Items

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

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. If inventory falls below cost due to damage, deterioration, or obsolescence, the Authority establishes an allowance for obsolete inventory.

Capital Assets

Donated capital assets received prior to December 31, 2015 are stated at their estimated fair value on the date donated. This included site acquisition and improvement, structures, and equipment. Donated capital assets received after January 1, 2016 are recorded at amortized cost, the price is adjusted for transportation costs, but would not otherwise be adjusted for transaction costs. Other capital assets are recorded at historical cost at the date of acquisition. This includes site acquisition and improvement, structures, and equipment. Assets are depreciated on a straight-line basis over the following years:

Dwelling structures	20 years
Non-dwelling structures	20 years
Dwelling structure improvements	10-20 years
Dwelling equipment	3-7 years
Office furniture and equipment	3-7 years
Maintenance equipment	3-7 years
Automobiles and vehicles	3-7 years

The Authority capitalizes purchases of items 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 rental payments made by tenants in advance of their due date.

HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Accrued Compensated Absences

The Housing Authority of the City of Thomson allows each of the Consortium full time employees to accumulate vacation leave, and such leave is fully vested when earned. Full-time employees earn annual leave as follows: 6.67 hours per month employed – 80 hours each year through the fifth year of employment, 10 hours per month for each month employed from the sixth to fifteenth year of employment 120 hours per year, 13.33 hours per month for each month employed after the tenth year of employment, or 160 hours per year. No more than 320 hours may be carried over into the following year. Sick leave is accrued by employees and is not paid at separation but can be used to determine retirement age at a rate of two days of sick leave to one day of service. The amount of accrued compensated absences is allocated by the “lead” Authority in the Consortium as all employees are employees of Thomson Housing Authority, the “lead” Authority. Based on this allocation, the Authority records compensated absences in the period they are earned and uses a systematic allocation process to allocate between short-term and long-term liability classifications.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority does not have any items that meet the criterion for this category.

Net Position

*Net Investment in Capital Assets*

Net investment in capital assets represents funds received for development and modernization of the Authority’s dwelling units. In addition, this amount represents capital assets purchased through operations and grant programs less accumulated depreciation and related debt.

*Unrestricted Net Position*

Net position includes assets remaining after deducting liabilities and deferred inflows of resources and provides a basis of assessing the liquidity and financial flexibility of the Authority.

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.

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.

HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 2: Stewardship, Compliance, and Accountability

The Authority appeared to have met its responsibilities regarding stewardship, compliance, and accountability for its fund.

NOTE 3: Detail Notes on All Programs

A. Assets

Deposits and Investments

The Authority's funds are maintained in bank deposits or in investments in debt securities. The Authority is permitted to invest funds in deposit accounts at federally insured financial institutions; in obligations of the U.S. Treasury or U.S. Government agencies; Local or State Government Investment Pools; and Repurchase Agreements with financial institutions (as long as the entire balance is collateralized by specifically identified securities of the U.S. Government or its agencies). Investments in debt securities that have a remaining maturity at the time of purchase of more than one year and that have a determinable market value are valued at market value as of year-end. The market values are based on quoted market prices at year-end. Certificates of deposit are stated at cost as they are not traded in any market and are held for longer terms. Securities with a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Bank Deposits

Deposits include amounts held in accounts that qualify for federal depository insurance and include demand deposits such as checking accounts, saving accounts and NOW accounts, as well as time deposits such as nonnegotiable certificates of deposit. In the financial statements, amounts held in demand deposits accounts and in time deposits with initial maturities of 90 days or less are classified as cash and cash equivalents.

As of December 31, 2021, The Authority's deposits consisted of the following:

	<u>Total</u>
Demand deposit accounts (checking, savings, money market account)	<u>\$ 472,187</u>

Deposits are required to be either covered by federal depository insurance or be collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with HUD requirements. At December 31, 2021, the Authority's deposits with financial institutions for all fund types had a carrying amount of \$472,187 and bank balance of \$449,604. Of these bank balances, \$449,604 was covered by federal depository insurance and securities pledged in the entity's name.



HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 3: Detail Notes on All Programs (Continued)

A. Assets (Continued)

Bank Deposits (Continued)

As on December 31, 2021, the Authority's deposits are classified in the financial statements as follows:

	Total
Cash and cash equivalents	\$ 441,930
Restricted cash	30,257
	\$ 472,187

In summary, as of December 31, 2021, the Authority's cash and cash equivalents consist of the following:

	Total
Demand deposit accounts (checking, savings, and money market account)	\$ 472,087
Petty cash and change fund	100
Total cash and cash equivalents	472,187
Less: restricted cash and cash equivalents	(30,257)
Unrestricted cash and cash equivalents	\$ 441,930

The Authority invests in accordance with HUD regulations. As of December 31, 2021, the Authority had the following investments and maturities:

	Total
Met-Life shares	\$ 65,365
Total	\$ 65,365

The Authority received 1,046 of Metlife shares on April 4, 2000 due to MetLife's demutualization. The shares are valued at the closing share price on December 31, 2021.

Deposits in financial institutions are required to be secured and collateralized by the institutions. The collateral must meet criteria requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The Authority's deposits with financial institutions met State and Federal deposit requirements.

HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 3: Detail Notes on All Programs(Continued)

A. Assets (Continued)

*Interest rate risk*—The Housing Authority of the City of Thomson has no specific policy regarding interest rate risk.

*Credit risk* – The Authority has no policy regarding credit risk. The Authority investments were limited to Certificates of Deposits that were 100% collateralized.

*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. All investments in repurchase agreements are collateralized by the securities held by the counterparty, or by its trust department. The Authority has no policy on custodial credit risk.

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

Restricted cash and investments:

The Authority has reported certain portions of their cash balances as restricted. These are either account balances where the subject account is subject to externally imposed restrictions or funds held in otherwise unrestricted accounts but that are subject to regulatory restrictions that limit the use of such funds.

These are described by fund as follows:

Public Housing Fund:

The Authority holds funds totaling \$30,257 in tenant security deposits in the general checking account.

The Authority invests in accordance with HUD regulations. As of December 31, 2021, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value 12/31/2021</u>
1,046 MetLife Shares	Fair Value - Level 1	\$ 65,365
Total Investments:		<u>\$ 65,365</u>

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 3: Detail Notes on All Programs(Continued)

A. Assets (Continued)

Accounts Receivable – Other Government

The Authority had receivables from other governments as follows at December 31, 2021:

Warrenton Housing Authority	\$	110,231
Harlem Housing Authority		59,423
Crawfordville Housing Authority		8,782
Worksource - GA		10,312
Total	\$	<u>188,748</u>

The amounts due from the Authorities are for expenses paid for on behalf of the Authority by the Thomson Housing Authority but not reimbursed as of December 31, 2021. Reimbursements were made subsequent to year-end.

Prepaid Expenses

As of December 31, 2021, prepaid expenses consisted of the following:

Prepaid insurance	\$	28,950
Other prepaid items		7,400
	\$	<u>36,350</u>

**HOUSING AUTHORITY OF THE CITY OF THOMSON**  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 3: Detail Notes on All Programs (Continued)

A. Assets (Continued)

Capital Assets

The capital assets (at cost) of the Housing Authority of the City of Thomson at December 31, 2021 consisted of the following:

	Balance at December 31, 2020	Additions	Deletions/ Adjustments	Transfers	Balance at December 31, 2021
Nondepreciable Capital Assets:					
Land (nondepreciable)	\$ 574,134	\$ -	\$ -	\$ -	\$ 574,134
Construction in progress	-	-	-	-	-
Total Nondepreciable Assets	<u>574,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,134</u>
Depreciable capital assets:					
Buildings and improvements	9,380,692	-	-	-	9,380,692
Furniture, equip., vehicles	323,087	-	-	-	323,087
Total Depreciable Assets	<u>9,703,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,703,779</u>
Less accumulated depreciation for:					
Buildings and improvements	(7,232,509)	(260,959)	-	-	(7,493,468)
Furniture, equip., vehicles	(309,120)	(8,835)	-	-	(317,955)
Total Accumulated Depreciation	<u>(7,541,629)</u>	<u>(269,794)</u>	<u>-</u>	<u>-</u>	<u>(7,811,423)</u>
Total Depreciable Assets, net	2,162,150	(269,794)	-	-	1,892,356
Total Capital Assets, Net	<u>\$ 2,736,284</u>	<u>\$ (269,794)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,466,490</u>

Depreciation expense was \$269,793 for the year ended December 31, 2021.

A summary of capital assets at December 31, 2021 is as follows:

	Low-Rent	Total
Land	\$ 574,134	\$ 574,134
Building and improvements	9,380,692	9,380,692
Equipment	323,087	323,087
Construction in progress	-	-
	<u>10,277,913</u>	<u>10,277,913</u>
Less: accumulated depreciation	(7,811,423)	(7,811,423)
Capital assets, net	<u>\$ 2,466,490</u>	<u>\$ 2,466,490</u>

B. Liabilities

Accounts Payable/Accrued Liabilities

The Authority had the following accounts payable/accrued liabilities at December 31, 2021:

Vendors	\$ 29,997
Utilities	22,240
Due to residents	60,000
Due to resident association	<u>19,922</u>
	<u>\$ 132,159</u>

The vendors and utilities were paid after year-end.

HOUSING AUTHORITY OF THE CITY OF THOMSON  
Thomson, Georgia

NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 3: Detail Notes on All Programs (Continued)

B Liabilities (Continued)

Accounts Payable – Other Government

The Authority had the following accounts payable – other government at December 31, 2021:

City of Thomson – PILOT	<u>\$ 19,242</u>
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Accounts Payable – HUD

The Authority had the following accounts payable – HUD at December 31, 2021:

Due to HUD	<u>\$ 68,431</u>
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The Authority had a HUD Limited Compliance Monitoring Review conducted August 27-29, 2018. In the review report, HUD determined that there were costs incurred by the Authority that were deemed unallowed and would require reimbursement to HUD.

Unearned Revenue

The Authority had the following unearned revenue at December 31, 2021:

Prepaid rents	<u>\$ 2,905</u>
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Pension Plan Obligation

The Authority provides a defined contribution pension plan through Metropolitan Life for eligible full-time employees. The Board of Commissioners authorized participation in the pension plan. The pension plan was adopted on January 1, 1970. Employees are eligible for the plan after six months of service.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participant's benefits that may be allocated to such participant's account and the returns earned on investments of those contributions.

As all employees are employees of the East Georgia Housing Authority Partnership (EGHAP), EGHAP contributes an amount equal to 13.5% of each employee's annual compensation to the plan., with each member of EGHP covering their share of the costs based on a percentage of unit's methodology. Pension expense totaled \$43,630 for the year December 31, 2021. Employees are not required to make, nor did they make, any contributions to the plan.