

**HOUSING AUTHORITY OF THE  
CITY OF WARRENTON  
Warrenton, Georgia**

**AUDIT REPORT**

For the Year Ended December 31, 2018

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# Phillip C. Jarrell, LLC

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

I have audited the accompanying basic financial statements of the Housing Authority of the City of Warrenton, which comprise the statement of net position as of December 31, 2018, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the City of Warrenton as of December 31, 2018, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 our inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Warrenton, taken as a whole. The accompanying financial information listed in the Table of Contents as Supplementary Information and the Financial Data Schedule, as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Report Issued in Accordance with Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated July 1, 2019 on my consideration of Housing Authority of the City of Warrenton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, 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 Warrenton'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 Warrenton's internal control over financial reporting and compliance.



Phillip C. Jarrell, LLC  
Certified Public Accountant

Hazlehurst, Georgia  
July 1, 2019



**HOUSING AUTHORITY OF THE CITY OF WARRENTON  
WARRENTON, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FYE: DECEMBER 31, 2018**

**Management's Discussion and Analysis**

The management of the Housing Authority of the City of Warrenton offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended December 31, 2018. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position.

This management discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We have made every effort to provide data that allows the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of December 31, 2018.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

**Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operating under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority's capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$ 1,801,516 (net position) compared to \$ 1,562,168 for the prior fiscal year.
- The Authority's cash and investments balance as of December 31, 2018 was \$ 450,485 representing an increase of \$ 78,184 from December 31, 2017.
- The Authority had total revenues of \$ 881,964 and total expenses of \$ 766,943 for the year ended December 31, 2018.
- The Authority administers 100 units of Low-Rent Public Housing.

## Overview of the Financial Reports

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

- I. MD&A  
Serves as an introduction to the Authority's basic financial statements
- II. Basic Financial Statements  
Financial Statements  
Notes to the financial statements
- III. Other Required Supplementary Information

The financial statements in this report are those of a special purpose government entity engaged in a business type activity. The following statements are included:

- Statement of Net Position (Balance Sheet) – presents information about the Authority's assets and liabilities and 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 to cash within one year), and "non-current." Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- Statement of Revenues, Expenses and Changes in Net Position – reports the authority's revenues by source and type and its expenses by category to substantiate the change in net position for the fiscal year.
- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Our analysis of the Authority as a whole follows with the most important question, "Has the Authority's financial health improved or worsened as a result of the year's activities?" The following analysis of entity-wide net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual method of accounting, which recognizes revenue when earned and expenses when incurred regardless of when cash is received or paid.

## Statement of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets and Deferred			
Outflows of Resources	557,609	434,213	123,396
Net Capital Assets	1,313,382	1,233,319	80,063
Total Assets	1,870,991	1,667,532	203,459
<b>LIABILITIES</b>			
Current Liabilities and Deferred			
Inflows of Resources	55,863	93,929	(38,066)
Non-Current Liabilities	13,612	11,435	2,177
Total Liabilities	69,475	105,364	(35,889)
<b>NET POSITION</b>			
Investment in Capital Assets	1,313,382	1,233,319	80,063
Unrestricted Net Position	488,134	328,849	159,285
Total Net Position	1,801,516	1,562,168	239,348
Total Liabilities and Net Position	1,870,991	1,667,532	203,459

The Statement of Net Position reflects an increase of \$ 239,348 for the year ended December 31, 2018 which includes a prior period adjustment of \$124,327. This increase is based on the net effect of operations which includes depreciation expense on capital assets for the year. This increase also included \$ 286,057 in capital fund revenue which was recognized as operating funds for the year. The \$124,327 was reported as a prior period adjustment to correct prior year reporting of capital fund revenue.

Net Capital Assets increased based on capital expenditures of \$ 162,025 less depreciation expense of \$ 81,962 for the year.

Total Liabilities had a net decrease based on the accrual of accounts payable and compensated absences at December 31, 2018.

**Analysis of Entity-Wide Revenue and Expenses**

The following table illustrates changes in revenue from FY 2017 to FY 2018.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
REVENUES AND GRANTS			
Tenant Revenue	228,889	212,801	16,088
HUD Operating Grants	651,293	336,150	315,143
Investment Income	99	117	(18)
Other Revenue	1,683	10,770	(9,087)
Total Revenues and Grants	881,964	559,838	322,126

Total Revenues and Grants had a net increase of \$ 322,126 for the year ended December 31, 2018. The Authority received approximately 74% of total revenue from the Department of Housing and Urban Development for the year. The Authority's operating and capital fund budgets fluctuate on an annual basis depending on the Authority's agency plan and Congressional approval of funding levels for the year.

Tenant Revenue represented approximately 26% of total revenue and increased \$ 16,088 for the year. Tenant revenue includes tenant dwelling rental charges and other tenant related charges for late fees and repairs.

Investment Income remained basically unchanged for the year.

The following table illustrates changes in expenses from FY 2017 to FY 2018.

EXPENSES	<u>2018</u>	<u>2017</u>	<u>Change</u>
Administration and Tenant Services	236,916	217,914	19,002
Utilities	84,133	75,252	8,881
Ordinary Maintenance	293,720	293,781	(61)
General Expenses	70,212	62,043	8,169
Depreciation Expense	81,962	85,610	(3,648)
Total Expenses	766,943	734,600	32,343

Total Expenses increased \$ 32,343 or 4.4% for the year ended December 31, 2018.

Administration and Tenant Services increased based on the following activity:

Increase in administrative salaries / benefits	\$ 11,525
Increase in legal expense	178
Increase in travel expense	1,817
Decrease in tenant services – other	(368)
Increase in office expenses / sundry	<u>5,850</u>
Total	<u>\$ 19,002</u>

Utility expenses increased across the board based on rates and consumption for the year.

Ordinary Maintenance and General Expenses had a net increase of \$ 8,108 for the year. These costs include all costs incurred by the Authority to maintain the tenant dwelling units and property in a safe sanitary manner. Costs include maintenance salaries and benefits, materials used to maintain the units and various contracts for waste management and other maintenance services. General expenses include insurance costs (property, liability, workers' compensation, public officials liability, auto, bond, etc.), collection losses, compensated absences and the payment in lieu of taxes to the County and local municipalities.

Depreciation represents the cost of all capital additions which are expensed over their estimated useful life and recorded as depreciation expense. This expense decreased \$ 3,648 based on standard calculations for the year.

## Capital Assets

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	337,183	337,183	0
Buildings and Equipment	4,479,720	4,336,715	143,005
Accumulated Depreciation	(3,503,521)	(3,440,579)	(62,942)
Net Capital Assets	1,313,382	1,233,319	80,063

Net Capital Assets increased \$ 80,063 for the year ended December 31, 2018.

This increase was based on the following activity for the year:

Building improvements - roofing	\$ 162,025
Depreciation expense	<u>(81,962)</u>
Total	<u>\$ 80,063</u>

## Economic Factors

Several significant economic factors affecting the Housing Authority are as follows:

- Congressional funding of the Department of Housing and Urban Development
- 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
- Health care and other insurance costs are expected to increase dramatically over the next several years.

**Financial Contact**

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

Ms. Kelly Evans, Executive Director  
Housing Authority of the City of Warrenton  
101 Phelps Drive, P.O. Box 2  
Warrenton, Georgia 30828  
706-465-3479

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
Warrenton, Georgia

STATEMENT OF NET POSITION – PROPRIETARY FUND TYPE

As of December 31, 2018

<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 305,832
Restricted cash	13,795
Investments	130,858
Accounts receivable - other government	33,368
Tenant rents receivable (net of \$1 allowance)	2,059
Fraud recovery receivable	1,411
Accrued interest receivable	8
Prepaid expenses	26,976
Supplies inventory (net of \$4,810 allowance)	43,302
Total current assets	557,609
Noncurrent Assets:	
Capital Assets:	
Nondepreciable capital assets	337,183
Depreciable capital assets, net	976,199
Total noncurrent assets	1,313,382
Total assets	1,870,991
Deferred outflow of resources	-
Total assets and deferred outflow of resources	1,870,991
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	
Current Liabilities:	
Accounts payable/accrued liabilities	19,017
Accrued payroll/ payroll taxes payable	7,412
Accounts payable - other government	10,899
Tenant security deposits	13,795
Accrued compensated absences payable	4,538
Unearned revenues	202
Total current liabilities	55,863
Noncurrent Liabilities:	
Accrued compensated absences payable	13,612
Total noncurrent liabilities	13,612
Total liabilities	69,475
Deferred inflow of resources	-
<b>NET POSITION</b>	
Investment in capital assets	1,313,382
Unrestricted net position	488,134
Total net position	\$ 1,801,516

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



HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

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

For the Year Ended December 31, 2018

Operating revenues:	
Tenant rental revenue (net)	\$ 228,889
HUD operating grants	651,293
Other revenue	1,683
Total operating revenues	<u>881,865</u>
Operating expenses:	
Administration	236,916
Utilities	84,133
Ordinary maintenance	293,720
Insurance	37,394
General expenses	32,818
Depreciation	81,962
Total operating expenses	<u>766,943</u>
Operating income (loss)	<u>114,922</u>
Nonoperating revenue (expenses):	
Interest income	99
Total nonoperating revenue (expenses)	<u>99</u>
Net income (Loss) before contributions	115,021
Contributions – capital grants	<u>-</u>
Increase (decrease) in net position	115,021
Net position, beginning of year, as restated	<u>1,686,495</u>
Net position, end of year	<u>\$ 1,801,516</u>

*The accompanying notes are an integral part of this statement.*

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Year Ended December 31, 2018

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Cash flows provided from/(used by) operating activities:	
Cash received from tenants and others	\$ 236,843
Cash paid for goods and services	(548,130)
Cash paid to employees for services	(190,866)
HUD operating grants	775,620
Net cash provided from/(used by) operating activities	<u>240,099</u>
Cash flows from noncapital financing activities	<u>-</u>
Cash flows provided from/(used by) capital and related financing activities	
Acquisition of capital assets	(162,025)
Net cash provided from/(used by) capital and related financing activities	<u>(162,025)</u>
Cash flows provided from/(used by) investing activities:	
Interest on investments	110
Proceeds from maturities of investments	130,749
Purchase of investments	(130,858)
Net cash flows provided from/(used by) investment activities	<u>1</u>
Net increase (decrease) in cash and cash equivalents	78,075
Cash and cash equivalents, beginning of year	<u>241,552</u>
Cash and cash equivalents, end of year	<u>\$ 319,627</u>
Reconciliation of cash/cash equivalents:	
Cash - operating	\$ 305,832
Restricted cash - tenant security deposits	13,795
Total cash and cash equivalents	<u>319,627</u>
Reconciliation of operating income (loss) to net cash provided from/ (used by) operating activities:	
Operating income (loss)	<u>\$ 114,922</u>
Adjustments to reconcile operating income (loss) to net cash provided from/(used by) operating activities:	
Depreciation	81,962
Changes in assets and liabilities:	
(Increase) decrease in tenants accounts receivable	6,209
(Increase) decrease in accounts receivable - HUD	124,327
(Increase) decrease in accounts receivable - other government	(33,368)
(Increase) decrease in inventory and prepaid insurance	(18,064)
Increase (decrease) in accounts payable and accrued liabilities	(9,128)
Increase (decrease) in accrued payroll/payroll taxes payable	(394)
Increase (decrease) in accounts payable other government	-
Increase (decrease) in accounts payable EGHA	(29,333)
Increase (decrease) in security deposits	(81)
Increase (decrease) in unearned revenues	143
Increase (decrease) in accrued compensated absences	2,904
Total adjustments	<u>125,177</u>
Net cash provided from/(used by) operating activities	<u>\$ 240,099</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: Summary of Significant Accounting Policies:

The accounting policies of the Housing Authority of the City of Warrenton 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 Warrenton 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 Warrenton, 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 Housing Authority of the City of Warrenton'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 Warrenton but the Authority designates its own management. The City of Warrenton 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 Mayor of the City of Warrenton, no other criterion is 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 Public Housing 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'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 the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

The Authority had 100 units in management and was administering a capital fund program.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The Authority accounts for its operation in one fund type, the enterprise fund that reflects all 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 Warrenton maintains one enterprise fund which includes the following programs: Public Housing Program and a Capital Fund 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. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted assets, and 3) unrestricted assets. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net 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. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents, payments of principal on outstanding debt, and capital outlay. Payments of outstanding debt and accrued interest by HUD which have been 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.

E. 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. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

F. 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.
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.

Disclosures about fair value of assets and liabilities

Fair value is defined as the price that would be received to sell 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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.

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 the average cost 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 structures 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 assets with an initial cost greater than \$1,000 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.



NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Accrued Compensated Absences

The Housing Authority of the City of Warrenton allows each of the Consortium full time employees to accumulate earned 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 outflows/inflows 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. The Authority does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority does not have any items that meet the criterion for this category.

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

*Investment in capital assets*

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 net of accumulated depreciation and related debt. The Authority has no related debt.

*Unrestricted Net Position*

Unrestricted net position include assets remaining after deducting liabilities and investment in capital assets and provides a basis of assessing the liquidity and financial flexibility of the Authority.

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 WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018, the Authority's deposits consist of the following:

	Total
Demand deposit accounts (checking, savings, and money market account)	\$ 319,527
Time deposits - certificates of deposit	130,858
	\$ 450,385

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 both HUD requirements and laws in the State of Georgia. At December 31, 2018, the Authority's deposits with financial institutions for all fund types had a carrying amount of \$450,385 and a bank balance of \$450,389. Of these bank balances, \$380,858 was covered by federal depository insurance and \$0 was collateralized with security held by a third party custodian in the Authority's name. The Authority had \$69,531 in unsecured deposits.

As of December 31, 2018, the Authority's deposits are classified in the financial statements as follows:

	Total
Cash and cash equivalents	\$ 305,732
Restricted cash	13,795
Investments	130,858
	\$ 450,385



NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: Detail Notes on All Programs (continued)

A. ASSETS (continued)

Deposits and Investments (continued)

In summary, as of December 31, 2018, the Authority's cash and cash equivalents consist of the following:

	Total
Demand deposit accounts (checking, savings, and money market account)	\$ 319,527
Petty cash and change fund	100
Total cash and cash equivalents	319,627
Less : restricted cash and cash equivalents	(13,795)
Unrestricted cash and cash equivalents	\$ 305,832

In summary, as of December 31, 2018, the Authority's investments consist of the following:

	Total
Time deposits - certificates of deposit	\$ 130,858
	\$ 130,858

Deposits in financial institutions are required to be secured and collateralized by the institutions. The collateral must meet certain 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 did not meet State and Federal deposit requirements.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will reduce the fair value of the investment. While the Authority's formal investment policy does not specifically address the exposure to this risk, the Authority typically ladders its investment portfolio maturities to maximize earnings from changes in interest rates.

Credit risk – The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

Custodial credit risk – For cash or an investment, the custodial credit risk is the risk that in the event of the failure of the counter party, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority's cash balances in the banks were not fully collateralized at 100% with pledged securities held by a custodian of another banking party. The Authority has no policy on custodial credit risk.

Concentration of credit risk – the Authority's investment policy does not restrict 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 \$13,795 in tenant security deposits in the general checking account.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: Detail Notes on All Programs (continued)

A. ASSETS (continued)

Deposits and Investments (continued)

The Authority invests in accordance with HUD regulations. As of December 31, 2018, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	12/31/2018	Maturity
Certificates of Deposit	Fair Value - Level 1	\$ 130,858	7 to 12 months
<b>Total Investments</b>		<u>\$ 130,858</u>	

Accounts Receivable – Other Government

The Authority had the following accounts receivable – other government at December 31, 2018:

Thomson Housing Authority    \$ 33,368

Prepaid Expenses

As of December 31, 2018, prepaid expenses consisted of the following:

Prepaid Insurance            \$ 26,976  
Total                                \$ 26,976

Capital Assets

The capital assets (at cost) of the Housing Authority of the City of Warrenton at December 31, 2018 consisted of the following:

	Balance at Dec. 31, 2017	Additions	Deletions/ Adjustments	Transfers	Balance at Dec. 31, 2018
<b>Nondepreciable Capital Assets:</b>					
Land (nondepreciable)	\$ 337,183	\$ -	\$ -	\$ -	\$ 337,183
Construction in progress	-	-	-	-	-
<b>Total Nondepreciable Assets</b>	<u>337,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,183</u>
<b>Depreciable capital assets:</b>					
Buildings and improvements	4,218,800	162,025	-	-	4,380,825
Furniture, equip., vehicles	117,915	-	(19,020)	-	98,895
<b>Total Depreciable Assets</b>	<u>4,336,715</u>	<u>-</u>	<u>(19,020)</u>	<u>-</u>	<u>4,479,720</u>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	3,331,099	81,373	-	-	3,412,472
Furniture, equip., vehicles	109,480	589	(19,020)	-	91,049
<b>Total Accumulated Depreciation</b>	<u>3,440,579</u>	<u>81,962</u>	<u>(19,020)</u>	<u>-</u>	<u>3,503,521</u>
<b>Total Depreciable Assets, net</b>	<u>896,136</u>	<u>(81,962)</u>	<u>-</u>	<u>-</u>	<u>976,199</u>
<b>Total Capital Assets, Net</b>	<u>\$ 1,233,319</u>	<u>\$ (81,962)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,382</u>

Depreciation expense was \$81,962 for the year ended December 31, 2018.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: Detail Notes on All Programs (continued)

A. ASSETS (continued)

Capital Assets (continued)

A summary of capital assets at December 31, 2018 is as follows:

	Low-Rent	Total
Land	\$ 337,183	\$ 337,183
Construction in progress	-	-
Buildings and improvements	4,380,825	4,380,825
Equipment	98,895	98,895
	4,816,903	4,816,903
Less: accumulated depreciation	(3,503,521)	(3,503,521)
Capital assets, net	\$ 1,313,382	\$ 1,313,382

B. LIABILITIES

Accounts Payable

The Authority had the following accounts payable at December 31, 2018:

Vendors	\$ 9,515	
Utilities	9,502	
	\$ 19,017	

Accounts Payable – Other Government

The Authority had the following accounts payable- other government at December 31, 2018:

City of Warrenton (PILOT)	\$ 10,899	
Total	\$ 10,899	

Unearned revenues

The Authority had unearned revenues as follows at December 31, 2018:

Prepaid rents	\$ 202	
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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 and the returns earned on investments of those contributions.

As all employees are employees of the East Georgia Housing Authorities Partnership (EGHAP), EGHAP contributes an amount equal to 13.5% of each employee's annual compensation to the plan, with each member of EGHAP covering their share of the costs based on a percentage of units methodology. Pension expense totaled \$21,140 for the year ended December 31, 2018. Employees are not required to make, nor did they make, any contributions to the plan.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: Detail Notes on All Programs (continued)

B. LIABILITIES (continued)

Noncurrent Liabilities

Changes in noncurrent liabilities are as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Less Amounts Due Within One Year	Noncurrent Balance 12/31/18
Accrued compensated absences	\$ 15,246	\$ 11,085	\$ (8,181)	\$ 18,150	\$ (4,538)	\$ 13,612
Total	\$ 15,246	\$ 11,085	\$ (8,181)	\$ 18,150	\$ (4,538)	\$ 13,612

C. NET POSITION

Schedule of Restatement of Net Position:

	Investment In Capital Assets	Unrestricted Net Position	Total
Balance - beginning of year	\$ 1,233,319	\$ 328,849	\$ 1,562,168
*Adjustments to restate beginning balance	-	124,327	124,327
Balance - beginning of year, restated	1,233,319	453,176	1,686,495
Increase in net position	-	115,021	115,021
Changes in investment in capital assets	80,063	(80,063)	-
Balance - end of year	\$ 1,313,382	\$ 488,134	\$ 1,801,516

\*Adjustments to restate beginning balance:

To correct prior year capital fund revenue	\$ 124,327
Total	<u>\$ 124,327</u>

The effect of the adjustment is to increase beginning balance – amount of increase in change in net position for the year ended December 31, 2017.

NOTE 4: Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by participating and obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the fund where the coverage is required. Insurance coverage provided includes property and casualty, general liability, fidelity bond, workers compensation. During the current or subsequent period there were no claims made or paid that were not covered by the Authority's insurance providers. There were no significant coverage decreases in the current or subsequent audit period.

The Authority participates in the Housing Authority Risk Retention Group. The Group was established for the purposes of providing each member with indemnification and financial protection against, and risk management services with respect to, any risk of loss as may be agreed upon by the Member and the Group. The Group is required to assess an initial reserve contribution and periodic contributions, to establish a self insured retention fund and to arrange for reinsurance contracts for any excess insurance needed. The Group is allowed to assess retrospective increases in the periodic contributions to all members as a group based on the experience of all members as a group. The members of this Group are required to remit to the Group any required initial reserve contribution and the periodic contributions to comply with the terms of any risk management program developed by the Group.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: Risk Management (continued)

The Authority has also joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the Authority is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Authority is also to allow the pool's agents and attorneys to represent the Authority in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Authority within the scope of loss protection furnished by the funds.

If funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

NOTE 5: Claims and Judgments

At December 31, 2018, the Authority was not a defendant to any lawsuit whose outcome would be material to the financial statements. No provision was made in the audited financial statements for any contingent liabilities. In the opinion of management and the Authority's attorney, there is no legal matter that will have a materially adverse affect on the Authority's financial position.

NOTE 6: Affiliated Authority

The Authority is affiliated with the East Georgia Housing Authorities Partnership (EGHAP). EGHAP is comprised of the Housing Authority of the City of Thomson, the Housing Authority of the City of Warrenton, the Housing Authority of the City of Crawfordville, and the Housing Authority of the City of Harlem. This partnership provides for centralized administrative and maintenance staff to run all authorities. Shared costs are allocated on a percentage of number of units methodology and charged monthly to the members. This affiliation does not meet the criteria under GASB 61 for the inclusion in the reporting entity of the Authority, nor does it represent a related party. As of December 31, 2018, the Authority had \$33,368 due from the Housing Authority of the City of Thomson for over reimbursements of operating expenses paid by the Housing of the City of Thomson on behalf of the Authority.

NOTE 7: Conduit Type Debt

Debt related to the original acquisition and early modernization of the public housing developments is 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 Housing Authority. HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8: Concentrations

For the year ended December 31, 2018, approximately 73.85% 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 9: Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through July 1, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 10: Commitments and Contingencies

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing grants given to the Authority in the current and prior years. During the year ended December 31, 2018, the Authority did not have any reviews performed by federal and state agencies.

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. In the opinion of management, any such adjustments would not be significant.

Construction Commitments: The Authority may have major construction projects in progress from time to time. These may include modernizing rental units at the project sites. As of December 31, 2018, the Authority did not have any construction related commitments.

**SUPPLEMENTAL INFORMATION SECTION**

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
Warrenton, Georgia

STATEMENT OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

December 31, 2018

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1. The capital fund program costs of GA127-501 (2014) are as follows:

	<u>GA127-501 (2014)</u>
Funds approved	\$ 124,327
Funds expended	<u>(124,327)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 124,327
Funds expended	<u>(124,327)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

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

*See auditor's report.*



**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
Warrenton, Georgia

STATEMENT OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

December 31, 2018

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1. The capital fund program costs of GA127-501 (2016) are as follows:

	<u>GA127-501 (2016)</u>
Funds approved	\$ 137,685
Funds expended	<u>(137,685)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 137,685
Funds expended	<u>(137,685)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. Costs incurred during the current audit period totaled \$137,685.

*See auditor's report.*

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

STATEMENT OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

December 31, 2018

1. The capital fund program costs of GA127-501 (2017) are as follows:

	<u>GA127-501 (2017)</u>
Funds approved	\$ 148,372
Funds expended	<u>(148,372)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 148,372
Funds expended	<u>(148,372)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. Costs incurred during the current audit period totaled \$148,372.

*See auditor's report.*

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

**Schedule of Expenditures of Federal Awards**

For the Twelve Months Ended December 31, 2018

FEDERAL GRANTOR	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U. S. Department of HUD			
Public Housing Program	14.850	\$ 365,236	\$ 365,236
Capital Fund Program	14.872	\$ 286,057	286,057
TOTAL			<u>\$ 651,293</u>

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditure of federal awards (the “Schedule”) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2018. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year.

**Note 3 – Indirect Cost Rate**

The Authority is not reimbursed for indirect costs under any of its federal Awards and does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance or any other indirect cost rate.

*See auditor's report.*

Housing Authority of the City of Warrenton (GA127)  
WARRENTON, GA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$305,832	\$305,832		\$305,832
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$13,795	\$13,795		\$13,795
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$319,627	\$319,627	\$0	\$319,627
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	\$33,368	\$33,368		\$33,368
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$2,060	\$2,060		\$2,060
126.1 Allowance for Doubtful Accounts - Tenants	-\$1	-\$1		-\$1
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$1,411	\$1,411		\$1,411
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0		\$0
129 Accrued Interest Receivable	\$8	\$8		\$8
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$36,846	\$36,846	\$0	\$36,846
131 Investments - Unrestricted	\$130,858	\$130,858		\$130,858
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$26,976	\$26,976		\$26,976
143 Inventories	\$48,112	\$48,112		\$48,112
143.1 Allowance for Obsolete Inventories	-\$4,810	-\$4,810		-\$4,810
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$557,609	\$557,609	\$0	\$557,609

161 Land	\$337,183	\$337,183	\$337,183	\$337,183
162 Buildings	\$4,380,825	\$4,380,825	\$4,380,825	\$4,380,825
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$98,895	\$98,895	\$98,895	\$98,895
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$3,503,521	-\$3,503,521	-\$3,503,521	-\$3,503,521
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,313,382	\$1,313,382	\$1,313,382	\$1,313,382
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,313,382	\$1,313,382	\$1,313,382	\$1,313,382
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$1,870,991	\$1,870,991	\$1,870,991	\$1,870,991
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$9,515	\$9,515	\$9,515	\$9,515
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$7,412	\$7,412	\$7,412	\$7,412
322 Accrued Compensated Absences - Current Portion	\$4,538	\$4,538	\$4,538	\$4,538
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$10,899	\$10,899	\$10,899	\$10,899
341 Tenant Security Deposits	\$13,795	\$13,795	\$13,795	\$13,795
342 Unearned Revenue	\$202	\$202	\$202	\$202
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$9,502	\$9,502	\$9,502	\$9,502
346 Accrued Liabilities - Other				

347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$55,863	\$55,863	\$55,863	\$55,863
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352	Long-term Debt, Net of Current - Operating Borrowings				
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current	\$13,612	\$13,612	\$13,612	\$13,612
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$13,612	\$13,612	\$13,612	\$13,612
300	Total Liabilities	\$69,475	\$69,475	\$69,475	\$69,475
400	Deferred Inflow of Resources				
508.4	Net Investment in Capital Assets	\$1,313,382	\$1,313,382	\$1,313,382	\$1,313,382
511.4	Restricted Net Position	\$0	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$488,134	\$488,134	\$488,134	\$488,134
513	Total Equity - Net Assets / Position	\$1,801,516	\$1,801,516	\$1,801,516	\$1,801,516
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,870,991	\$1,870,991	\$1,870,991	\$1,870,991

Housing Authority of the City of Warrenton (GA127)  
WARRENTON, GA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$211,763	\$211,763		\$211,763
70400 Tenant Revenue - Other	\$17,126	\$17,126		\$17,126
70500 Total Tenant Revenue	\$228,889	\$228,889	\$0	\$228,889
70600 HUD PHA Operating Grants	\$651,293	\$651,293		\$651,293
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue	\$0	\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$99	\$99		\$99
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$1,683	\$1,683		\$1,683
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$881,964	\$881,964	\$0	\$881,964
91100 Administrative Salaries	\$96,196	\$96,196		\$96,196
91200 Auditing Fees	\$6,150	\$6,150		\$6,150
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$61,544	\$61,544		\$61,544



91600 Office Expenses	\$41,375	\$41,375	\$41,375	\$41,375
91700 Legal Expense	\$262	\$262	\$262	\$262
91800 Travel	\$13,803	\$13,803	\$13,803	\$13,803
91810 Allocated Overhead				
91900 Other	\$17,586	\$17,586	\$17,586	\$17,586
91000 Total Operating - Administrative	\$236,916	\$236,916	\$236,916	\$236,916
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$13,947	\$13,947	\$13,947	\$13,947
93200 Electricity	\$10,839	\$10,839	\$10,839	\$10,839
93300 Gas	\$49,643	\$49,643	\$49,643	\$49,643
93400 Fuel				
93500 Labor				
93600 Sewer	\$9,704	\$9,704	\$9,704	\$9,704
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$84,133	\$84,133	\$84,133	\$84,133
94100 Ordinary Maintenance and Operations - Labor	\$87,071	\$87,071	\$87,071	\$87,071
94200 Ordinary Maintenance and Operations - Materials and Other	\$30,971	\$30,971	\$30,971	\$30,971
94300 Ordinary Maintenance and Operations Contracts	\$124,657	\$124,657	\$124,657	\$124,657
94500 Employee Benefit Contributions - Ordinary Maintenance	\$51,021	\$51,021	\$51,021	\$51,021
94000 Total Maintenance	\$293,720	\$293,720	\$293,720	\$293,720
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$22,177	\$22,177	\$22,177	\$22,177
96120 Liability Insurance	\$5,111	\$5,111	\$5,111	\$5,111
96130 Workmen's Compensation	\$6,687	\$6,687	\$6,687	\$6,687



96140 All Other Insurance	\$3,419	\$3,419	\$3,419	\$3,419
96100 Total Insurance Premiums	\$37,394	\$37,394	\$0	\$37,394
96200 Other General Expenses				
96210 Compensated Absences	\$11,085	\$11,085		\$11,085
96300 Payments in Lieu of Taxes	\$10,899	\$10,899		\$10,899
96400 Bad debt - Tenant Rents	\$10,834	\$10,834		\$10,834
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$32,818	\$32,818	\$0	\$32,818
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$684,981	\$684,981	\$0	\$684,981
97000 Excess of Operating Revenue over Operating Expenses	\$196,983	\$196,983	\$0	\$196,983
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$81,962	\$81,962		\$81,962
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$766,943	\$766,943	\$0	\$766,943
10010 Operating Transfer In				
10020 Operating transfer Out	\$286,057	\$286,057	-\$286,057	\$0
10030 Operating Transfers from/to Primary Government	-\$286,057	-\$286,057	\$286,057	\$0
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				

10080	Special Items (Net Gain/Loss)							
10091	Inter Project Excess Cash Transfer In							
10092	Inter Project Excess Cash Transfer Out							
10093	Transfers between Program and Project - In							
10094	Transfers between Project and Program - Out							
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$115,021	\$115,021	\$0	\$115,021	\$0	\$115,021	\$115,021
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030	Beginning Equity	\$1,562,168	\$1,562,168	\$1,562,168	\$1,562,168	\$1,562,168	\$1,562,168	\$1,562,168
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$124,327	\$124,327	\$124,327	\$124,327	\$124,327	\$124,327	\$124,327
11050	Changes in Compensated Absence Balance							
11060	Changes in Contingent Liability Balance							
11070	Changes in Unrecognized Pension Transition Liability							
11080	Changes in Special Term/Severance Benefits Liability							
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100	Changes in Allowance for Doubtful Accounts - Other							
11170	Administrative Fee Equity							
11180	Housing Assistance Payments Equity							
11190	Unit Months Available	1200	1200	1200	1200	1200	1200	1200
11210	Number of Unit Months Leased	1159	1159	1159	1159	1159	1159	1159
11270	Excess Cash	\$374,387	\$374,387	\$374,387	\$374,387	\$374,387	\$374,387	\$374,387
11610	Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620	Building Purchases	\$162,025	\$162,025	\$162,025	\$162,025	\$162,025	\$162,025	\$162,025
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13510	CFFP Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**OTHER INFORMATION SECTION**

# Phillip C. Jarrell, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S 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  
Housing Authority of the City of Warrenton  
Warrenton, Georgia

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Warrenton, which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued my report thereon July 1, 2019.

## Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Warrenton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Warrenton's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Warrenton's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, I identified certain deficiencies in internal control that I consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority of the City of Warrenton's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2018-001, 2018-002, and 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the City of Warrenton's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as 2018-001, 2018-002, 2018-003, and 2018-004.

### **Housing Authority of the City of Warrenton's Response to Findings**

The Housing Authority of the City of Warrenton's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. The Housing Authority of the City of Warrenton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control 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 Warrenton's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Warrenton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Phillip C. Jarrell, LLC  
Certified Public Accountant

Hazlehurst, Georgia  
July 1, 2019

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**

Warrenton, Georgia

December 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES

**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?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	Yes

**Section II - Financial Statement Findings:**

The following audit finding relating to this area for the period ended December 31, 2018:

Finding

No.

2018-001      Unaudited Financial Data Schedule submission contained a material prior period adjustment

Criteria:      The Authority is required to implement internal controls that would ensure the Authority's compliance with financial reporting in accordance with GAAP.

Condition:      The Authority's unaudited submission to the Real Estate Assessment Center contained a material prior period adjustment related to Capital Fund Program Costs and CFP program revenue.

Questioned

Costs:      None.

Effect:      The Authority's revenues in the prior year were materially misstated.

Cause:      The Authority did not properly track prior year CFP costs and make CFP draws timely.

Recommendation:      The Authority should implement a process in order to track CFP costs and make CFP draws more timely.

Management

Response:      We will implement controls to ensure that all CFP costs are tracked and timely drawn down from HUD.

HOUSING AUTHORITY OF THE CITY OF WARRENTON

Warrenton, Georgia

December 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES (continued)

**Section II - Financial Statement Findings (continued):**

Finding

No.

2018-002

Operating Budget Not Approved Prior to Start of Fiscal Year

Criteria:

Under Section 11 of the Annual Contributions Contract (ACC), the Authority is required to have Board approval of its operating budget before the beginning of its fiscal year.

Condition:

The Authority's Board did not approve its operating budget for fiscal year 2018 until December 4, 2018.

Questioned

Costs:

None.

Effect:

The Authority operated most of its fiscal year without a Board approved budget in effect.

Cause:

The Board of Commissioners did not approve the operating budget until December 4, 2018.

Recommendation:

The Authority should have the Board of Commissioners approve the operating budget before the beginning of its fiscal year.

Management

Response:

We will implement controls to ensure that financial statements are reviewed to determine that operating expenses are within budget and ensure that operating budgets are approved before the beginning of the Authority's fiscal year.



HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

December 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES (continued)

**Section II - Financial Statement Findings (continued):**

Finding

No.

2018-003

Noncompliance with procurement policy

Criteria:

In accordance with the Authority's procurement policy, the Authority is required to have written contracts for all services provided to the Authority. For all purchases made above the Micro purchase threshold, the Authority is required to perform an internal cost estimate. The Authority is also required to maintain a system of contract administration to ensure that contractors perform in accordance with their contracted agreements.

Condition:

4 out of the 4 purchases of ongoing services tested did not have any written contracts in place. Only 1 out of the 4 had an internal cost estimates performed to determine if costs were reasonable.

Questioned

Costs:

None.

Effect:

The Authority is not in compliance with its procurement policy.

Cause:

The Authority does not maintain a system of contract administration to ensure that contractors perform in accordance with their contracted agreements nor does the Authority perform internal cost estimates to ensure services provided are reasonable.

Recommendation:

The Authority should implement a system of contract administration to oversee all agreed services provided to the Authority including having written contracts that document the requirements of both parties. The Authority should also perform internal cost estimates for all purchases above the Micro purchase threshold to ensure cost of services received are reasonable.

Management

Response:

We will implement a system of contract administration to oversee all agreed services provided to the Authority.



HOUSING AUTHORITY OF THE CITY OF WARRENTON

Warrenton, Georgia

December 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES (continued)

**Section II - Financial Statement Findings (continued):**

Finding

No.

2018-004                    Unsecured Deposits totaling \$69,531

Criteria:                    Federal Code of Regulations, Part 982 (24 CFR § 982.156) and Section 9 of the Authority's ACC requires the Authority to establish cash management procedures whereby the PHA is required to ensure that funds are adequately secured by FDIC or have securities pledged to cover excess deposits.

Condition:                    The Authority's deposits in a local financial institution exceeded the FDIC coverage by \$69,531.

Questioned

Costs:                        None.

Effect:                        A concentration of risk exists by not having adequately secured deposits.

Cause:                        The Authority did not ensure that deposits were adequately secured by the financial institution.

Recommendation:            The Authority should implement a review process in order to verify that deposits are properly secured by FDIC coverage or securities pledged in the Authority's name.

Management

Response:                    A depository agreement was signed by the financial institution and it was understood that the financial institution had pledged securities to cover the deposits in excess of the FDIC coverage. A review process will be implemented to ensure deposits are adequately insured.

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
Warrenton, Georgia

December 31, 2018

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The prior audit report for the period ended December 31, 2017 contained the following audit findings:

Finding  
No.

- 2017-001 East Georgia Housing Authorities Partnership (EGHAP) Allocation of Expenses  
Fieldwork disclosed this condition no longer exists.
- 2017-002 Budget overrun in Public Housing totaling \$87,291  
This finding still exists. See current year finding 2018-002.
- 2017-003 Noncompliance with procurement policy  
This finding still exists. See current year finding 2018-003.
- 2017-004 Noncompliance with Eligibility  
Fieldwork disclosed this condition no longer exists.

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
Warrenton, Georgia

December 31, 2018

CORRECTIVE ACTION PLAN

The following is the corrective action planned by the Authority regarding the current audit findings for the year ended December 31, 2018:

- | <u>Finding<br/>No.</u> |  |
|------------------------|--|
| 2018-001               | <p><u>Unaudited Financial Data Schedule submission contained a material prior period adjustment</u></p> <p>We will implement controls to ensure that all CFP expenses are tracked and timely drawn down from HUD.</p> <p>Date of completion: Ongoing</p>   |
| 2018-002               | <p><u>Operating Budget Not Approved Prior to Start of Fiscal Year</u></p> <p>We will implement controls to ensure that financial statements are reviewed to determine that operating expenses are within budget and ensure that operating budgets are approved before the beginning of the Authority's fiscal year.</p> <p>Date of completion: Ongoing</p> |
| 2018-003               | <p><u>Noncompliance with procurement policy</u></p> <p>We will implement a system of contract administration to oversee all agreed services provided to the Authority.</p> <p>Date of completion: Ongoing</p>  |
| 2018-004               | <p><u>Unsecured Deposits totaling \$69,531</u></p> <p>We have required the local financial institution to pledge securities to cover deposits in excess of FDIC coverage and we will implement a review process to ensure deposits are adequately secured.</p>   |

Contact person  
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