

Housing Authority of the City of Warrenton
Warrenton, Georgia

AUDIT REPORT

For the Year Ended December 31, 2019

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Kendall L. Davis, P.C.

Georgia Society of CPA's

CERTIFIED PUBLIC ACCOUNTANT

34 S. Williams St. * Hazlehurst, Georgia 31539 * (912-375-6077) Fax (912-375-6078) * kendallpc@bellsouth.net

INDEPENDENT AUDITOR'S REPORT

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

Report on 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, 2019, and the related Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for the year then ended, and the related Notes to 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 the Housing Authority of the City of Warrenton as of December 31, 2019, 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

Report on Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 9 be presented to supplement the basic 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 my 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 on pages 29 – 36 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 March 17, 2021 on my consideration of the 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 the 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 internal control over financial reporting or on compliance. This 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.

Kendall L. Davis, P.C.

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

Hazlehurst, Georgia
March 17, 2021

Housing Authority of the City of Warrenton

Warrenton, Georgia

Management's Discussion and Analysis

December 31, 2019

The Warrenton 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, 2019, total assets and deferred outflow of resources were \$2,011,582 as compared to \$1,870,991, as of December 31, 2018, an increase of \$140,591, or 7.51%. Current assets increased \$228,443 and capital assets decreased \$87,852.

Total liabilities increased \$187,691, or 270.16%, primarily due to increases in Accounts Payable of \$33,179, Accrued Wage/Payroll Taxes Payable of \$1,554, Accrued Compensated Absences – Current Portion of \$2,877, Accounts Payable – Other Governments of \$153,422, and Accrued Liabilities – Other of \$8,884 offset by decreases in Other Current Liabilities of \$9,502 and Accrued Compensated Absences – Non Current of \$4,025.

In 2019, total revenue decreased \$169,243, as compared to 2018, due to decreases in Total Tenant Revenue of \$20,912, HUD PHA Operating Grants of \$147,089, and Other Revenue of \$1,427.

Total expenses decreased \$7,122, or -0.93%, due to decreases in Administrative Expenses of \$15,026, Maintenance Expenses of \$2,010, and Other General Expenses of \$4,968 offset by increases in Utilities Expenses of \$6,993, Insurance Premiums of \$1,920, and Depreciation Expense of \$5,891.

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

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

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 Warrenton Housing Authority for year-ending December 31, 2019.

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, 2019.

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

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, 2019. 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, 2019.

Warrenton 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, 2019

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Variance</u>	<u>% Change</u>
Cash and Investments	\$ 702,028	\$ 450,485	\$ 251,543	55.84%
Other Current Assets	84,024	107,124	(23,100)	-21.56%
Total Current Assets	<u>786,052</u>	<u>557,609</u>	<u>228,443</u>	<u>40.97%</u>
Capital Assets	1,225,530	1,313,382	(87,852)	-6.69%
Total Assets	<u>2,011,582</u>	<u>1,870,991</u>	<u>140,591</u>	<u>7.51%</u>
Deferred Outflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Total Assets and Deferred Outflow of Resources	<u>2,011,582</u>	<u>1,870,991</u>	<u>140,591</u>	<u>7.51%</u>
Current Liabilities	247,579	55,863	191,716	343.19%
Non-Current Liabilities	<u>9,587</u>	<u>13,612</u>	<u>(4,025)</u>	<u>-29.57%</u>
Total Liabilities	<u>257,166</u>	<u>69,475</u>	<u>187,691</u>	<u>270.16%</u>
Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Net Position				
Net Investment in Capital Assets	1,225,530	1,313,382	(87,852)	-6.69%
Unrestricted Net Position	<u>528,886</u>	<u>488,134</u>	<u>40,752</u>	<u>8.35%</u>
Total Net Position	<u>1,754,416</u>	<u>1,801,516</u>	<u>(47,100)</u>	<u>-2.61%</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 2,011,582</u>	<u>\$ 1,870,991</u>	<u>\$ 140,591</u>	<u>7.51%</u>

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

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, 2019, current assets were \$786,052 as compared to \$557,609, as of December 31, 2018, an increase of \$228,443. Current assets increased primarily due to increases in Cash – Unrestricted of \$250,880, Accounts Receivables – Tenant Rents of \$2,214, Prepaid Expenses and Other Assets of \$4,069, and Inventories of \$5,376 offset by a decrease in Accounts Receivables – Miscellaneous of \$33,368.

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 \$87,852 due to a decrease in Administrative Equipment of \$19,836 and an increase in Accumulated Depreciation of \$68,016.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation)

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Variance</u>
Non-depreciable assets:			
Land	\$ 337,182	\$ 337,183	\$ (1)
Construction in progress	-	-	-
Total non-depreciable	<u>337,182</u>	<u>337,183</u>	<u>(1)</u>
Depreciable assets:			
Buildings	4,380,826	4,380,825	1
Furniture, Equipment & Machinery			
– Dwellings	-	-	-
– Administration	79,059	98,895	(19,836)
Leasehold Improvements	-	-	-
Total depreciable assets	<u>4,459,885</u>	<u>4,479,720</u>	<u>(19,835)</u>
Less accumulated depreciation	<u>(3,571,537)</u>	<u>(3,503,521)</u>	<u>(68,016)</u>
Book value – depreciable assets	<u>\$ 888,348</u>	<u>\$ 976,199</u>	<u>\$ (87,851)</u>
Percentage depreciated	80.08%	78.21%	
Book value – all assets	<u>\$ 1,225,530</u>	<u>\$ 1,313,382</u>	<u>\$ (87,852)</u>

The Housing Authority had no capital asset additions in fiscal year 2019. Capital assets decreased \$87,851 due to current year depreciation.

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.

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

As of December 31, 2019, current liabilities were \$247,579 as compared to \$55,863, as of December 31, 2018, an increase of \$191,716. The change consisted primarily of increases in Accounts Payable of \$33,179, Accrued Wage/Payroll Taxes Payable of \$1,554, Accrued Compensated Absences – Current Portion of \$2,877, Accounts Payable – Other Government of \$153,422, and Accrued Liabilities – Other of \$8,884 offset by a decrease in Other Current Liabilities of \$9,502.

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 \$9,587 in Accrued Compensated Absences- Noncurrent, as of December 31, 2019, as compared to \$13,612 as of December 31, 2018.

Debt:

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

Net Position:

As of December 31, 2019, the Housing Authority had \$1,754,416 in total net position. Of this amount, \$528,886 of unrestricted net position may be used to meet the Authority's future ongoing expenses and obligations. The remainder of \$1,225,530 represents the net 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. Warrenton Housing Authority's expendable fund balance increased \$31,890 due to an increase in current assets offset by a smaller increase in current liabilities (figures based on the 2018 and 2019 FDS information).

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	<u>\$ 490,334</u>	<u>\$ 458,444</u>	<u>\$ 31,890</u>	<u>6.96%</u>
Number of Months Expendable	<u>8.76</u>	<u>8.03</u>	<u>0.73</u>	<u>9.03%</u>

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 0.73 months due to an

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

increase in the expendable fund balance and a decrease in average monthly expense (figures based on the 2018 and 2019 FDS information).

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$ 207,977	\$ 228,889	\$ (20,912)	-9.14%
Federal Grants & Subsidy	504,204	651,293	(147,089)	-22.58%
Investment Income	284	99	185	186.87%
Other Income	256	1,683	(1,427)	-84.79%
Gain/Loss on Sale of Cap Assets	-	-	-	0.00%
Total Revenue	<u>712,721</u>	<u>881,964</u>	<u>(169,243)</u>	<u>-19.19%</u>
Expenses:				
Administrative	221,890	236,916	(15,026)	-6.34%
Tenant Services	-	-	-	0.00%
Utilities	91,126	84,133	6,993	8.31%
Routine Maintenance	291,710	293,720	(2,010)	-0.68%
Protective Services	78	-	78	100.00%
General Expenses	67,164	70,212	(3,048)	-4.34%
Non-Routine Expenses	-	-	-	0.00%
Depreciation	87,853	81,962	5,891	7.19%
Total Operating Expenses	<u>759,821</u>	<u>766,943</u>	<u>(7,122)</u>	<u>-0.93%</u>
Increase (Decrease) in Net Position	<u>\$ (47,100)</u>	<u>\$ 115,021</u>	<u>\$ (162,121)</u>	<u>-140.95%</u>

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 decreased \$20,912 due to decrease in Net Tenant Rental Revenue of \$20,674 and Tenant Revenue – Other of \$238.

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 2019, Warrenton Housing Authority's operating grants decreased \$147,089.

Investment income increased \$185 and Other Revenue decreased by \$1,427. 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 \$15,026 primarily due to decreases in Administrative Employee Benefits of

Housing Authority of the City of Warrenton
Management's Discussion and Analysis
December 31, 2019

\$13,440, Office Expenses of \$2,635, Travel of \$5,528, and Other Administrative Expenses of \$2,596 offset by increases in Administrative Salaries of \$6,175 and Legal Expense of \$2,212.

Utilities Expense increased by \$6,993 primarily due to increases in Electricity of \$3,701 and Gas Expenses of \$5,690 offset by a decrease in Sewer Expense of \$1,431.

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. Routine maintenance expense decreased \$2,010 due to decreases in Labor of \$15,421 and Maintenance Employee Benefits of \$16,070 offset by increases in Materials of \$24,073 and Contracts of \$5,408.

Insurance Premiums increased \$1,920 primarily due to an increase in Property Insurance of \$2,867 offset by a decrease in Liability Insurance of \$1,179.

Other General Expenses – General expenses include insurance expense, compensated absences, and payment in lieu of taxes. Total Other General Expenses decreased by \$4,968 primarily due to a decrease in Compensated Absences of \$3,670.

Depreciation Expense increased \$5,891.

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 (Warren County) unemployment rate in 2019 was 4.3% compared to 5.0% in FY 2018, which is 0.7 percentage points lower than prior year.
- Congressional funding of the Department of Housing and Urban Development. The Authority's eligibility for calendar year 2019 was \$385,309. HUD provided funding at 94.74% of the eligible amount in 2018 and 97.77% in 2019. Due to the proration of funding, the Authority received \$376,717 for calendar year 2019.

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 Kelly Evans, Executive Director, Warrenton Housing Authority, PO Box 627, Thomson, GA 30824, telephone number (706) 595-4878.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

STATEMENT OF NET POSITION – PROPRIETARY FUND TYPE
As of December 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	556,712
Restricted cash		14,280
Investments - unrestricted		131,036
Tenant rents receivable (net of \$427 allowance)		3,847
Fraud recovery receivable (net of \$110 allowance)		987
Accrued interest receivable		6
Prepaid expenses		31,045
Supplies inventory (net of \$5,349 allowance)		48,139
Total current assets		786,052

Noncurrent Assets:

Capital Assets:

Nondepreciable capital assets		337,182
Depreciable capital assets, net		888,348
Total noncurrent assets		1,225,530
Total assets		2,011,582

Deferred outflow of resources

Total assets and deferred outflow of resources		\$ 2,011,582
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LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	\$	51,578
Accrued wages/payroll taxes payable		8,966
Accounts payable - other government		164,321
Tenant security deposits		14,280
Unearned revenue		1,019
Accrued compensated absences		7,415
Total current liabilities		247,579

Noncurrent Liabilities:

Accrued compensated absences		9,587
Total noncurrent liabilities		9,587
Total Liabilities		257,166

Deferred inflows of resources

Total liabilities and deferred inflow of resources		-
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NET POSITION

Net investment in capital assets		1,225,530
Unrestricted net position		528,886
Total net position		1,754,416
Total liabilities, deferred inflows of resources, and net position		\$ 2,011,582

See auditor's report.

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, 2019

Operating revenues:	
Tenant rental revenue (net of collection losses of \$9,874)	\$ 198,103
HUD operating grants	504,204
Other revenue	256
Total operating revenues	<u>702,563</u>
Operating expenses:	
Administration	221,890
Utilities	91,126
Ordinary maintenance	291,710
Insurance	39,314
General expenses	17,976
Protective services	78
Depreciation	87,853
Total operating expenses	<u>749,947</u>
Operating income (loss)	<u>(47,384)</u>
Nonoperating revenue (expenses):	
Interest income	284
Total nonoperating revenue (expenses)	<u>284</u>
Net Income (Loss) before contributions	(47,100)
Contributions – capital grants	<u>-</u>
Increase (decrease) in net position	(47,100)
Net position, beginning of year	<u>1,801,516</u>
Net position, end of year	<u>\$ 1,754,416</u>

See auditor's report.

The notes to the financial statements 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, 2019

Cash flows provided from/ (used by) operating activities:	
Cash received from tenants/others	\$ 230,263
Cash paid for goods and services	(309,189)
Cash paid to employees for services	(174,021)
HUD operating grants	504,204
Net cash provided from/ (used by) operating activities	<u>251,257</u>
Cash flows from noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows provided from investing activities:	
Interest on investments	286
Proceeds from maturities of investments	130,858
Purchase of investments	(131,036)
Net cash provided from investing activities	<u>108</u>
Net increase (decrease) in cash and cash equivalents	251,365
Cash and cash equivalents at beginning of year	<u>319,627</u>
Cash and cash equivalents at end of year	<u>\$ 570,992</u>
Reconciliation of cash/cash equivalents:	
Cash - unrestricted	\$ 556,712
Cash - restricted	14,280
Total cash	<u>\$ 570,992</u>
Reconciliation of operating income (loss) to net cash provided from/ (used by) operating activities:	
Operating income (loss)	<u>\$ (47,384)</u>
Adjustments to reconcile operating income (loss) to net cash provided from operating activities:	
Depreciation	87,853
(Increase) decrease in tenants accounts receivable	(1,364)
(Increase) decrease in accounts receivable - other government	33,368
(Increase) decrease in inventory and prepaid insurance	(8,906)
Increase (decrease) in accounts payable and accrued liabilities	32,561
Increase (decrease) in accrued payroll/payroll taxes payable	1,554
Increase (decrease) in accounts payable other government	153,422
Increase (decrease) in security deposits	484
Increase (decrease) in unearned revenues	817
Increase (decrease) in accrued compensated absences	(1,148)
Total adjustments	<u>298,641</u>
Net cash provided from/ (used by) operating activities	<u>\$ 251,257</u>

See auditor's report.

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

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 Authority in 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 City of Warrenton 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 Warrenton'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.

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

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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, 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 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. 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 WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 WARRENTON
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 Warrenton 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 Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. 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 WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019, The Authority's deposits consisted of the following:

	Total
Demand deposit accounts (checking, savings, money market account)	\$ 556,612
Time deposits - certifications of deposit	131,036
	\$ 687,648

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, 2019, the Authority's deposits with financial institutions for all fund types had a carrying amount of \$701,928 and bank balance of \$702,078. Of these bank balances, \$547,036 was covered by federal depository insurance and \$155,042 was collateralized with security held by a third party custodian in the Authority's name. .

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: Detail Notes on All Programs (Continued)

A. Assets (Continued)

Bank Deposits (Continued)

As on December 31, 2019, the Authority's deposits are classified in the financial statements as follows:

	Total
Cash and cash equivalents	\$ 556,612
Restricted cash	14,280
Investments	131,036
	\$ 701,928

In summary, as of December 31, 2019, the Authority's cash and cash equivalents consist of the following:

	Total
Demand deposit accounts (checking, savings, and money market account)	\$ 570,892
Petty cash and change fund	100
Total cash and cash equivalents	570,992
Less: restricted cash and cash equivalents	(14,280)
Unrestricted cash and cash equivalents	\$ 556,712

The Authority invests in accordance with HUD regulations. As of December 31, 2019, the Authority had the following investments and maturities:

	Total
Time deposits - certificates of deposit	\$ 131,036
Total	\$ 131,036

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 WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: Detail Notes on All Programs(Continued)

A. Assets (Continued)

Interest rate risk—The Housing Authority of the City of Warrenton 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 \$14,280 in tenant security deposits in the general checking account.

The Authority invests in accordance with HUD regulations. As of December 31, 2019, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value 12/31/2019</u>	<u>Maturity</u>
Certificates of Deposit	Fair Value - Level 1	\$ 131,036	7 to 12 Months
Total Investments:		<u>\$ 131,036</u>	

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: **Detail Notes on All Programs**(Continued)

A. **Assets** (Continued)

Prepaid Expenses

As of December 31, 2019, prepaid expenses consisted of the following:

Prepaid insurance **\$ 31,045**

Capital Assets

The capital assets (at cost) of the Housing Authority of the City of Warrenton at December 31, 2019 consisted of the following:

	Balance at December 31, 2018	Additions	Deletions/ Adjustments	Transfers	Balance at December 31, 2019
Nondepreciable Capital Assets:					
Land (nondepreciable)	\$ 337,183	\$ -	\$ (1)	\$ -	\$ 337,182
Construction in progress	-	-	-	-	-
Total Nondepreciable Assets	337,183	-	(1)	-	337,182
Depreciable capital assets:					
Buildings and improvements	4,380,825	-	1	-	4,380,826
Furniture, equip., vehicles	98,895	-	(19,836)	-	79,059
Total Depreciable Assets	4,479,720	-	(19,835)	-	4,459,885
Less accumulated depreciation for:					
Buildings and improvements	(3,412,472)	(87,263)	(1)	-	(3,499,736)
Furniture, equip., vehicles	(91,049)	(590)	19,838	-	(71,801)
Total Accumulated Depreciation	(3,503,521)	(87,853)	19,837	-	(3,571,537)
Total Depreciable Assets, net	976,199	(87,853)	2	-	888,348
Total Capital Assets, Net	\$ 1,313,382	\$ (87,853)	\$ 1	\$ -	\$ 1,225,530

Depreciation expense was \$87,853 for the year ended December 31, 2019.

A summary of capital assets at December 31, 2019 is as follows:

	Low-Rent	Total
Land	\$ 337,182	\$ 337,182
Building and improvements	4,380,826	4,380,826
Equipment	79,059	79,059
Construction in progress	-	-
	4,797,067	4,797,067
Less: accumulated depreciation	(3,571,537)	(3,571,537)
Capital assets, net	\$ 1,225,530	\$ 1,225,530

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: Detail Notes on All Programs (Continued)

B. Liabilities

Accounts Payable/Accrued Liabilities

The Authority had the following accounts payable/accrued liabilities at December 31, 2019:

Vendors	\$ 42,694
Utilities	<u>8,884</u>
	<u>\$ 51,578</u>

These amounts were paid subsequent to year-end.

Accounts Payable – Other Governments

The Authority had the following accounts payable – other governments at December 31, 2019:

City of Warrenton – PILOT	\$ 10,561
Thomson Housing Authority	<u>153,759</u>
	<u>\$164,321</u>

These amounts were paid subsequent to year-end.

Unearned Revenue

The Authority had the following unearned revenue at December 31, 2019:

Prepaid rents	<u>\$ 1,019</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 \$23,493 for the year December 31, 2019. 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, 2019

NOTE 3: Detail Notes on All Programs (Continued)

B Liabilities (Continued)

Noncurrent Liabilities

Changes in noncurrent liabilities are as follows:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Less Amounts Due Within One Year	Noncurrent Balance 12/31/19
Accrued compensated absences	\$ 18,150	\$ 7,415	\$ (8,563)	\$ 17,002	\$ (7,415)	\$ 9,587
Total	<u>\$ 18,150</u>	<u>\$ 7,415</u>	<u>\$ (8,563)</u>	<u>\$ 17,002</u>	<u>\$ (7,415)</u>	<u>\$ 9,587</u>

C. Net Position

Schedule of Changes in Net Position:

	Net Investment In Capital Assets	Unrestricted Net Position	Total
Balance - beginning of year	\$ 1,313,382	\$ 488,134	\$ 1,801,516
Decrease in net position	-	(47,100)	(47,100)
Changes in invested in capital assets	(87,852)	87,852	-
Balance - end of year	<u>\$ 1,225,530</u>	<u>\$ 528,886</u>	<u>\$ 1,754,416</u>

NOTE 4: Related Party Transactions

There were no related party transactions for the year ended December 31, 2019.

NOTE 5: Claims and Judgments

At December 31, 2019, 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 effect on the Authority's financial position.

NOTE 6: 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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6: Risk Management (Continued)

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.

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 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 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.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs 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 7: Affiliated Authority

The Authority is affiliated with the East Coast Housing Authorities Partnership (EGHAP), EGHAP is comprised of the Housing Authority of the City of Warrenton, the Housing Authority of the City of Crawfordville, the Housing Authority of the City of Harlem, and the Housing Authority of the City of Thomson. 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, 2019, the Authority owed \$153,759 to the Housing Authority of the City of Thomson for under reimbursements of operating expenses paid by the Housing Authority of the City of Thomson on behalf of the Authority. Although funds were available to repay the amount at year-end, due to the change in fee accountants, the amount was not paid until January, 2020.

NOTE 8: 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, 2019

NOTE 9: Compliance Audits of Federal and State Assisted Programs:

The Authority participates in a number of federal and state programs which are subject to audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or review by the granting agencies in accordance with annual contribution contracts or grant award contracts. The Authority expects such expenditures, if any, which may be disallowed by the granting agencies to be immaterial.

NOTE 10: Concentrations

For the year ended December 31, 2019, approximately 71.76% 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 11: Subsequent Events

Events that occur after the balance sheet date 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 the 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. In preparing financial statements, management evaluated subsequent events through the date the financial statements were issued (or 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 12: 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.

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.

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, 2019, the Authority did not have any construction related commitments.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED

December 31, 2019

1. The capital fund program costs are as follows:

	<u>GA 127-501 (2015)</u>
Funds approved	\$ 126,690
Funds expended	<u>(126,690)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 126,690
Funds expended	<u>(126,690)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. Costs incurred during the current audit period totaled \$126,690.

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, 2019

FEDERAL GRANTOR U. S. Department of HUD	Federal CFDA Number	Program or Award Amount	Beginning Balance	Receipts	Disbursements or Expenditures	Ending Balance
Low-rent Housing Program	14.850	\$ 377,514	-	\$ 377,514	\$ 377,514	-
Capital Fund Programs	14.872	\$ 126,690	-	126,690	126,690	-
			\$ -	\$ 504,204	\$ 504,204	-

This schedule includes the federal grant activity of the Housing Authority of the City of Warrenton and is presented on the full accrual basis of accounting.

See auditor's report.

FINANCIAL DATA SCHEDULE

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$556,712	\$556,712		\$556,712
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$14,280	\$14,280		\$14,280
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$570,992	\$570,992		\$570,992
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$4,274	\$4,274		\$4,274
126.1 Allowance for Doubtful Accounts - Tenants	-\$427	-\$427		-\$427
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$1,097	\$1,097		\$1,097
128.1 Allowance for Doubtful Accounts - Fraud	-\$110	-\$110		-\$110
129 Accrued Interest Receivable	\$6	\$6		\$6
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,840	\$4,840		\$4,840
131 Investments - Unrestricted	\$131,036	\$131,036		\$131,036
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$31,045	\$31,045		\$31,045
143 Inventories	\$53,488	\$53,488		\$53,488

332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government	\$164,321	\$164,321	\$164,321	\$164,321	\$164,321
341	Tenant Security Deposits	\$14,280	\$14,280	\$14,280	\$14,280	\$14,280
342	Unearned Revenue	\$1,019	\$1,019	\$1,019	\$1,019	\$1,019
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344	Current Portion of Long-term Debt - Operating Borrowings					
345	Other Current Liabilities					
346	Accrued Liabilities - Other	\$8,884	\$8,884	\$8,884	\$8,884	\$8,884
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$247,579	\$247,579	\$247,579	\$247,579	\$247,579
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	\$9,587	\$9,587	\$9,587	\$9,587	\$9,587
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Non-Current Liabilities	\$9,587	\$9,587	\$9,587	\$9,587	\$9,587
300	Total Liabilities	\$257,166	\$257,166	\$257,166	\$257,166	\$257,166
400	Deferred Inflow of Resources					
508.4	Net Investment in Capital Assets	\$1,225,530	\$1,225,530	\$1,225,530	\$1,225,530	\$1,225,530
511.4	Restricted Net Position					
512.4	Unrestricted Net Position	\$528,886	\$528,886	\$528,886	\$528,886	\$528,886
513	Total Equity - Net Assets / Position	\$1,754,416	\$1,754,416	\$1,754,416	\$1,754,416	\$1,754,416
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,011,582	\$2,011,582	\$2,011,582	\$2,011,582	\$2,011,582

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: 12/31/2019

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$191,089	\$191,089		\$191,089
70400 Tenant Revenue - Other	\$16,888	\$16,888		\$16,888
70500 Total Tenant Revenue	\$207,977	\$207,977	\$0	\$207,977
70600 HUD PHA Operating Grants	\$504,204	\$504,204		\$504,204
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	\$284	\$284		\$284
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	\$256	\$256		\$256
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$712,721	\$712,721	\$0	\$712,721
91100 Administrative Salaries	\$102,371	\$102,371		\$102,371

91200 Auditing Fees	\$6,150	\$6,150	\$6,150	\$6,150
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$786	\$786	\$786	\$786
91500 Employee Benefit contributions - Administrative	\$48,104	\$48,104	\$48,104	\$48,104
91600 Office Expenses	\$38,740	\$38,740	\$38,740	\$38,740
91700 Legal Expense	\$2,474	\$2,474	\$2,474	\$2,474
91800 Travel	\$8,275	\$8,275	\$8,275	\$8,275
91810 Allocated Overhead				
91900 Other	\$14,990	\$14,990	\$14,990	\$14,990
91000 Total Operating - Administrative	\$221,890	\$221,890	\$221,890	\$221,890
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	\$12,980	\$12,980	\$12,980	\$12,980
93200 Electricity	\$14,540	\$14,540	\$14,540	\$14,540
93300 Gas	\$55,333	\$55,333	\$55,333	\$55,333
93400 Fuel				
93500 Labor				
93600 Sewer	\$8,273	\$8,273	\$8,273	\$8,273
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$91,126	\$91,126	\$91,126	\$91,126
94100 Ordinary Maintenance and Operations - Labor	\$71,650	\$71,650	\$71,650	\$71,650
94200 Ordinary Maintenance and Operations - Materials and Other	\$55,044	\$55,044	\$55,044	\$55,044
94300 Ordinary Maintenance and Operations Contracts	\$130,065	\$130,065	\$130,065	\$130,065
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,951	\$34,951	\$34,951	\$34,951
94000 Total Maintenance	\$291,710	\$291,710	\$291,710	\$291,710

95100	Protective Services - Labor						
95200	Protective Services - Other Contract Costs						
95300	Protective Services - Other	\$78	\$78				\$78
95500	Employee Benefit Contributions - Protective Services						
95000	Total Protective Services	\$78	\$78		\$0		\$78
96110	Property Insurance	\$25,044	\$25,044				\$25,044
96120	Liability Insurance	\$3,932	\$3,932				\$3,932
96130	Workmen's Compensation	\$7,648	\$7,648				\$7,648
96140	All Other Insurance	\$2,690	\$2,690				\$2,690
96100	Total Insurance Premiums	\$39,314	\$39,314		\$0		\$39,314
96200	Other General Expenses						
96210	Compensated Absences	\$7,415	\$7,415				\$7,415
96300	Payments in Lieu of Taxes	\$10,561	\$10,561				\$10,561
96400	Bad debt - Tenant Rents	\$9,874	\$9,874				\$9,874
96500	Bad debt - Mortgages						
96600	Bad debt - Other						
96800	Severance Expense						
96000	Total Other General Expenses	\$27,850	\$27,850		\$0		\$27,850
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	\$671,968	\$671,968		\$0		\$671,968
97000	Excess of Operating Revenue over Operating Expenses	\$40,753	\$40,753		\$0		\$40,753
97100	Extraordinary Maintenance						
97200	Casualty Losses - Non-capitalized						
97300	Housing Assistance Payments						

97350	HAP Portability-In					
97400	Depreciation Expense	\$87,853	\$87,853	\$87,853		\$87,853
97500	Fraud Losses					
97600	Capital Outlays - Governmental Funds					
97700	Debt Principal Payment - Governmental Funds					
97800	Dwelling Units Rent Expense					
90000	Total Expenses	\$759,821	\$759,821	\$0		\$759,821
10010	Operating Transfer In					
10020	Operating transfer Out	\$126,690	\$126,690	-\$126,690		\$0
10030	Operating Transfers from/to Primary Government					
10040	Operating Transfers from/to Component Unit					
10050	Proceeds from Notes, Loans and Bonds					
10060	Proceeds from Property Sales					
10070	Extraordinary Items, Net Gain/Loss					
10080	Special Items (Net Gain/Loss)					
10091	Inter Project Excess Cash Transfer In					
10092	Inter Project Excess Cash Transfer Out					
10093	Transfers between Program and Project - In					
10094	Transfers between Project and Program - Out					
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0		\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$47,100	-\$47,100	\$0		-\$47,100
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030	Beginning Equity	\$1,801,516	\$1,801,516	\$1,801,516		\$1,801,516
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors					
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
11210 Number of Unit Months Leased	1146	1146			1146
11270 Excess Cash	\$403,292	\$403,292			\$403,292
11610 Land Purchases	\$0	\$0			\$0
11620 Building Purchases	\$0	\$0			\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0			\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0			\$0
11650 Leasehold Improvements Purchases	\$0	\$0			\$0
11660 Infrastructure Purchases	\$0	\$0			\$0
13510 CFFP Debt Service Payments	\$0	\$0			\$0
13901 Replacement Housing Factor Funds	\$0	\$0			\$0

Kendall L. Davis, P.C.

Georgia Society of CPA's

CERTIFIED PUBLIC ACCOUNTANT

34 S. Williams St. * Hazlehurst, Georgia 31539 * (912-375-6077) Fax (912-375-6078) * kendallpc@bellsouth.net

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Warrenton (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 17, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. I identified certain deficiencies in internal control that I consider to be material weaknesses as findings number 2019-001, 2019-002, and 2019-003.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Responses* as findings number 2019-001, 2019-002, and 2019-003.

Response to Findings

The Authority's responses to the findings identified in my audit are described in the Schedule of Findings and Responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Hazlehurst, Georgia
March 17, 2021

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

December 31, 2019

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?	No

Section II - Financial Statement Findings:

Finding Number

2019-001	<u>Journal vouchers not approved by the Authority.</u>
Criteria:	Journal vouchers should be approved after they are prepared and signed by the preparer and approved by a responsible individual before entries are made into the general ledger.
Condition:	The audit fieldwork disclosed that no journal vouchers had been approved by a responsible individual throughout the year.
Questioned Costs:	None
Effect:	The effect of this condition is that management appears not to be reviewing the journal vouchers before entries are made on the general ledger although they are taking responsibility for fair presentation of the financial statements.
Cause:	The Authority did not realize that journal vouchers should be approved.
Recommendation:	All journal vouchers should be approved before entries are made into the general ledger.
Management Response:	We will immediately implement a process to ensure that all journal vouchers are approved before entries are made into the general ledger.
2019-002	<u>Tenant security deposit bond insurance not adequate.</u>
Criteria:	The insurance coverage should be adequate to cover the amount of tenant security deposits.
Condition:	It was disclosed that the Authority had tenant security bond coverage of \$10,000 but the amount of tenant security deposits owed to tenants was \$14,280. The amount uninsured was \$4,280.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

December 31, 2019

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Section II - Financial Statement Findings (Continued)

Finding
Number

2019-002	<u>Tenant security deposit bond insurance not adequate (continued).</u>
Questioned Costs:	None.
Effect:	The effect of this condition is that if the Authority depleted all of its cash then \$4,280 would not be available to reimburse the tenants for their security deposits.
Cause:	The Authority did not realize that security deposit insurance coverage was inadequate.
Recommendation:	It is recommended that the Authority request the insurance company to increase its coverage.
Management Response:	We will immediately obtain additional coverage to ensure that tenant security deposits are fully insured.
2019-003	<u>Compliance requirement – cash management. Capital Fund Program – 2015 funds were not obligated and requested from HUD timely through ELOCCS. (Capital Fund Program CFDA 14.872)</u>
Criteria:	24 CFR 905.306 (a) requires that at least 90% of a capital fund grant be obligated within two years of the date the funds are made available.
Condition:	The Authority did not obligate CFP-2015 funds within two years that the funds were made available by HUD.
Questioned Costs:	None
Effect:	The effect of this condition is that since the Authority requested CFP-2015 funds during 2019, HUD deobligated any CFP-2019 funds.
Cause:	Cash Management – controls were not in place to ensure that funds are obligated within two years for each Capital Fund Program.
Recommendation:	It is recommended that the Authority establish procedures that are timely to obligate Capital Fund Program funds within two years that they become available. Since the Authority is eligible to draw funds down through BLI 1406, it should draw funds down each year they are available.
Management Response:	We will immediately establish procedures to ensure that Capital Fund Program funds are obligated and requested from HUD timely.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

December 31, 2019

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The prior audit report for the year ended December 31, 2018 contained the following audit findings:

Finding No.	
2018-001	<u>Unaudited Financial Data Schedule submission contained a material prior period adjustment</u> The audit fieldwork disclosed that this condition no longer exists.
2018-002	<u>Operating Budget not approved prior to the start of the calendar year.</u> The audit fieldwork disclosed that this condition no longer exists.
2018-003	<u>Noncompliance with procurement policy.</u> The audit fieldwork disclosed that this condition no longer exists.
2018-004	<u>Unsecured deposits in the amount of \$69,531 in excess of F.D.I.C. coverage.</u> The audit fieldwork disclosed that this condition no longer exists.

HOUSING AUTHORITY OF THE CITY OF WARRENTON
Warrenton, Georgia

December 31, 2019

CORRECTIVE ACTION PLAN

The following is the corrective action planned by the Authority concerning the current audit findings:

Finding
No.

- 2019-001 **Journal vouchers not approved by the Authority.**
We will immediately implement a process to ensure that all journal vouchers are approved before entries are made into the general ledger.
- 2019-002 **Tenant security deposit bond insurance not adequate.**
We will immediately obtain additional coverage to ensure that tenant security deposits are fully insured.
- 2019-003 **Compliance requirement – Cash Management. Capital Fund Program – 2015 funds were not obligated and requested from HUD timely through ELOCCS. (Capital Fund Program CFDA 14.872)**
We will immediately establish procedures to ensure that Capital Fund Program funds are obligated and requested from HUD timely.