

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

**AUDIT REPORT**

For the Year Ended December 31, 2014

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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, 2014, 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, 2014, 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 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 as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such 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 August 14, 2015 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 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 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  
August 14, 2015

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**  
**WARRENTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FYE: DECEMBER 31, 2014**

**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, 2014. 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, 2014.

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 \$ 1,892,228 (net position) compared to \$ 1,767,808 for the prior fiscal year.
- The Authority's cash and investments balance as of December 31, 2014 was \$ 407,726 representing a decrease of \$ 307,532 from December 31, 2013.
- The Authority had total revenues of \$ 793,065 and total expenses of \$ 668,645 for the year ended December 31, 2014.
- 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>2014</u>	<u>2013</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets and Deferred			
Outflows of Resources	474,722	817,677	(342,955)
Net Capital Assets	1,499,345	1,604,710	(105,365)
Total Assets	1,974,067	2,422,387	(448,320)
<b>LIABILITIES</b>			
Current Liabilities and Deferred			
Inflows of Resources	71,895	646,054	(574,159)
Non-Current Liabilities	9,944	8,525	1,419
Total Liabilities	81,839	654,579	(572,740)
<b>NET POSITION</b>			
Investment in Capital Assets	1,499,345	1,604,710	(105,365)
Unrestricted Net Position	392,883	163,098	229,785
Total Net Position	1,892,228	1,767,808	124,420
Total Liabilities and Net Position	1,974,067	2,422,387	(448,320)

The Statement of Net Position reflects an increase of \$ 124,420 for the year ended December 31, 2014. This decrease is based on the net effect of operations which includes depreciation expense on capital assets for the year.

Net Capital Assets decreased based on depreciation expense of \$ 105,365 for the year. There were no capital expenditures or dispositions for the year ended December 31, 2014.

Total Liabilities had a net decrease based on the repayment of \$ 613,481 which was due to the Thomson Housing Authority for operating expenses.

Analysis of Entity-Wide Revenue and Expenses

The following table illustrates changes in revenue from FY 2013 to FY 2014.

	<u>2014</u>	<u>2013</u>	<u>Change</u>
REVENUES AND GRANTS			
Tenant Revenue	188,493	197,088	(8,595)
HUD Operating Grants	600,124	411,910	188,214
Investment Income	32	134	(102)
Other Revenue	4,416	1,531	2,885
Total Revenues and Grants	793,065	610,663	182,402

Total Revenues and Grants increased \$ 182,402 or 29.9% for the year ended December 31, 2014. The Authority received approximately 64% 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 represents approximately 23.75% of total revenue and decreased \$ 8,595 for the year. Tenant revenue includes tenant dwelling rental charges and other tenant related charges for late fees and repairs.

Investment Income increased based on the availability of funds for investment.



The following table illustrates changes in expenses from FY 2013 to FY 2014.

EXPENSES	<u>2014</u>	<u>2013</u>	<u>Change</u>
Administration and Tenant Services	170,688	147,611	23,077
Utilities	78,287	75,138	3,149
Ordinary Maintenance	265,632	246,312	19,320
Protective Services	197	806	(609)
General Expenses	48,476	43,303	5,173
Depreciation Expense	105,365	135,658	(30,293)
Total Expenses	668,645	648,828	19,817

Total Expenses increased \$ 19,817 or 3.05% for the year ended December 31, 2014.

Administration and Tenant Services increased based on the following activity:

Increase in administrative salaries / benefits	\$ 1,595
Increase in audit fees	916
Increase in legal fees	75
Increase in travel expenses	9,961
Increase in tenant program services	659
Increase in office expenses / sundry	<u>9,871</u>
Total	<u>\$ 23,077</u>

Utilities increased 4.2% based on consumption and cost for the year.

Ordinary Maintenance and General Expenses combined had a net increase of 7.8% 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.

## Capital Assets

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Land	337,183	337,183	-
Buildings and Equipment	4,344,713	4,344,713	-
Accumulated Depreciation	(3,182,551)	(3,077,186)	(105,365)
Net Capital Assets	1,499,345	1,604,710	(105,365)

Net Capital Assets decreased \$ 105,365 based on depreciation expense for the year. There were no expenditures or dispositions for the year.

## 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, 2014

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	264,048
Restricted cash		13,169
Investments		130,509
Accounts receivable - other government		27,388
Tenant rents receivable (net of \$1 allowance)		3,944
Accrued interest receivable		30
Prepaid expenses		18,878
Supplies inventory (net of \$1,860 allowance)		16,756
Total current assets		<u>474,722</u>

Noncurrent Assets:

Capital Assets:

Nondepreciable capital assets		337,183
Depreciable capital assets, net		1,162,162
Total noncurrent assets		<u>1,499,345</u>
Total assets		<u>1,974,067</u>

Deferred outflow of resources

-

Total assets and deferred outflow of resources

1,974,067

**LIABILITIES**

Current Liabilities:

Accounts payable/accrued liabilities		15,750
Accrued payroll/ payroll taxes payable		13,678
Accounts payable - other government		20,728
Tenant security deposits		13,169
Accrued compensated absences payable		3,314
Unearned revenues		5,256
Total current liabilities		<u>71,895</u>

Noncurrent Liabilities:

Accrued compensated absences payable		9,944
Total noncurrent liabilities		<u>9,944</u>
Total liabilities		<u>81,839</u>

Deferred inflow of resources

-

**NET POSITION**

Investment in capital assets		1,499,345
Unrestricted net position		392,883
Total net position	\$	<u>1,892,228</u>

*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, 2014

Operating revenues:	
Tenant rental revenue (net)	\$ 188,493
HUD operating grants	600,124
Other revenue	4,416
Total operating revenues	<u>793,033</u>
Operating expenses:	
Administration	170,029
Tenant services	659
Utilities	78,287
Ordinary maintenance	265,632
Protective services	197
Insurance	25,807
General expenses	22,669
Depreciation	105,365
Total operating expenses	<u>668,645</u>
Operating income (loss)	<u>124,388</u>
Nonoperating revenue (expenses):	
Interest income	<u>32</u>
Total nonoperating revenue (expenses)	<u>32</u>
Net income (Loss) before contributions	124,420
Contributions – capital grants	<u>-</u>
Increase (decrease) in net position	124,420
Net position, beginning of year	<u>1,767,808</u>
Net position, end of year	<u>\$ 1,892,228</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, 2014

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Cash flows provided from/(used by) operating activities:	
Cash received from tenants and others	\$ 196,667
Cash paid for goods and services	(401,373)
Cash paid to employees for services	(136,157)
Cash paid to EGHAP for payments made on behalf of the Authority	(629,882)
HUD operating grants	600,124
Net cash provided from/(used by) operating activities	<u>(370,621)</u>
Cash flows from noncapital financing activities	<u>-</u>
Cash flows provided from/(used by) capital and related financing activities	<u>-</u>
Cash flows provided from/(used by) investing activities:	
Interest on investments	89
Proceeds from maturities of investments	130,486
Purchase of investments	(130,509)
Net cash flows provided from/(used by) investment activities	<u>66</u>
Net increase (decrease) in cash and cash equivalents	(370,555)
Cash and cash equivalents, beginning of year	<u>647,772</u>
Cash and cash equivalents, end of year	<u>\$ 277,217</u>
Reconciliation of cash/cash equivalents:	
Cash - operating	\$ 264,048
Restricted cash - tenant security deposits	13,169
Total cash and cash equivalents	<u>277,217</u>
Reconciliation of operating income (loss) to net cash provided from/ (used by) operating activities:	
Operating income (loss)	<u>\$ 124,388</u>
Adjustments to reconcile operating income (loss) to net cash provided from/(used by) operating activities:	
Depreciation	105,365
Changes in assets and liabilities:	
(Increase) decrease in tenants accounts receivable	(513)
(Increase) decrease in accounts receivable - other government	(27,388)
(Increase) decrease in inventory and prepaid insurance	267
Increase (decrease) in accounts payable and accrued liabilities	4,066
Increase (decrease) in accrued payroll/payroll taxes payable	9,785
Increase (decrease) in accounts payable other government	9,741
Increase (decrease) in accounts payable -EGHAP	(602,494)
Increase (decrease) in security deposits	56
Increase (decrease) in unearned revenues	4,215
Increase (decrease) in accrued compensated absences	1,891
Total adjustments	<u>(495,009)</u>
Net cash provided from/(used by) operating activities	<u>\$ (370,621)</u>

*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, 2014

NOTE 1: Summary of 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 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'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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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: Low Rent 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.



HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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. 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.

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.

As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. During the fiscal year and at year-end, all cash was held in the form of interest bearing accounts. The deposits and the above described investments with an original maturity of ninety days or less are considered cash and cash equivalents for the Statement of Cash Flows.

Fair value of financial instruments

The carrying amount of the Authority's financial instruments at December 31, 2014, including cash, investments, accounts receivable and accounts payable closely approximates fair value.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

F. 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 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

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

Dwelling structures	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 \$500 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.

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.

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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

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.

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 deposits include deposits with financial institutions. The carrying amount of the Authority's deposits for cash and investments was \$407,726. The total amount of bank balances and certificates of deposit were \$623,281. The Authority's deposits and certificates of deposit were adequately secured by the Authority's financial institutions with F.D.I.C. coverage and securities pledged in the entity's name.

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

The Authority's investments consist of certificates of deposit from FDIC insured state banks with an original maturity in excess of ninety days. Investments are stated at cost, which approximates fair value.

*Interest rate risk* – The Authority 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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: Detail Notes on All Programs (continued)

Deposits and Investments (continued)

*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.

Due from Other Government

The Authority had \$27,388 due from the Thomson Housing Authority for amounts over-reimbursed during fiscal year 2014.

Capital Assets

The capital assets (at cost) of the Housing Authority of the City of Warrenton at December 31, 2014 consisted of the following:

	Balance at Dec. 31, 2013	Additions	Deletions/ Adjustments	Transfers	Balance at Dec. 31, 2014
Nondepreciable Capital Assets:					
Land (nondepreciable)	\$ 337,183	\$ -	\$ -	\$ -	\$ 337,183
Construction in progress	-	-	-	-	-
Total Nondepreciable Assets	<u>337,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,183</u>
Depreciable capital assets:					
Buildings and improvements	4,218,800	-	-	-	4,218,800
Furniture, equip., vehicles	125,913	-	-	-	125,913
Total Depreciable Assets	<u>4,344,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,344,713</u>
Less accumulated depreciation for:					
Buildings and improvements	2,991,430	90,806	(4)	-	3,082,232
Furniture, equip., vehicles	85,756	14,559	4	-	100,319
Total Accumulated Depreciation	<u>3,077,186</u>	<u>105,365</u>	<u>-</u>	<u>-</u>	<u>3,182,551</u>
Total Depreciable Assets, net	<u>1,267,527</u>	<u>(105,365)</u>	<u>-</u>	<u>-</u>	<u>1,162,162</u>
Total Capital Assets, Net	<u>\$ 1,604,710</u>	<u>\$ (105,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499,345</u>

Depreciation expense was \$105,365 for the year ended December 31, 2014.

A summary of capital assets at December 31, 2014 is as follows:

	Low-Rent	Total
Land	\$ 337,183	\$ 337,183
Construction in progress	-	-
Buildings and improvements	4,218,800	4,218,800
Equipment	<u>125,913</u>	<u>125,913</u>
	4,681,896	4,681,896
Less: accumulated depreciation	<u>(3,182,551)</u>	<u>(3,182,551)</u>
Capital assets, net	<u>\$ 1,499,345</u>	<u>\$ 1,499,345</u>

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: Detail Notes on All Programs (continued)

B. LIABILITIES

Accounts Payable

The Authority had the following accounts payable at December 31, 2014:

Vendors	\$ 8,955
Utilities	<u>6,795</u>
	<u>\$ 15,750</u>

These amounts were paid after year-end.

Unearned revenues

The Authority had unearned revenues as follows at December 31, 2014:

Prepaid rents	<u>\$ 5,256</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. 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 \$12,531 for the year ended December 31, 2014. Employees are not required to make, nor did they make, any contributions to the plan.

Noncurrent Liabilities

Changes in noncurrent liabilities are as follows:

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Less Amounts Due Within One Year	Noncurrent Balance 12/31/14
Accrued compensated absences	\$ 11,367	\$ 7,514	\$ (5,623)	\$ 13,258	\$ (3,314)	\$ 9,944
Total	<u>\$ 11,367</u>	<u>\$ 7,514</u>	<u>\$ (5,623)</u>	<u>\$ 13,258</u>	<u>\$ (3,314)</u>	<u>\$ 9,944</u>

C. NET POSITION

Schedule of Changes in Net Position:

	Investment In Capital Assets	Unrestricted Net Position	Total
Balance - beginning of year	\$ 1,604,710	\$ 163,098	\$ 1,767,808
Increase in net position	-	124,420	124,420
Changes in investment in capital assets	(105,365)	105,365	-
Balance - end of year	<u>\$ 1,499,345</u>	<u>\$ 392,883</u>	<u>\$ 1,892,228</u>

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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.

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, 2014, 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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014, the Authority had \$27,388 due from the Housing Authority of the City of Thomson for over payments made for the 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.

NOTE 8: Concentrations

For the year ended December 31, 2014, approximately 75.67% 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 August 14, 2015 (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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014, the Authority did not have any reviews performed by federal and state agencies. A review was performed by HUD in July 2015. Results of this review has not yet been released.

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, 2014, 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, 2014

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1. The capital fund program costs of GA127-501 (2010) are as follows:

	<u>GA127-501 (2010)</u>
Funds approved	\$ 156,875
Funds expended	<u>(156,875)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 156,875
Funds expended	<u>(156,875)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. Costs incurred during the current audit period totaled \$156,875.

*See auditor's report.*

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

STATEMENT OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

December 31, 2014

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1. The capital fund program costs of GA127-501 (2011) are as follows:

	<u>GA127-501 (2011)</u>
Funds approved	\$ 156,875
Funds expended	<u>(156,875)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 156,875
Funds expended	<u>(156,875)</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, 2014

1. The capital fund program costs of GA127-501 (2012) are as follows:

	<u>GA127-501 (2012)</u>
Funds approved	\$ 130,644
Funds expended	<u>(130,644)</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
Funds advanced	\$ 130,644
Funds expended	<u>(130,644)</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

2. Costs incurred during the current audit period totaled \$125,644.

*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, 2014

FEDERAL GRANTOR U. S. Department of HUD	Federal CFDA Number	Program or Award Amount	Beginning Balance	Receipts	Disbursements or Expenditures	Ending Balance
Public Housing Program	*14.850	\$ 317,605	\$ -	\$ 317,605	\$ 317,605	\$ +
Capital Fund Program	**14.872	\$ 282,519	\$ -	\$ 282,519	\$ 282,519	\$ -
<b>TOTAL</b>			<b>\$ -</b>	<b>\$ 600,124</b>	<b>\$ 600,124</b>	<b>\$ -</b>

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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

- \* -Type A program
- \*\* -Type B program
- + - Major program

See auditor's report.

Housing Authority of the City of Warrenton (GA127)

WARRENTON, GA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$264,048	\$264,048		\$264,048
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$13,169	\$13,169		\$13,169
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$277,217	\$277,217		\$277,217
121 Accounts Receivable - PHA Projects	\$27,388	\$27,388		\$27,388
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$3,945	\$3,945		\$3,945
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				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$30	\$30		\$30
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$31,362	\$31,362		\$31,362
131 Investments - Unrestricted	\$130,509	\$130,509		\$130,509
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$18,878	\$18,878		\$18,878
143 Inventories	\$18,616	\$18,616		\$18,616
143.1 Allowance for Obsolete Inventories	-\$1,860	-\$1,860		-\$1,860
144 Inter Program Due From				
145 Assets Held for Sale				

150	Total Current Assets	\$474,722	\$474,722	\$474,722	\$474,722
161	Land	\$337,183	\$337,183	\$337,183	\$337,183
162	Buildings	\$4,218,800	\$4,218,800	\$4,218,800	\$4,218,800
163	Furniture, Equipment & Machinery - Dwellings				
164	Furniture, Equipment & Machinery - Administration	\$125,913	\$125,913	\$125,913	\$125,913
165	Leasehold Improvements				
166	Accumulated Depreciation	-\$3,182,551	-\$3,182,551	-\$3,182,551	-\$3,182,551
167	Construction in Progress				
168	Infrastructure				
160	Total Capital Assets, Net of Accumulated Depreciation	\$1,499,345	\$1,499,345	\$1,499,345	\$1,499,345
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	\$1,499,345	\$1,499,345	\$1,499,345	\$1,499,345
200	Deferred Outflow of Resources				
290	Total Assets and Deferred Outflow of Resources	\$1,974,067	\$1,974,067	\$1,974,067	\$1,974,067
311	Bank Overdraft				
312	Accounts Payable <= 90 Days	\$8,955	\$8,955	\$8,955	\$8,955
313	Accounts Payable >90 Days Past Due				
321	Accrued Wage/Payroll Taxes Payable	\$13,678	\$13,678	\$13,678	\$13,678
322	Accrued Compensated Absences - Current Portion	\$3,314	\$3,314	\$3,314	\$3,314
324	Accrued Contingency Liability				
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs				
332	Account Payable - PHA Projects				
333	Accounts Payable - Other Government	\$20,728	\$20,728	\$20,728	\$20,728
341	Tenant Security Deposits	\$13,169	\$13,169	\$13,169	\$13,169
342	Unearned Revenue	\$5,256	\$5,256	\$5,256	\$5,256
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	\$6,795	\$6,795			\$6,795
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$71,895	\$71,895			\$71,895
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	\$9,944	\$9,944			\$9,944
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Non-Current Liabilities	\$9,944	\$9,944			\$9,944
300	Total Liabilities	\$81,839	\$81,839			\$81,839
400	Deferred Inflow of Resources					
508.4	Net Investment in Capital Assets	\$1,499,345	\$1,499,345			\$1,499,345
511.4	Restricted Net Position	\$0	\$0			\$0
512.4	Unrestricted Net Position	\$392,883	\$392,883			\$392,883
513	Total Equity - Net Assets / Position	\$1,892,228	\$1,892,228			\$1,892,228
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,974,067	\$1,974,067			\$1,974,067



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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$171,611	\$171,611		\$171,611
70400 Tenant Revenue - Other	\$16,882	\$16,882		\$16,882
70500 Total Tenant Revenue	\$188,493	\$188,493	\$0	\$188,493
70600 HUD PHA Operating Grants	\$600,124	\$600,124		\$600,124
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	\$32	\$32		\$32
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	\$4,416	\$4,416		\$4,416
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$793,065	\$793,065	\$0	\$793,065
91100 Administrative Salaries	\$63,613	\$63,613		\$63,613
91200 Auditing Fees	\$8,116	\$8,116		\$8,116
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				

91500	Employee Benefit contributions - Administrative	\$36,775	\$36,775	\$36,775	\$36,775
91600	Office Expenses	\$38,873	\$38,873	\$38,873	\$38,873
91700	Legal Expense	\$150	\$150	\$150	\$150
91800	Travel	\$12,191	\$12,191	\$12,191	\$12,191
91810	Allocated Overhead				
91900	Other	\$10,311	\$10,311	\$10,311	\$10,311
91000	Total Operating - Administrative	\$170,029	\$170,029	\$0	\$170,029
92000	Asset Management Fee				
92100	Tenant Services - Salaries				
92200	Relocation Costs				
92300	Employee Benefit Contributions - Tenant Services				
92400	Tenant Services - Other	\$659	\$659	\$659	\$659
92500	Total Tenant Services	\$659	\$659	\$0	\$659
93100	Water	\$15,258	\$15,258	\$15,258	\$15,258
93200	Electricity	\$12,110	\$12,110	\$12,110	\$12,110
93300	Gas	\$43,127	\$43,127	\$43,127	\$43,127
93400	Fuel				
93500	Labor				
93600	Sewer	\$7,792	\$7,792	\$7,792	\$7,792
93700	Employee Benefit Contributions - Utilities				
93800	Other Utilities Expense				
93000	Total Utilities	\$78,287	\$78,287	\$0	\$78,287
94100	Ordinary Maintenance and Operations - Labor	\$67,319	\$67,319	\$67,319	\$67,319
94200	Ordinary Maintenance and Operations - Materials and Other	\$71,882	\$71,882	\$71,882	\$71,882
94300	Ordinary Maintenance and Operations Contracts	\$81,047	\$81,047	\$81,047	\$81,047
94500	Employee Benefit Contributions - Ordinary Maintenance	\$45,384	\$45,384	\$45,384	\$45,384
94000	Total Maintenance	\$265,632	\$265,632	\$0	\$265,632
95100	Protective Services - Labor				
95200	Protective Services - Other Contract Costs	\$197	\$197	\$197	\$197
95300	Protective Services - Other				
95500	Employee Benefit Contributions - Protective Services				
95000	Total Protective Services	\$197	\$197	\$0	\$197
96110	Property Insurance	\$8,355	\$8,355	\$8,355	\$8,355

96120	Liability Insurance	\$4,386	\$4,386	\$4,386	\$4,386
96130	Workmen's Compensation	\$7,715	\$7,715	\$7,715	\$7,715
96140	All Other Insurance	\$5,351	\$5,351	\$5,351	\$5,351
96100	Total Insurance Premiums	\$25,807	\$25,807	\$0	\$25,807
96200	Other General Expenses	\$1,607	\$1,607	\$1,607	\$1,607
96210	Compensated Absences	\$7,514	\$7,514	\$7,514	\$7,514
96300	Payments in Lieu of Taxes	\$9,741	\$9,741	\$9,741	\$9,741
96400	Bad debt - Tenant Rents	\$3,807	\$3,807	\$3,807	\$3,807
96500	Bad debt - Mortgages				
96600	Bad debt - Other				
96800	Severance Expense				
96000	Total Other General Expenses	\$22,669	\$22,669	\$0	\$22,669
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	\$563,280	\$563,280	\$0	\$563,280
97000	Excess of Operating Revenue over Operating Expenses	\$229,785	\$229,785	\$0	\$229,785
97100	Extraordinary Maintenance				
97200	Casualty Losses - Non-capitalized				
97300	Housing Assistance Payments				
97350	HAP Portability-In				
97400	Depreciation Expense	\$105,365	\$105,365	\$105,365	\$105,365
97500	Fraud Losses				
97600	Capital Outlays - Governmental Funds				
97700	Debt Principal Payment - Governmental Funds				
97800	Dwelling Units Rent Expense				
90000	Total Expenses	\$668,645	\$668,645	\$0	\$668,645
10010	Operating Transfer In	\$282,519	\$282,519	-\$282,519	\$0
10020	Operating transfer Out				
10030	Operating Transfers from/to Primary Government	-\$282,519	-\$282,519	\$282,519	\$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	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$124,420	\$124,420	\$0	\$124,420	\$0	\$124,420	\$0	\$124,420
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030	Beginning Equity	\$1,767,808	\$1,767,808	\$1,767,808	\$1,767,808	\$1,767,808	\$1,767,808	\$1,767,808	\$1,767,808
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	1200	1200	1200	1200	1200
11210	Number of Unit Months Leased	1183	1183	1183	1183	1183	1183	1183	1183
11270	Excess Cash	\$321,005	\$321,005	\$321,005	\$321,005	\$321,005	\$321,005	\$321,005	\$321,005
11610	Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13510	CFPP Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**SINGLE AUDIT 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, 2014, 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 August 14, 2015.

### 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 Questioned Costs, I identified certain deficiencies in internal control that I consider to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2014-001 to be a material weakness.

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**

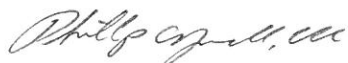
As part of obtaining reasonable assurance about whether Housing Authority of the City of Warrenton's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 Questioned Costs as 2014-001.

### **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 Questioned Costs. 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  
August 14, 2015

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Report on Compliance for Each Major Program

I have audited the Housing Authority of the City of Warrenton's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Warrenton's major federal program for the year ended December 31, 2014. The Housing Authority of the City of Warrenton's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Warrenton's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Warrenton's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance with each major program. However, my audit does not provide a legal determination of the Housing Authority of the City of Warrenton's compliance.



## **Basis for Qualified Opinion on Public Housing Programs**

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Warrenton did not comply with requirements regarding CFDA 14.850 Public Housing Program for Eligibility as described in finding numbers 2014-002 and 2014-003. Compliance with such requirements is necessary, in my opinion, for the Housing Authority of the City of Warrenton to comply with the requirements applicable to those programs.

## **Qualified Opinion on Public Housing Program**

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Housing Authority of the City of Warrenton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2014.

## **Other Matters**

The Housing Authority of the City of Warrenton's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Housing Authority of the City of Warrenton's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the Housing Authority of the City of Warrenton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Warrenton's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Warrenton's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a certain deficiency in internal control over compliance that I consider to be a material weakness.

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2014-002 and 2014-003 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

The Housing Authority of the City of Warrenton's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Housing Authority of the City of Warrenton's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Phillip C. Jarrell, LLC  
Certified Public Accountant

Hazlehurst, Georgia  
August 14, 2015

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

December 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**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

**Federal Awards**

Internal controls over major programs:		
Material weakness(es) identified?		Yes
Significant deficiencies identified not considered to be material weaknesses?		None reported
Type of report issued on the compliance for major programs:		Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?		Yes
Identification of major programs:	14.850	Public and Indian Housing Program
Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Did the Authority qualify as a low-risk auditee?		No

HOUSING AUTHORITY OF THE CITY OF WARRENTON

Warrenton, Georgia

December 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

**Section II - Financial Statement Findings:**

The following audit finding relating to this area for the period ended December 31, 2014:

Finding

No.

2014-001

East Georgia Housing Authorities Partnership (EGHAP) Reimbursement of Expenses

Criteria:

The Housing Authority of the City of Warrenton is a member of the East Georgia Housing Authorities Partnership "EGHAP", a consortium of the Housing Authority of the City of Thomson, the Housing Authority of the City of Warrenton, the Housing Authority of the City of Harlem, and the Housing Authority of the City of Crawfordville. In accordance with Section 13 of the Consortium Agreement, all operating expenses are to be paid by Thomson Housing Authority, the "lead agency" in the consortium, on a monthly reimbursement basis from the other three authorities based on a percentage of units for each Authority.

Condition:

It was determined during review of accounts payable that the reimbursement of expenses had not been made timely and accurately resulting in an overpayment at year-end between Authorities in the amount of \$27,388.

Questioned

Costs:

None.

Effect:

The Authority is not in compliance with Section 13 of the Consortium Agreement, which states that monthly reimbursement of expenses should be made to the lead agency. As a result, the lead agency's cash balance during the year did not reflect the correct balance due to receivables due from/payables due to the other Authorities.

Cause:

Internal controls were not in place to ensure compliance with Section 13 of the Consortium Agreement.

Recommendation:

It is our recommendation that the Authority strengthen internal controls over financial reporting for the Consortium. This should include procedures which include monthly review and approval of expenses incurred and the reimbursements made to the lead agency in accordance with Section 13 of the Consortium Agreement. Additionally, this process should include providing the Fee Accountant with supporting documentation to properly account for these reimbursements among EGHAP members.

Management

Response: We will implement controls to ensure that all reimbursements are made timely.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

December 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

**Section III - Federal Awards:**

Finding

No.

2014-002            Noncompliance with Eligibility (Public Housing Program CFDA 14.850)

Criteria:            Federal Code of Regulations, 24 CFR § 960.206 requires the Authority to have an audit trail of the methods used to perform selections from the Authority's waiting list.

Condition:          The Authority did not maintain documentation to provide an audit trail to determine if tenants were being selected from the waiting list appropriately.

Questioned  
Costs:                None.

Effect:                The Authority did not properly document the selections made from the waiting during the fiscal year. It is possible that tenants were not properly selected in accordance with the method specified in the Authority's ACOP.

Cause:                The Authority did not maintain the printouts from the waiting list to document its selections made during the year.

Recommendation:    The Authority should implement a process in order to provide an audit trail of selections made from the Authority's waiting list.

Management  
Response:

Documentation of selections made from the waiting list will be retained to show that the Authority has followed its selection methods as prescribed by the Authority's ACOP.

HOUSING AUTHORITY OF THE CITY OF WARRENTON

Warrenton, Georgia

December 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

**Section III - Federal Awards:**

Finding

No.

2014-003

Noncompliance with Eligibility (Public Housing Program CFDA 14.850)

Criteria:

Federal Code of Regulations, CFR 5.230 requires the Authority to have tenants' head of household and other adult household members to sign a HUD prescribed release form, Form 9886, to allow the Authority to perform verification procedures to assure that tenants qualify for low income housing. CFR 960.253 requires the Authority to maintain, at least annually, the tenants' choice of rent. CFR 965.701 requires the Authority to provide documentation to tenants regarding lead-based paint.

Condition:

1 out of 10 tenant files reviewed did not have properly completed HUD Form 9886, Release of Information. 1 out of 10 tenant files did not contain documentation whereby the tenant was able to choose whether their rent was determined as income-based or flat rent. 1 out of 10 files did not contain documentation to show that tenant was provided information regarding lead-based paint

Questioned

Costs:

None.

Effect:

The Authority did not properly document all necessary forms as required by federal regulations in determining tenant eligibility.

Cause:

The Authority did not have an adequate review process whereby documentation errors would be timely discovered.

Recommendation:

The Authority should implement a review process in order to verify that all necessary forms are completed by tenants and maintained in appropriate tenant files.

Management

Response:

A review of all tenant files will be completed to ensure necessary documentation is retained in order to document tenant eligibility.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

December 31, 2014

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The prior audit report for the period ended December 31, 2013 contained the following audit finding:

Finding

No.  
2013-001

East Georgia Housing Authorities Partnership (EGHAP) Reimbursement of Expenses

Audit fieldwork determined that this finding still exists. See current year finding 2014-001.

**HOUSING AUTHORITY OF THE CITY OF WARRENTON**

Warrenton, Georgia

December 31, 2014

CORRECTIVE ACTION PLAN

The following is the corrective action planned by the Authority regarding the current audit findings for the year ended December 31, 2014:

<u>Finding</u> <u>No.</u>	
2014-001	<u>East Georgia Housing Authorities Partnership (EGHAP) Reimbursement of Expenses</u>  We will implement controls to ensure that all necessary reimbursements are made timely.  Date of completion: Ongoing
2014-002	<u>Noncompliance with Eligibility (Public Housing Program CFDA 14.850)</u>  We will implement controls to ensure that all necessary documentation regarding selection from waiting list is retained.  Date of completion: August 14, 2015
2014-003	<u>Noncompliance with Eligibility (Public Housing Program CFDA 14.850)</u>  We will review all tenant files and implement a review process to ensure all tenant files maintain proper documentation in determining tenant eligibility.  Date of completion: Ongoing
	<u>Contact person</u> Kelly Evans, Executive Director Housing Authority of the City of Warrenton 219 Pecan Avenue Thomson, Georgia 30824 (706) 595-4878