

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

**AUDIT REPORT**

For the Year Ended December 31, 2016

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# Phillip C. Jarrell, LLC

Certified Public Accountant

43 N. Tallahassee St.

\* Hazlehurst, Georgia 31539 \*

(Ph 912-307-4555 Fax 912-375-5559)

## 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, 2016, 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, 2016, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, I have also issued a report dated September 1, 2017 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  
September 1, 2017

**HOUSING AUTHORITY OF THE CITY OF WARRENTON  
WARRENTON, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FYE: DECEMBER 31, 2016**

**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, 2016. 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, 2016.

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 \$ 1,747,021 (net position) compared to \$ 1,846,030 for the prior fiscal year.
- The Authority's cash and investments balance as of December 31, 2016 was \$ 501,818 representing an increase of \$ 122,238 from December 31, 2015.
- The Authority had total revenues of \$ 582,214 and total expenses of \$ 681,223 for the year ended December 31, 2016.
- 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>2016</u>	<u>2015</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets and Deferred Outflows of Resources	552,454	532,466	19,988
Net Capital Assets	1,310,101	1,403,533	(93,432)
Total Assets	1,862,555	1,935,999	(73,444)
<b>LIABILITIES</b>			
Current Liabilities and Deferred Inflows of Resources	105,604	79,311	26,293
Non-Current Liabilities	9,930	10,658	(728)
Total Liabilities	115,534	89,969	25,565
<b>NET POSITION</b>			
Investment in Capital Assets	1,310,101	1,403,533	(93,432)
Unrestricted Net Position	436,920	442,497	(5,577)
Total Net Position	1,747,021	1,846,030	(99,009)
Total Liabilities and Net Position	1,862,555	1,935,999	(73,444)

The Statement of Net Position reflects a decrease of \$ 99,009 for the year ended December 31, 2016. 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 \$ 93,432 for the year. There were no capital expenditures for the year ended December 31, 2016.

Total Liabilities had a net increase based on the accrual of accounts payable and compensated absences at December 31, 2016.

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

**The following table illustrates changes in revenue from FY 2015 to FY 2016.**

	<u>2016</u>	<u>2015</u>	<u>Change</u>
REVENUES AND GRANTS			
Tenant Revenue	206,120	202,029	4,091
HUD Operating Grants	332,131	412,791	(80,660)
Investment Income	98	34	64
Other Revenue	43,865	184	43,681
Total Revenues and Grants	582,214	615,038	(32,824)

Total Revenues and Grants decreased \$ 32,824 or 5.3% for the year ended December 31, 2016. The Authority received approximately 57% of total revenue from the Department of Housing and Urban Development for the year. The Authority's operating and capital fund budgets fluctuate on an annual basis depending on the Authority's agency plan and Congressional approval of funding levels for the year.

Tenant Revenue represented approximately 35% of total revenue and increased \$ 4,091 for the year. Tenant revenue includes tenant dwelling rental charges and other tenant related charges for late fees and repairs.

Investment Income remained basically unchanged for the year.

Other Revenue increased based on insurance proceeds of \$ 42,947 which were related to roof damage.



The following table illustrates changes in expenses from FY 2015 to FY 2016.

EXPENSES	<u>2016</u>	<u>2015</u>	<u>Change</u>
Administration and Tenant Services	187,411	166,076	21,335
Utilities	77,330	76,907	423
Ordinary Maintenance	251,725	268,087	(16,362)
General Expenses	65,727	54,354	11,373
Extraordinary Maintenance	5,598	-	5,598
Depreciation Expense	93,432	95,812	(2,380)
Total Expenses	681,223	661,236	19,987

Total Expenses increased \$ 19,987 or 3% for the year ended December 31, 2016.

Administration and Tenant Services increased based on the following activity:

Increase in administrative salaries / benefits	\$ 24,851
Decrease in audit fees	(458)
Decrease in legal expense	(2,500)
Decrease in travel expense	(8,761)
Increase in office expenses / sundry	<u>8,203</u>
Total	<u>\$ 21,335</u>

Utilities remained basically unchanged for the year.

Ordinary Maintenance and General Expenses had a net decrease of \$ 4,989 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>2016</u>	<u>2015</u>	<u>Change</u>
Land	337,183	337,183	-
Buildings and Equipment	4,327,887	4,344,713	(16,826)
Accumulated Depreciation	(3,354,969)	(3,278,363)	(76,606)
Net Capital Assets	1,310,101	1,403,533	(93,432)

Net Capital Assets decreased \$ 93,432 based on depreciation expense for the year. There were no capital expenditures for the year. The Authority disposed of a 2000 GMC Sonoma.

**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, 2016

<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 358,058
Restricted cash	13,118
Investments	130,642
Tenant rents receivable (net of \$1 allowance)	6,419
Accrued interest receivable	8
Prepaid expenses	20,943
Supplies inventory (net of \$2,585 allowance)	23,266
Total current assets	552,454
Noncurrent Assets:	
Capital Assets:	
Nondepreciable capital assets	337,183
Depreciable capital assets, net	972,918
Total noncurrent assets	1,310,101
Total assets	1,862,555
Deferred outflow of resources	-
Total assets and deferred outflow of resources	1,862,555
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	
Current Liabilities:	
Accounts payable/accrued liabilities	17,431
Accrued payroll/ payroll taxes payable	7,056
Accounts payable - other government	59,638
Tenant security deposits	13,118
Accrued compensated absences payable	3,311
Unearned revenues	5,050
Total current liabilities	105,604
Noncurrent Liabilities:	
Accrued compensated absences payable	9,930
Total noncurrent liabilities	9,930
Total liabilities	115,534
Deferred inflow of resources	-
<b>NET POSITION</b>	
Investment in capital assets	1,310,101
Unrestricted net position	436,920
Total net position	\$ 1,747,021

*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, 2016

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Operating revenues:	
Tenant rental revenue (net)	\$ 206,120
HUD operating grants	332,131
Other revenue	43,865
Total operating revenues	<u>582,116</u>
Operating expenses:	
Administration	186,500
Tenant services	911
Utilities	77,330
Ordinary maintenance	251,725
Insurance	29,045
General expenses	36,682
Depreciation	93,432
Extraordinary maintenance	5,598
Total operating expenses	<u>681,223</u>
Operating income (loss)	<u>(99,107)</u>
Nonoperating revenue (expenses):	
Interest income	98
Total nonoperating revenue (expenses)	<u>98</u>
Net income (Loss) before contributions	(99,009)
Contributions – capital grants	<u>-</u>
Increase (decrease) in net position	(99,009)
Net position, beginning of year	<u>1,846,030</u>
Net position, end of year	<u>\$ 1,747,021</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, 2016

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Cash flows provided from/(used by) operating activities:	
Cash received from tenants and others	\$ 248,553
Cash paid for goods and services	(391,384)
Cash paid to employees for services	(163,605)
Cash received from EGHAP for prior year overpayments	65,056
HUD operating grants	363,517
Net cash provided from/(used by) operating activities	<u>122,137</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	101
Proceeds from maturities of investments	130,542
Purchase of investments	(130,642)
Net cash flows provided from/(used by) investment activities	<u>1</u>
Net increase (decrease) in cash and cash equivalents	122,138
Cash and cash equivalents, beginning of year	<u>249,038</u>
Cash and cash equivalents, end of year	<u>\$ 371,176</u>
Reconciliation of cash/cash equivalents:	
Cash - operating	\$ 358,058
Restricted cash - tenant security deposits	13,118
Total cash and cash equivalents	<u>371,176</u>
Reconciliation of operating income (loss) to net cash provided from/ (used by) operating activities:	
Operating income (loss)	<u>\$ (99,107)</u>
Adjustments to reconcile operating income (loss) to net cash provided from/(used by) operating activities:	
Depreciation	93,432
Changes in assets and liabilities:	
(Increase) decrease in tenants accounts receivable	6,378
(Increase) decrease in accounts receivable - HUD	31,386
(Increase) decrease in accounts receivable - other government	65,056
(Increase) decrease in inventory and prepaid insurance	(573)
Increase (decrease) in accounts payable and accrued liabilities	77
Increase (decrease) in accrued payroll/payroll taxes payable	(14,230)
Increase (decrease) in accounts payable other government	(241)
Increase (decrease) in accounts payable EGHA	48,739
Increase (decrease) in security deposits	(782)
Increase (decrease) in unearned revenues	(7,028)
Increase (decrease) in accrued compensated absences	(970)
Total adjustments	<u>221,244</u>
Net cash provided from/(used by) operating activities	<u>\$ 122,137</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, 2016

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 Public Housing Program, low income tenants pay monthly rents which are determined by their need for assistance. HUD pays the annual debt service contributions directly to a fiscal or paying agent under the terms of the annual contributions contract. HUD also pays operating subsidies to the housing authority to enable the authority to maintain the low-income character of the neighborhood while providing adequate services and maintaining adequate reserves.

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

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

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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.

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.



HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by HUD regulations. The Authority may designate as an official depository any bank or savings and loan association whose principal office is located in Georgia. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money accounts and certificates of deposit. Section 401(e) of the annual contribution contract authorizes the Authority to invest in the following types of securities:

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

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

Disclosures about fair value of assets and liabilities

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

Accounts Receivable – Tenants

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

Due from the United States Department of Housing and Urban Development

The amount due from HUD as of December 31, 2015 consisted of operating subsidy earned but not received as of that date.

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.

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

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

Accrued Compensated Absences

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

Deferred outflows/inflows of resources

In accordance with GASB 63, 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. The Authority has no items that meet this criterion. Also, 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 has no items that meet this criterion.

Operating Revenues

Subsidies received from the Department of Housing and Urban Development or other grantor agencies for operating purposes, are recorded as operating revenues. Those that are received for capital purposes are recorded as a capital contribution.

Net Position

*Investment in capital assets*

Investment in capital assets represents funds received for development and modernization of the Authority’s dwelling units. In addition, this amount represents capital assets purchased through operations and grant programs net of accumulated depreciation and related debt. The Authority has no related debt.

*Unrestricted Net Position*

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

Estimates

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

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016, the Authority's deposits consist of the following:

	<u>Total</u>
Demand deposit accounts (checking, savings, and money market account)	\$ 371,076
Time deposits - certificates of deposit	<u>130,642</u>
	<u>\$ 501,718</u>

Deposits are required to be either covered by federal depository insurance or be collateralized with securities held by a third-party custodian in the Authority's name. At December 31, 2016, the Authority's deposits with financial institutions for all fund types had a carrying amount of \$501,718 and a bank balance of \$606,389. Of these bank balances, \$380,642 was covered by federal depository insurance and \$225,747 was collateralized with security held by a third party custodian in the Authority's name.

As of December 31, 2016, the Authority's deposits are classified in the financial statements as follows:

	<u>Total</u>
Cash and cash equivalents	\$ 357,958
Restricted cash	13,118
Investments	<u>130,642</u>
	<u>\$ 501,718</u>

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: Detail Notes on All Programs (continued)

A. ASSETS (continued)

Deposits and Investments (continued)

In summary, as of December 31, 2016, the Authority's cash and cash equivalents consist of the following:

	<u>Total</u>
Demand deposit accounts (checking, savings, and money market account)	\$ 371,076
Petty cash and change fund	<u>100</u>
Total cash and cash equivalents	<u>371,176</u>
Less : restricted cash and cash equivalents	<u>(13,118)</u>
Unrestricted cash and cash equivalents	<u>\$ 358,058</u>

In summary, as of December 31, 2016, the Authority's investments consist of the following:

	<u>Total</u>
Time deposits - certificates of deposit	\$ 130,642
	<u>\$ 130,642</u>

Interest rate risk – the Authority's formal investment policy does not specifically address the exposure to this risk.

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

Custodial credit risk – investments – For investments, this is the risk that, in the event of failure of a counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no policy on custodial credit risk for investments.

Custodial credit risk – deposits – For deposits, this is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has no policy on custodial credit risk for deposits.

Concentration of credit risk – the Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

Restricted cash and investments:

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

Public Housing Fund:

The Authority holds funds totaling \$13,118 in tenant security deposits in the general checking account.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: Detail Notes on All Programs (continued)

A. ASSETS (continued)

Capital Assets

The capital assets (at cost) of the Housing Authority of the City of Warrenton at December 31, 2016 consisted of the following:

	Balance at Dec. 31, 2015	Additions	Deletions/ Adjustments	Transfers	Balance at Dec. 31, 2016
<b>Nondepreciable Capital Assets:</b>					
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>
<b>Depreciable capital assets:</b>					
Buildings and improvements	4,218,800	-	-	-	4,218,800
Furniture, equip., vehicles	125,913	-	(16,826)	-	109,087
Total Depreciable Assets	<u>4,344,713</u>	<u>-</u>	<u>(16,826)</u>	<u>-</u>	<u>4,327,887</u>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	3,167,000	83,992	-	-	3,250,992
Furniture, equip., vehicles	111,363	9,440	(16,826)	-	103,977
Total Accumulated Depreciation	<u>3,278,363</u>	<u>93,432</u>	<u>(16,826)</u>	<u>-</u>	<u>3,354,969</u>
Total Depreciable Assets, net	<u>1,066,350</u>	<u>(93,432)</u>	<u>-</u>	<u>-</u>	<u>972,918</u>
Total Capital Assets, Net	<u>\$ 1,403,533</u>	<u>\$ (93,432)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310,101</u>

Depreciation expense was \$93,432 for the year ended December 31, 2016.

A summary of capital assets at December 31, 2016 is as follows:

	Low-Rent	Total
Land	\$ 337,183	\$ 337,183
Construction in progress	-	-
Buildings and improvements	4,218,800	4,218,800
Equipment	109,087	109,087
	<u>4,665,070</u>	<u>4,665,070</u>
Less: accumulated depreciation	<u>(3,354,969)</u>	<u>(3,354,969)</u>
Capital assets, net	<u>\$ 1,310,101</u>	<u>\$ 1,310,101</u>

B. LIABILITIES

Accounts Payable

The Authority had the following accounts payable at December 31, 2016:

Vendors	\$ 9,967
Utilities	7,464
	<u>\$ 17,431</u>

Accounts Payable – Other Government

The Authority had the following accounts payable- other government at December 31, 2016:

City of Warrenton (PILOT)	\$ 10,899
Thomson Housing Authority	48,739
Total	<u>\$ 59,638</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: Detail Notes on All Programs (continued)

B. LIABILITIES (continued)

Unearned revenues

The Authority had unearned revenues as follows at December 31, 2016:

Prepaid rents \$ 5,050

Pension Plan Obligation

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

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

As all employees are employees of the East Georgia Housing Authorities Partnership (EGHAP), EGHAP contributes an amount equal to 13.5% of each employee's annual compensation to the plan, with each member of EGHAP covering their share of the costs based on a percentage of units methodology. Pension expense totaled \$13,022 for the year ended December 31, 2016. 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 12/31/15	Additions	Reductions	Balance 12/31/16	Less Amounts Due Within One Year	Noncurrent Balance 12/31/16
Accrued compensated absences	\$ 14,211	\$ 9,473	\$ (10,443)	\$ 13,241	\$ (3,311)	\$ 9,930
Total	<u>\$ 14,211</u>	<u>\$ 9,473</u>	<u>\$ (10,443)</u>	<u>\$ 13,241</u>	<u>\$ (3,311)</u>	<u>\$ 9,930</u>

C. NET POSITION

Schedule of Changes in Net Position:

	Investment In Capital Assets	Unrestricted Net Position	Total
Balance - beginning of year	\$ 1,403,533	\$ 442,497	\$ 1,846,030
Decrease in net position	-	(99,009)	(99,009)
Changes in investment in capital assets	(93,432)	93,432	-
Balance - end of year	<u>\$ 1,310,101</u>	<u>\$ 436,920</u>	<u>\$ 1,747,021</u>

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016, 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.



NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016, the Authority had \$48,739 due to the Housing Authority of the City of Thomson for 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, 2016, approximately 57.05% 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 September 1, 2017 (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, 2016

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, 2016, the Authority did not have any reviews performed by federal and state agencies.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

Construction Commitments: The Authority may have major construction projects in progress from time to time. These may include modernizing rental units at the project sites. As of December 31, 2016, 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, 2016

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 \$0.

*See auditor's report.*

HOUSING AUTHORITY OF THE CITY OF WARRENTON  
Warrenton, Georgia

STATEMENT OF CAPITAL FUND PROGRAM COSTS – UNCOMPLETED

December 31, 2016

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, 2016

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 \$0.

*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, 2016

FEDERAL GRANTOR	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U. S. Department of HUD			
Public Housing Program	14.850	\$ 332,131	\$ 332,131
TOTAL			\$ 332,131

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditure of federal awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year.

**Note 3 – Indirect Cost Rate**

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

*See auditor's report.*

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2016

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$358,058	\$358,058	\$358,058
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$13,118	\$13,118	\$13,118
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$371,176	\$371,176	\$371,176
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$6,420	\$6,420	\$6,420
126.1 Allowance for Doubtful Accounts - Tenants	-\$1	-\$1	-\$1
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$8	\$8	\$8
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,427	\$6,427	\$6,427
131 Investments - Unrestricted	\$130,642	\$130,642	\$130,642
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$20,943	\$20,943	\$20,943
143 Inventories	\$25,851	\$25,851	\$25,851
143.1 Allowance for Obsolete Inventories	-\$2,585	-\$2,585	-\$2,585
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$552,454	\$552,454	\$552,454



161 Land	\$337,183	\$337,183	\$337,183
162 Buildings	\$4,218,800	\$4,218,800	\$4,218,800
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$109,087	\$109,087	\$109,087
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$3,354,969	-\$3,354,969	-\$3,354,969
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,310,101	\$1,310,101	\$1,310,101
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	\$1,310,101	\$1,310,101	\$1,310,101
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$1,862,555	\$1,862,555	\$1,862,555
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$9,967	\$9,967	\$9,967
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$7,056	\$7,056	\$7,056
322 Accrued Compensated Absences - Current Portion	\$3,311	\$3,311	\$3,311
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects	\$48,739	\$48,739	\$48,739
333 Accounts Payable - Other Government	\$10,899	\$10,899	\$10,899
341 Tenant Security Deposits	\$13,118	\$13,118	\$13,118
342 Unearned Revenue	\$5,050	\$5,050	\$5,050
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities	\$7,464	\$7,464	\$7,464
346 Accrued Liabilities - Other			

347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$105,604	\$105,604	\$105,604	\$105,604
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	\$9,930	\$9,930	\$9,930	\$9,930
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$9,930	\$9,930	\$9,930	\$9,930
300	Total Liabilities	\$115,534	\$115,534	\$115,534	\$115,534
400	Deferred Inflow of Resources				
508.4	Net Investment in Capital Assets	\$1,310,101	\$1,310,101	\$1,310,101	\$1,310,101
511.4	Restricted Net Position	\$0	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$436,920	\$436,920	\$436,920	\$436,920
513	Total Equity - Net Assets / Position	\$1,747,021	\$1,747,021	\$1,747,021	\$1,747,021
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,862,555	\$1,862,555	\$1,862,555	\$1,862,555

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: 12/31/2016

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$188,157	\$188,157	\$188,157
70400 Tenant Revenue - Other	\$17,963	\$17,963	\$17,963
70500 Total Tenant Revenue	\$206,120	\$206,120	\$206,120
70600 HUD PHA Operating Grants	\$332,131	\$332,131	\$332,131
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			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$98	\$98	\$98
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	\$43,865	\$43,865	\$43,865
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$582,214	\$582,214	\$582,214
91100 Administrative Salaries	\$81,846	\$81,846	\$81,846
91200 Auditing Fees	\$6,150	\$6,150	\$6,150
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$41,629	\$41,629	\$41,629

91600 Office Expenses	\$42,928	\$42,928	\$42,928
91700 Legal Expense	\$75	\$75	\$75
91800 Travel	\$4,843	\$4,843	\$4,843
91810 Allocated Overhead			
91900 Other	\$9,029	\$9,029	\$9,029
91000 Total Operating - Administrative	\$186,500	\$186,500	\$186,500
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$911	\$911	\$911
92500 Total Tenant Services	\$911	\$911	\$911
93100 Water	\$13,677	\$13,677	\$13,677
93200 Electricity	\$12,763	\$12,763	\$12,763
93300 Gas	\$40,706	\$40,706	\$40,706
93400 Fuel			
93500 Labor			
93600 Sewer	\$10,184	\$10,184	\$10,184
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$77,330	\$77,330	\$77,330
94100 Ordinary Maintenance and Operations - Labor	\$72,056	\$72,056	\$72,056
94200 Ordinary Maintenance and Operations - Materials and Other	\$77,309	\$77,309	\$77,309
94300 Ordinary Maintenance and Operations Contracts	\$67,474	\$67,474	\$67,474
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,886	\$34,886	\$34,886
94000 Total Maintenance	\$251,725	\$251,725	\$251,725
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$15,975	\$15,975	\$15,975
96120 Liability Insurance	\$4,702	\$4,702	\$4,702
96130 Workmen's Compensation	\$5,946	\$5,946	\$5,946

96140 All Other Insurance	\$2,422	\$2,422	\$2,422
96100 Total Insurance Premiums	\$29,045	\$29,045	\$29,045
96200 Other General Expenses			
96210 Compensated Absences	\$9,473	\$9,473	\$9,473
96300 Payments in Lieu of Taxes	\$10,658	\$10,658	\$10,658
96400 Bad debt - Tenant Rents	\$16,551	\$16,551	\$16,551
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$36,682	\$36,682	\$36,682
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
96900 Total Operating Expenses	\$582,193	\$582,193	\$582,193
97000 Excess of Operating Revenue over Operating Expenses	\$21	\$21	\$21
97100 Extraordinary Maintenance	\$5,598	\$5,598	\$5,598
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$93,432	\$93,432	\$93,432
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$681,223	\$681,223	\$681,223
10010 Operating Transfer In			
10020 Operating transfer Out			
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	-\$99,009	-\$99,009	-\$99,009	-\$99,009
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030	Beginning Equity	\$1,846,030	\$1,846,030	\$1,846,030	\$1,846,030
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
11210	Number of Unit Months Leased	1182	1182	1182	1182
11270	Excess Cash	\$354,125	\$354,125	\$354,125	\$354,125
11610	Land Purchases	\$0	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0	\$0
13510	CFPP Debt Service Payments	\$0	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0	\$0

**OTHER INFORMATION SECTION**

# Phillip C. Jarrell, LLC

Certified Public Accountant

43 N. Tallahassee St.

\* Hazlehurst, Georgia 31539 \*

(Ph 912-307-4555 Fax 912-375-5559)

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, 2016, 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 September 1, 2017.

## 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.

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. 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 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  
September 1, 2017

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

December 31, 2016

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?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Section II - Financial Statement Findings:**

There were no findings relating to this area for the period ended December 31, 2016.

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

December 31, 2016

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The prior audit report for the period ended December 31, 2015 contained the following audit finding:

Finding

No.

2015-001

East Georgia Housing Authorities Partnership (EGHAP) Reimbursement of Expenses

Audit fieldwork determined that this condition no longer exists.