

HOUSING AUTHORITY OF THE CITY OF
LEXINGTON, NEBRASKA

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Lexington, Nebraska

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Lexington, Nebraska, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Lexington, Nebraska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic 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 entity's internal control. Accordingly, we 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 basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Lexington, Nebraska, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Lexington, Nebraska's basic financial statements. The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020 on our consideration of the Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting and compliance.

Niewedde & Wiens, CPAs

York, Nebraska
January 20, 2020

REQUIRED SUPPLEMENTAL INFORMATION –
MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF LEXINGTON



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This section of the Housing Authority of the City of Lexington, Nebraska's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of June 30, 2019 was \$4,268,206. The net position increased by \$102,196, an increase of 2.5% over the prior year. Of this amount, \$1,185,448 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to citizens, creditors and operations of facilities.

Operating revenues for the Authority was \$1,315,857 for the year ended June 30, 2019. This was an increase of 8% over the prior year.

Operating expenses for the Authority were \$1,614,860 for the year ended June 30, 2019. This was a decrease of 7% from the prior year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report includes this *Management's Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Basic Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's basic financial statements are presented as fund level financial statements because the Authority only has a single proprietary fund.

Required Basic Financial Statements

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

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The Authority reports a single enterprise fund.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Notes to the Basic Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2019 and is required to be included in the audit reporting package.

FINANCIAL HIGHLIGHTS AND ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$4,268,206 at the close of the year ended June 30, 2019. This represents an increase of \$102,196, or 2.5% over the prior year.

CONDENSED STATEMENTS OF NET POSITION

	FY 2019	FY 2018	Dollar Change	Percent Change
Current and other assets	\$ 2,350,719	\$ 2,145,846	\$ 204,873	9.5%
Capital assets	2,950,351	3,073,851	(123,501)	-4.0%
Total Assets	<u>5,301,070</u>	<u>5,219,697</u>	<u>81,373</u>	1.6%
Current liabilities	123,964	144,787	(20,823)	-14.4%
Long-term debt	908,900	908,900	-	0.0%
Total Liabilities	<u>1,032,864</u>	<u>1,053,687</u>	<u>(20,823)</u>	-2.0%
Net Position				
Net investment in capital assets	2,041,451	2,164,951	(123,501)	-5.7%
Restricted	1,041,307	1,021,429	19,879	1.9%
Unrestricted	1,185,448	979,630	205,818	21.0%
Total Net Position	<u>\$ 4,268,206</u>	<u>\$ 4,166,010</u>	<u>\$ 102,196</u>	2.5%

The unrestricted component of net position was \$1,185,448 as of June 30, 2019 which was an increase of \$205,818. The majority of the increase was in two programs with Public Housing increasing \$89,490 and Section 8 New Construction increasing \$113,087. The increase in the Public Housing program was due to a \$41,404 increase in rental income and the use of \$156,765 of capital fund grants for operations which resulted in net income of \$102,108 when not including depreciation expense. The increase in the Section 8 New Construction program was due largely to a net income of \$129,834 when not including depreciation expenses.

The Authority had several different components of restricted net position. The Authority had \$860,372 in restricted net position related to notes receivables to two tax-credit projects. The Authority had an \$100,000 legally restricted to guarantee the tax-credit project. The Authority had \$77,443 restricted for replacement and residual receipts reserves in the NAF Senior Housing, Inc. program. An additional \$3,492 of net position was restricted for future housing assistance payments.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

The largest portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation and related debt). The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Current and other assets increased \$204,873. Cash and investments increased \$189,477 within this. Notes receivables increased \$12,369 due to the compounding of interest on the notes.

Current liabilities decreased \$20,823 decreased due to a \$13,987 decrease in accounts payables and a \$4,643 decrease in unearned revenue.

While the Statement of Net Position shows the change in net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 571,821	\$ 474,923	\$ 96,898	20.4%
HUD program contributions	907,799	735,490	172,309	23.4%
Other	97,709	106,010	(8,301)	-7.8%
General revenues				
Interest	34,696	34,105	591	1.7%
Other	122	-	122	100.0%
Total Revenues	<u>1,612,147</u>	<u>1,350,528</u>	<u>261,618</u>	19.4%
Expenses				
Operating, less depreciation	1,341,220	1,450,209	(108,989)	-7.5%
Depreciation	273,640	290,584	(16,944)	-5.8%
Nonoperating	-	329	(329)	-100.0%
Total Expenses	<u>1,614,860</u>	<u>1,741,122</u>	<u>(126,262)</u>	-7.3%
Excess (Deficiency) Before Contributions and Special Items	(2,713)	(390,594)	387,881	
Contributions	104,919	71,267	33,652	
Special items, net	<u>(10)</u>	<u>(217,012)</u>	<u>217,002</u>	
Changes in Net Position	102,196	(536,338)	638,535	
Beginning net position	<u>4,166,010</u>	<u>4,702,348</u>	<u>(536,339)</u>	
Ending net position	<u>\$ 4,268,206</u>	<u>\$ 4,166,010</u>	<u>\$ 102,196</u>	

Rental income increased \$96,898. Within the overall rent increase, Public Housing rental income increased by \$41,404. Public Housing had 14 less unit months leased however this was offset by a 18% increase in the average rental charge. Section 8 New Construction had a \$37,554 increase in rental income as the number of units leased increased by 37 to 531 out of an available 576. The average rent also increased 22%. Rental income in NAF Senior Housing, Inc. increased \$14,264 as the project had 35 more unit months leased this year.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

HUD program contributions include Public Housing operating subsidy and capital fund grants used for noncapital purposes, Housing Choice Voucher program housing assistance payments and administrative contribution and Section 8 New Construction rental assistance.

Operating subsidy was \$95,306 for the year which was a decrease of \$3,391. Capital funds grants used for noncapital purposes increased \$164,332. Rental assistance in the Section 8 New Construction program decreased \$3,537. The Housing Choice Voucher contributions increased by \$18,292.

Operating expenses decreased by \$108,989. Within this, administrative expenses went down \$26,874, maintenance expenses decreased \$66,028 and HAP expenses decreased \$12,510. Over the course of the year two administrative personnel left employment at LHA. One position was filled by a person who did not elect to take the insurance benefit, a savings for LHA. Additionally, the translator left her position at LHA and this position was not filled. In lieu of a translator LHA is now using the services of a call-in line for translation which accounts for some of the savings in administrative expenses. LHA had one maintenance person leave employment and this position has remained unfilled accounting for some of the maintenance expense decrease. LHA has implemented programs to reduce expenses on both the administrative and maintenance departments and to reduce the number of overtime hours that had been previously charged.

The number of HAP payments decreased by 71 which was offset by a 2% increase in the average HAP.

Contributions for the year were \$104,919 which was an increase of \$33,652. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

Individual Program Highlights:

Public Housing: Occupancy decreased by 14 unit months to 894 out of 972 unit months available. Average rent increased \$50.81 to \$338.

Public Housing had a net income of \$102,107 when not including depreciation expense of \$171,072. Included in this was \$166,166 of capital funds used for noncapital purposes as allowed by program regulations. The unrestricted net position increased \$89,490 this past year to \$314,640.

Housing Choice Voucher: The number of HAP payments made decreased by 71 to 1,185 and the average HAP payment increased 2%. Unrestricted net position, also known as administrative reserve, increased by \$5,122 to \$20,679.

Section 8 New Construction: Occupancy increased by 37 to 531 unit months out of an available 576. When not including depreciation expense, the program had net income of \$129,834.

Pioneer Homes: The program had net income of \$3,897 when not including depreciation and has unrestricted net position \$126,342 at June 30, 2019.

Management Fund: The program had net income of \$9,503 as a result of providing management services to two tax-credit projects. The program has unrestricted net position of \$99,526.

NAF Senior Housing, Inc.: The program had a net income of \$16,971 when not including depreciation expense.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Lexington, Nebraska's capital assets as of June 30, 2019 amounts to \$2,950,351. Capital assets include land, buildings, improvements, equipment and construction in progress net of accumulated depreciation and related debt.

The total decrease in the Authority's capital assets for the current fiscal year was 4% in terms of net book value. The Authority had capital expenditures of \$154,935. The rental unit repair and / or upgrade expenses account for the majority of the capital expenses. The cost absorbed by LHA to make upgrades to the units to include but not limited to new flooring are a correlation to the increased number of rental units in Lexington and to make our units more desirable to potential tenants. Another major portion of the capital expenditures to the buildings was the purchase of keyless locks for the remaining properties. A smaller portion of the capital expenditures is caused from the purchase of coin operated washers and dryers to replace those that had become beyond repair.

Depreciation for the year totaled \$273,640. Additional information on the Authority's capital assets can be found in Note I of the notes to the basic financial statements of this report.

Debt Administration –The only debt is the \$908,900 HUD Section 202 mortgage for which not payments were due. Additional details can be found in Note K of the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Funding uncertainties in both the Public Housing and Housing Choice Voucher programs are a continuing concern for both programs. Both HUD programs mentioned above have unstable funding sources. Money from HUD is unpredictable, and the agency will receive only a prorated portion of what is allowed on paper. All potential expenditures are being examined to see if it is indeed a necessary expenditure.

Tenant rental income fluctuates and is very uncertain in the programs where rent is based on income. Many of the clients that are being housed are very low-income families so this is resulting in a dwelling rent not high enough to pay the per unit costs. The Lexington Housing Authority Board of Commissioners is taking that into consideration when spending is planned.

The Lexington Housing Authority is addressing any vacancy issues. We are working on an updated system to keep closer track of our vacant units. We have also increased our advertising as much as possible with free or low-cost sources to attract additional tenants. Our employees are encouraged to get more involved in the community which will hopefully increase the visibility of the Lexington Housing Authority properties.

The Lexington Housing Authority is pursuing HUD's Rental Assistance Demonstration Program which would remove a portion of the properties from Public Housing and potentially allow for a greater rental income stream.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Lexington, Nebraska, 609 East Third, Lexington, Nebraska 68850.

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BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019

ASSETS

	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,092,340.03
Investments	8,495.87
Accounts receivable, net	10,885.41
Accrued interest receivable	185.22
Prepaid insurance	17,750.10
Notes receivable, current portion	3,572.81
<i>Restricted:</i>	
Cash and cash equivalents	61,284.19
TOTAL CURRENT ASSETS	<u>1,194,513.63</u>
NONCURRENT ASSETS:	
<i>Restricted:</i>	
Cash and cash equivalents	77,442.56
Investments	221,964.00
Notes receivable, less current portion	843,719.59
Accrued interest receivable	13,079.40
Capital Assets, non-depreciable	386,566.31
Capital Assets, depreciable, net	2,563,784.29
TOTAL NONCURRENT ASSETS	<u>4,106,556.15</u>
TOTAL ASSETS \$	<u><u>5,301,069.78</u></u>

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	\$ 23,315.97
Accrued salaries and wages payable	34,328.24
Due to other governments	6.33
Unearned revenue	8,521.93
Trust and deposit liabilities	57,791.27
TOTAL CURRENT LIABILITIES	<u>123,963.74</u>
NONCURRENT LIABILITIES	
Mortgage payable	908,900.00
TOTAL NONCURRENT LIABILITIES	<u>908,900.00</u>
TOTAL LIABILITIES	<u><u>1,032,863.74</u></u>

NET POSITION

Net Investment in Capital Assets	2,041,450.60
Restricted	1,041,307.28
Unrestricted	1,185,448.16
TOTAL NET POSITION \$	<u><u>4,268,206.04</u></u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended June 30, 2019

	<u>Housing</u>
OPERATING REVENUES	
Rental income	\$ 571,820.98
HUD contributions	646,327.13
Other income	<u>97,708.69</u>
TOTAL OPERATING REVENUES	<u>1,315,856.80</u>
OPERATING EXPENSES	
Administrative	431,152.84
Utilities	110,607.54
Ordinary maintenance and operations	360,736.04
General expense	87,187.99
Housing assistance payments	351,535.25
Depreciation	<u>273,640.18</u>
TOTAL OPERATING EXPENSES	<u>1,614,859.84</u>
OPERATING INCOME (LOSS)	<u>(299,003.04)</u>
NONOPERATING REVENUES (EXPENSES)	
HUD operating subsidy	95,306.00
HUD capital grants	166,166.10
Interest income	34,695.89
Gain on disposition of capital assets	<u>121.75</u>
TOTAL NONOPERATING REVENUES(EXPENSES)	<u>296,289.74</u>
INCOME(LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	<u>(2,713.30)</u>
CAPITAL CONTRIBUTIONS	
HUD capital grants	104,918.94
SPECIAL ITEMS	
Insurance proceeds	10,945.37
Excess residual receipts due to HUD	(9.51)
Casualty loss expenses	<u>(10,945.37)</u>
INCREASE (DECREASE) IN NET POSITION	<u>102,196.13</u>
NET POSITION:	
Net position, beginning balance	<u>4,166,009.91</u>
TOTAL NET POSITION - ENDING BALANCE	<u>\$ 4,268,206.04</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2019

	<u>Housing</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 615,852.29
HUD receipts	648,522.00
Other receipts	37,714.49
Trust and deposits	2,224.79
Cash payments for goods and services	(840,599.32)
Cash payments to employees for services	<u>(505,689.93)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(41,975.68)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	95,306.00
Repayment of excess residual receipts	(3,022.74)
HUD capital grants	166,166.10
Principal received on notes receivable	<u>4,277.25</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	262,726.61
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(154,934.90)
HUD capital grants	100,769.48
Proceeds from the sale of capital assets	4,917.00
Insurance proceeds	10,945.37
Casualty loss payments	<u>(10,945.37)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(49,248.42)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	301,008.76
Interest received	<u>17,983.11</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	318,991.87
NET INCREASE (DECREASE) IN CASH	<u>490,494.38</u>
CASH AND CASH EQUIVALENTS-BEGINNING	740,572.40
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 1,231,066.78</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended June 30, 2019

	<u>Housing</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (299,003.04)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	273,640.18
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,210.97)
(Increase) decrease in due from other governments	3,932.83
(Increase) decrease in prepaid expenses	(4,674.03)
Increase (decrease) in accounts payable	(13,987.05)
Increase (decrease) in accrued salaries	(1,405.21)
Increase (decrease) in trust and deposit liabilities	2,224.79
Increase (decrease) in unearned revenue	(493.18)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(41,975.68)</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was created under the laws of the State of Nebraska. The purpose of the Authority is to administer the housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

The basic financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's basic financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, NAF Senior Housing, Inc., Eastlawn East and the Lexington Development Corporation are component units. They are reported as a blended component units although both are legally separate entities from the Authority, their activities are, in substance, part of the Authority's operations and so data from both are combined with the Authority's.

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred out flows of resources, liabilities, deferred inflows of resources, fund net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The reporting model as defined in Statement No. 34 and modified establishes criteria (percentage of the combined assets and deferred outflows of resources, combined liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. The Authority only has the Public Housing Program therefore it is the sole major Fund.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these basic financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Inventory

Inventories consist of supplies and are recorded at the lower of cost or market on a first-in, first-out basis.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date donated. The Authority capitalized assets with a cost of \$1,000 or more and over a one year of life or group purchases of like-kind items over \$5,000.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted components of net position are available, the Authority's policy is to apply restricted first.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

Compensated Absences

The Authority's policy requires the staff to use all personal leave time by fiscal year end or forfeit unused balances.

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

The Authority is a governmental subdivision of the State of Nebraska and is exempt from Federal and State income taxes.

Leases

The majority of leases and subleases are short-term operating leases.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2019, the reported amount of the Authority's deposits was \$1,339,500.70 and the bank balance was \$1,389,259.02. Of the bank balance, \$931,501.32 was covered by federal depository insurance and \$457,757.70 was collateral held by Authority's agent in the Authority's name. The Authority had cash on hand of \$61.95 at June 30, 2019.

Investments

Investment of \$121,964 represents the Authority's equity in tax-credit rental projects.

A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

Cash on hand	\$	61.95
Carrying amount of deposits		1,339,500.70
Carrying amount of investments		121,964.00
	\$	<u>1,461,526.65</u>

Cash	\$	1,092,340.03
Investments		8,495.87
Cash – restricted		138,726.75
Investments – restricted		221,964.00
	\$	<u>1,461,526.65</u>

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at June 30, 2019 is as follows:

Tenant receivables	\$	4,364.55
Management fees		5,660.86
Miscellaneous		860.00
Allowance for doubtful accounts		-
	\$	<u>10,885.41</u>

NOTE D – PREPAID EXPENSES

A summary of prepaid expenses as presented in the Statement of Net Position at June 30, 2019 is as follows:

Insurance	\$	15,646.05
Miscellaneous		2,104.05
	\$	<u>17,750.10</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE E – NOTES RECEIVABLE

During the year ended June 30, 2010, the Authority received a \$392,941 HOME grant which was passed through the Nebraska Department of Economic Development. The grant proceeds were loaned to the tax-credit project known as Legend Oaks, LLC. The promissory note dated March 17, 2010 earns interest of 4% which compounds annually. The note is due the earlier of January 1, 2026; no later than ninety days after the end of the 15-year compliance period; or the date of the sale of the property or the refinancing of this loan. The principal and accrued interest balances at June 30, 2019 were \$554,799.08 and \$11,095.98, respectively.

During the year ended June 30, 2014, the Authority entered into a promissory note for \$169,620 with Legend Oaks II, LLC. The promissory note dated November 12, 2013 earns interest at 4% per annum. The loan requires interest only payments on the 10th of the month until December 10, 2014, when \$810 monthly payments of principal and interest commence until November 10, 2030 when all unpaid principal is due. The principal and accrued interest balances at June 30, 2019 were \$154,883.53 and \$352.74, respectively.

During the year ended June 30, 2014, the Authority entered into a \$151,851 promissory note with Legend Oaks II, LLC. The promissory note dated November 12, 2013 with an amendment dated November 21, 2014 earns interest at 4% per annum. The interest rate is 2.37% and compounds annually. Payments are due based on residual receipts of the project. The entire unpaid principal balance along with accrued interest shall be paid in full upon the earliest of no less than ninety days after the 15-year compliance period or the date of the sale of the property or the refinancing of this loan. The principal and accrued interest balances at June 30, 2019 were \$137,609.79 and \$1,630.68, respectively.

NOTE F—RESTRICTED ASSETS

The following is a summary of restricted assets at June 30, 2019:

	Cash and Cash Equivalents	Investments	Total
Tenant security deposits	\$ 57,791.27	\$ -	\$ 57,791.27
Housing assistance payments	3,492.92	-	3,492.92
Replacement reserve	72,936.23	-	72,936.23
Tax-credit guarantee	-	100,000.00	100,000.00
Investment in tax-credit	-	121,964.00	121,964.00
Residual receipts reserve	4,506.33	-	4,506.33
	<u>\$ 138,726.75</u>	<u>\$ 221,964.00</u>	<u>\$ 360,690.75</u>

NOTE G – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at June 30, 2019 is as follows:

Vendors and contractors \$ 23,315.97

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE H – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at June 30, 2019 is as follows:

HUD – Excess residual receipts \$ 6.33

NOTE I – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
Non-depreciable assets:				
Land	\$ 386,566.31	\$ -	\$ -	\$ 386,566.31
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>386,566.31</u>	<u>-</u>	<u>-</u>	<u>386,566.31</u>
Depreciable assets				
Buildings	8,585,060.55	124,328.90	(7,018.85)	8,702,370.60
Equipment - Dwelling	142,886.19	-	(3,706.42)	139,179.77
Equipment - Administration	248,591.46	30,606.00	(2,310.00)	276,887.46
Total depreciable assets	<u>8,976,538.20</u>	<u>154,934.90</u>	<u>(13,035.27)</u>	<u>9,118,437.83</u>
Total Capital Assets	<u>9,363,104.51</u>	<u>154,934.90</u>	<u>(13,035.27)</u>	<u>9,505,004.14</u>
Accumulated depreciation				
Buildings	5,940,022.19	258,746.75	(2,999.40)	6,195,769.54
Equipment - Dwelling	120,639.93	3,888.88	(3,706.42)	120,822.39
Equipment - Administration	228,591.26	11,004.55	(1,534.20)	238,061.61
Total accumulated depreciation	<u>6,289,253.38</u>	<u>273,640.18</u>	<u>(8,240.02)</u>	<u>6,554,653.54</u>
Depreciable assets, net	<u>2,687,284.82</u>	<u>(118,705.28)</u>	<u>(4,795.25)</u>	<u>2,563,784.29</u>
Capital assets, net	<u>\$ 3,073,851.13</u>	<u>\$ (118,705.28)</u>	<u>\$ (4,795.25)</u>	<u>\$ 2,950,350.60</u>

NOTE J – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at June 30, 2019 is as follows:

Prepaid rent	\$ 4,832.93
HUD HCV administrative fees	<u>3,689.00</u>
	<u>\$ 8,521.93</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE K – LONG-TERM DEBT

The project known as NAF Senior Housing, Inc. has mortgage payable which represents a capital advance provided by HUD for the development of Eastlawn East. The capital advance shall bear no interest and is not required to be repaid so long as the housing remains available to eligible very low-income households for a period of 40 years and in accordance with Section 202. The capital advance is secured by a mortgage on the property. The principal balance as of June 30, 2019 was \$908,900.

A summary of changes in mortgage payable as of June 30, 2019 is as follows:

Description	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
HUD 202 Capital Advance Mortgage	\$ 908,900.00	\$ -	\$ -	\$ 908,900.00	\$ -

NOTE L – NET POSITION

The fund financial statements utilize a net position presentation. The components of net position are net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- **Restricted** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The Authority had an \$860,371.80 of net position restricted for the notes receivable related to various tax-credit projects as described in Note E.

The Authority had an additional \$100,000 of net position that is legally restricted to guarantee the tax-credit project.

The Authority had \$3,492.92 of net position restricted for future housing assistance payments.

The Authority had \$72,936.23 restricted for replacement reserves in the NAF Senior Housing, Inc. program.

The Authority had \$4,506.33 restricted for residual receipts reserves in the NAF Senior Housing, Inc. program.

- **Unrestricted** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE M - PENSION PLAN

All employees who are reasonably expected to receive at least \$3,850 in compensation during the current year are eligible to participate in the Authorities retirement plan, a Simple IRA plan. The Authority is required to make a matching contribution equal to the employee's contribution up to a limit of 3% of the plan-defined compensation for the calendar year. The total payroll for all Housing Authority employees for the year ended June 30, 2019 was \$419,635.58. Employer and employee contributions for the year ended June 30, 2019 were \$10,532.05 and \$14,257.70, respectively, based on wages of \$351,068.33.

NOTE N – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended June 30, 2019, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE O – CONTINGENT LIABILITIES

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE P – HUD HELD RESERVES

At June 30, 2019, the Department of Housing and Urban Development was holding \$79,922 of budget authority in the Housing Choice Voucher program that is available for future housing assistance payment.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE Q – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS

The condensed financial statement data for the NAF Senior Housing, Inc, and Development Corporation are as follows:

Condensed Statement of Net Assets

	NAF Senior Housing, Inc.	Development Corporation
Current Assets	\$ 96,698.88	\$ -
Capital Assets	526,217.49	-
Total Assets	<u>\$ 622,916.37</u>	<u>\$ -</u>
Current Liabilities	\$ 28,793.24	\$ -
Long-Term Liabilities	908,900.00	-
Total Liabilities	<u>\$ 937,693.24</u>	<u>\$ -</u>
Net Position		
Net investment in capital assets	\$ (382,682.51)	\$ -
Restricted	77,442.56	-
Unrestricted	(9,536.92)	-
Total Net Position	<u>\$ (314,776.87)</u>	<u>\$ -</u>

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

	NAF Senior Housing, Inc.	Development Corporation
Operating Revenues		
Rental Income	\$ 61,137.76	\$ -
HUD contributions	20,073.00	-
Other	11,154.93	-
Total Operating Revenue	<u>92,365.69</u>	<u>-</u>
Operating Expense		
Operating, Excluding Depreciation	75,272.49	-
Depreciation	17,968.47	-
Total Operating Expenses	<u>93,240.96</u>	<u>-</u>
Operating Income (Loss)	(875.27)	-
Nonoperating		
Revenues	262.99	-
Expenses	(385.29)	-
Net Loss Before Special Items and Transfers	<u>(997.57)</u>	<u>-</u>
Special items	(9.51)	-
Transfers	-	1,082.58
Change in Net Position	<u>(997.57)</u>	<u>1,082.58</u>
Net Position, Beginning Balance	(313,769.79)	(1,082.58)
Net Position, Ending Balance	<u>\$ (314,767.36)</u>	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE Q – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS (CONT'D)

Condensed Statement of Cash Flows

	NAF Senior Housing, Inc.	Development Corporation
Net Cash Provided (Used) By:		
Operating Activities	\$ 17,522.45	\$ -
Noncapital Financing Activities	(8,317.66)	-
Capital and Related Financing Activities	(4,778.76)	-
Investing Activities	249.31	-
	<u>4,675.34</u>	<u>-</u>
Cash and Cash Equivalents, Beginning	88,926.43	-
Cash and Cash Equivalents, Ending	\$ <u><u>93,601.77</u></u>	\$ <u><u>-</u></u>

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SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF NET POSITION
June 30, 2019

ASSETS	Public Housing	Housing Choice Voucher	Section 8 New Construction
CURRENT ASSETS:			
Cash and cash equivalents	\$ 425,845.21	\$ 31,955.64	\$ 470,357.76
Investments	3,627.39	-	3,553.37
Accounts receivable, net	3,874.55	-	408.00
Accrued interest receivable	2.62	-	182.49
Prepaid expenses	8,374.32	438.38	5,865.41
Notes receivable, current portion	-	-	3,572.81
Interfund receivable	-	225.25	187,540.01
<i>Restricted:</i>			
Cash and cash equivalents	33,637.27	3,492.92	14,708.00
TOTAL CURRENT ASSETS	475,361.36	36,112.19	686,187.85
NONCURRENT ASSETS:			
<i>Restricted:</i>			
Cash and cash equivalents	-	-	-
Investments	-	-	100,000.00
Notes receivable, less current portion	-	-	151,310.72
Accrued interest receivable	-	-	352.74
Capital Assets, non-depreciable	221,333.49	-	96,722.82
Capital Assets, depreciable, net	1,659,393.44	-	239,326.30
TOTAL NONCURRENT ASSETS	1,880,726.93	-	587,712.58
TOTAL ASSETS	\$ 2,356,088.29	\$ 36,112.19	\$ 1,273,900.43
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	\$ 8,802.80	\$ 1,519.19	\$ 8,273.98
Accrued salaries and wages payable	10,745.56	2,337.69	13,054.07
Due to other governments	-	-	-
Interfund payable	103,871.67	4,394.77	12,229.86
Unearned revenue	3,664.43	3,689.00	550.00
Trust and deposit liabilities	33,637.27	-	14,708.00
TOTAL CURRENT LIABILITIES	160,721.73	11,940.65	48,815.91
NONCURRENT LIABILITIES			
Mortgage payable	-	-	-
TOTAL NONCURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	160,721.73	11,940.65	48,815.91
NET POSITION			
Net investment in capital assets	1,880,726.93	-	336,049.12
Restricted	-	3,492.92	255,236.27
Unrestricted	314,639.63	20,678.62	633,799.13
TOTAL NET POSITION	\$ 2,195,366.56	\$ 24,171.54	\$ 1,225,084.52

<u>Pioneer Homes</u>	<u>Management Fund</u>	<u>NAF Senior Housing, Inc.</u>	<u>Development Corporation</u>	<u>Totals</u>
\$ 115,868.14	\$ 36,695.07	\$ 11,618.21	\$ -	\$ 1,092,340.03
-	-	1,315.11	-	8,495.87
890.00	5,660.86	52.00	-	10,885.41
-	-	0.11	-	185.22
608.57	760.43	1,702.99	-	17,750.10
-	-	-	-	3,572.81
12,202.96	20,387.25	26.90	-	220,382.37
<u>4,905.00</u>	<u>-</u>	<u>4,541.00</u>	<u>-</u>	<u>61,284.19</u>
<u>134,474.67</u>	<u>63,503.61</u>	<u>19,256.32</u>	<u>-</u>	<u>1,414,896.00</u>
-	-	77,442.56	-	77,442.56
-	121,964.00	-	-	221,964.00
-	692,408.87	-	-	843,719.59
-	12,726.66	-	-	13,079.40
41,566.00	-	26,944.00	-	386,566.31
<u>165,791.06</u>	<u>-</u>	<u>499,273.49</u>	<u>-</u>	<u>2,563,784.29</u>
<u>207,357.06</u>	<u>827,099.53</u>	<u>603,660.05</u>	<u>-</u>	<u>4,106,556.15</u>
\$ <u>341,831.73</u>	\$ <u>890,603.14</u>	\$ <u>622,916.37</u>	\$ <u>-</u>	\$ <u>5,521,452.15</u>
\$ 889.27	\$ 590.57	\$ 3,240.16	\$ -	\$ 23,315.97
2,338.58	5,852.34	-	-	34,328.24
-	-	6.33	-	6.33
-	79,498.82	20,387.25	-	220,382.37
-	-	618.50	-	8,521.93
<u>4,905.00</u>	<u>-</u>	<u>4,541.00</u>	<u>-</u>	<u>57,791.27</u>
<u>8,132.85</u>	<u>85,941.73</u>	<u>28,793.24</u>	<u>-</u>	<u>344,346.11</u>
<u>-</u>	<u>-</u>	<u>908,900.00</u>	<u>-</u>	<u>908,900.00</u>
<u>-</u>	<u>-</u>	<u>908,900.00</u>	<u>-</u>	<u>908,900.00</u>
<u>8,132.85</u>	<u>85,941.73</u>	<u>937,693.24</u>	<u>-</u>	<u>1,253,246.11</u>
207,357.06	-	(382,682.51)	-	2,041,450.60
-	705,135.53	77,442.56	-	1,041,307.28
<u>126,341.82</u>	<u>99,525.88</u>	<u>(9,536.92)</u>	<u>-</u>	<u>1,185,448.16</u>
\$ <u><u>333,698.88</u></u>	\$ <u><u>804,661.41</u></u>	\$ <u><u>(314,776.87)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>4,268,206.04</u></u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
Year Ended June 30, 2019

	Public Housing	Housing Choice Voucher	Section 8 New Construction
OPERATING REVENUES			
Rental income	\$ 302,175.52	\$ -	\$ 159,377.70
HUD contributions	-	417,912.13	208,342.00
Other income	27,744.40	2,430.00	17,300.60
TOTAL OPERATING REVENUES	329,919.92	420,342.13	385,020.30
OPERATING EXPENSES			
Administrative	190,164.24	55,070.77	96,906.85
Utilities	45,050.20	-	40,389.19
Ordinary maintenance and operations	209,369.65	512.46	103,322.60
General expense	46,986.63	4,754.25	21,653.64
Housing assistance payments	-	351,535.25	-
Depreciation	171,072.26	-	75,249.41
TOTAL OPERATING EXPENSES	662,642.98	411,872.73	337,521.69
OPERATING INCOME (LOSS)	(332,723.06)	8,469.40	47,498.61
NONOPERATING REVENUES (EXPENSES)			
HUD operating subsidy	95,306.00	-	-
HUD capital grants	166,166.10	-	-
Interest income	1,103.94	145.88	7,761.29
Gain (loss) on disposition of capital assets	1,182.84	-	(675.80)
TOTAL NONOPERATING REVENUES(EXPENSES)	263,758.88	145.88	7,085.49
INCOME(LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS	(68,964.18)	8,615.28	54,584.10
CAPITAL CONTRIBUTIONS			
HUD capital grants	104,918.94	-	-
SPECIAL ITEMS			
Insurance proceeds	2,415.00	-	3,255.38
Excess residual receipts due to HUD	-	-	-
Casualty loss expenses	(2,415.00)	-	(3,255.38)
TRANSFERS			
Transfers in	-	-	-
Transfers out	-	-	(1,082.58)
INCREASE (DECREASE) IN NET POSITION	35,954.76	8,615.28	53,501.52
NET POSITION:			
Net position, beginning balance	2,159,411.80	15,556.26	1,171,583.00
TOTAL NET POSITION - ENDING BALANCE	\$ 2,195,366.56	\$ 24,171.54	\$ 1,225,084.52

<u>Pioneer Homes</u>	<u>Management Fund</u>	<u>NAF Senior Housing, Inc.</u>	<u>Development Corporation</u>	<u>Totals</u>
\$ 49,130.00	\$ -	\$ 61,137.76	\$ -	\$ 571,820.98
-	-	20,073.00	-	646,327.13
638.40	44,798.36	11,154.93	-	104,066.69
<u>49,768.40</u>	<u>44,798.36</u>	<u>92,365.69</u>	<u>-</u>	<u>1,322,214.80</u>
27,144.00	48,584.40	19,640.58	-	437,510.84
712.74	-	24,455.41	-	110,607.54
12,093.88	9,864.95	25,572.50	-	360,736.04
5,934.22	2,255.25	5,604.00	-	87,187.99
-	-	-	-	351,535.25
9,350.04	-	17,968.47	-	273,640.18
<u>55,234.88</u>	<u>60,704.60</u>	<u>93,240.96</u>	<u>-</u>	<u>1,621,217.84</u>
<u>(5,466.48)</u>	<u>(15,906.24)</u>	<u>(875.27)</u>	<u>-</u>	<u>(299,003.04)</u>
-	-	-	-	95,306.00
-	-	-	-	166,166.10
12.98	25,408.81	262.99	-	34,695.89
-	-	(385.29)	-	121.75
<u>12.98</u>	<u>25,408.81</u>	<u>(122.30)</u>	<u>-</u>	<u>296,289.74</u>
(5,453.50)	9,502.57	(997.57)	-	(2,713.30)
-	-	-	-	104,918.94
5,274.99	-	-	-	10,945.37
-	-	(9.51)	-	(9.51)
(5,274.99)	-	-	-	(10,945.37)
-	-	-	1,082.58	1,082.58
-	-	-	-	(1,082.58)
<u>(5,453.50)</u>	<u>9,502.57</u>	<u>(1,007.08)</u>	<u>1,082.58</u>	<u>102,196.13</u>
<u>339,152.38</u>	<u>795,158.84</u>	<u>(313,769.79)</u>	<u>(1,082.58)</u>	<u>4,166,009.91</u>
<u>\$ 333,698.88</u>	<u>\$ 804,661.41</u>	<u>\$ (314,776.87)</u>	<u>\$ -</u>	<u>\$ 4,268,206.04</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended June 30, 2019

	Public Housing	Housing Choice Voucher	Section 8 New Construction
CASH FLOWS FROM OPERATING ACTIVITIES:			
Tenant receipts	\$ 320,179.02	\$ -	\$ 175,811.080
HUD receipts	-	420,107.00	208,342.000
Other receipts	1,639.99	2,430.00	640.000
Trust and deposits	228.79	-	2,626.000
Cash payments for goods and services	(226,875.34)	(374,395.01)	(145,343.100)
Cash payments to employees for services	(272,863.09)	(37,183.46)	(117,013.660)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(177,690.63)	10,958.53	125,062.320
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
HUD operating subsidy	95,306.00	-	-
Repayment of excess residual receipts	-	-	-
HUD capital grants	166,166.10	-	-
Principal received on notes receivable	-	-	4,277.250
Transfers in (out)	-	-	(1,082.580)
Net change in interfund borrowing	24,675.12	(9,277.85)	(15,821.770)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	286,147.22	(9,277.85)	(12,627.100)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases and construction of capital assets	(121,170.74)	-	(20,713.330)
HUD capital grants	100,769.48	-	-
Proceeds from sale of capital asset	4,817.00	-	100.000
Insurance proceeds	2,415.00	-	3,255.380
Casualty loss payments	(2,415.00)	-	(3,255.380)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(15,584.26)	-	(20,613.330)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (deposits) withdrawals to investments	266,253.87	-	34,770.010
Interest received	2,100.70	145.96	7,708.890
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	268,354.57	145.96	42,478.900
NET INCREASE (DECREASE) IN CASH	361,226.90	1,826.64	134,300.790
CASH AND CASH EQUIVALENTS-BEGINNING	98,255.58	33,621.92	350,764.970
CASH AND CASH EQUIVALENTS-ENDING	\$ 459,482.48	\$ 35,448.56	\$ 485,065.760

<u>Pioneer Homes</u>	<u>Management Fund</u>	<u>NAF Senior Housing, Inc.</u>	<u>Development Corporation</u>	<u>Totals</u>
\$ 48,480.000	\$ -	\$ 71,382.19	\$ -	\$ 615,852.29
-	-	20,073.00	-	648,522.00
225.000	39,137.50	-	-	44,072.49
(230.000)	-	(400.00)	-	2,224.79
(16,658.450)	(10,152.68)	(73,532.74)	-	(846,957.32)
<u>(28,266.190)</u>	<u>(50,363.53)</u>	<u>-</u>	<u>-</u>	<u>(505,689.93)</u>
3,550.360	(21,378.71)	17,522.45	-	(41,975.68)
-	-	-	-	95,306.00
-	-	(3,022.74)	-	(3,022.74)
-	-	-	-	166,166.10
-	-	-	-	4,277.25
-	-	-	1,082.58	-
<u>3,960.920</u>	<u>2,841.08</u>	<u>(5,294.92)</u>	<u>(1,082.58)</u>	<u>-</u>
3,960.920	2,841.08	(8,317.66)	-	262,726.61
(8,272.070)	-	(4,778.76)	-	(154,934.90)
-	-	-	-	100,769.48
-	-	-	-	4,917.00
5,274.990	-	-	-	10,945.37
<u>(5,274.990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,945.37)</u>
(8,272.070)	-	(4,778.76)	-	(49,248.42)
-	-	(15.12)	-	301,008.76
<u>12.980</u>	<u>7,750.15</u>	<u>264.43</u>	<u>-</u>	<u>17,983.11</u>
12.980	7,750.15	249.31	-	318,991.87
<u>(747.810)</u>	<u>(10,787.48)</u>	<u>4,675.34</u>	<u>-</u>	<u>490,494.38</u>
121,520.950	47,482.55	88,926.43	-	740,572.40
<u>\$ 120,773.140</u>	<u>\$ 36,695.07</u>	<u>\$ 93,601.77</u>	<u>\$ -</u>	<u>\$ 1,231,066.78</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended June 30, 2019

	Public Housing	Housing Choice Voucher	Section 8 New Construction
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (332,723.06)	\$ 8,469.40	\$ 47,498.61
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	171,072.26	-	75,249.41
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	2,587.20	-	1,649.69
(Increase) decrease in due from other governments	-	3,932.83	-
(Increase) decrease in prepaid expenses	(4,564.50)	108.56	(3,741.79)
Increase (decrease) in accounts payable	(6,662.30)	36.05	(4,147.98)
Increase (decrease) in accrued salaries and benefits	(9,574.70)	149.65	5,442.38
Increase (decrease) in trust and deposit liabilities	228.79	-	2,626.00
Increase (decrease) in unearned revenue	1,945.68	(1,737.96)	486.00
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(177,690.63)</u>	\$ <u>10,958.53</u>	\$ <u>125,062.32</u>

<u>Pioneer Homes</u>	<u>Management Fund</u>	<u>NAF Senior Housing, Inc.</u>	<u>Development Corporation</u>	<u>Totals</u>
\$ (5,466.48)	\$ (15,906.24)	\$ (875.27)	\$ -	\$ (299,003.04)
9,350.04	-	17,968.47	-	273,640.18
(890.00)	(5,660.86)	103.00	-	(2,210.97)
-	-	-	-	3,932.83
(378.77)	76.46	3,826.01	-	(4,674.03)
465.53	(1,592.09)	(2,086.26)	-	(13,987.05)
873.44	1,704.02	-	-	(1,405.21)
(230.00)	-	(400.00)	-	2,224.79
(173.40)	-	(1,013.50)	-	(493.18)
<u>\$ 3,550.36</u>	<u>\$ (21,378.71)</u>	<u>\$ 17,522.45</u>	<u>\$ -</u>	<u>\$ (41,975.68)</u>

Lexington Housing Authority (NE010)
Lexington, NE
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14 871 Housing Choice Vouchers	6 2 Component Unit - Blended	14 182 NIC S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$425,845	\$31,956	\$11,619	\$470,359	\$152,564	\$1,092,343		\$1,092,343
113 Cash - Other Restricted		\$3,493	\$77,442			\$80,935		\$80,935
114 Cash - Tenant Security Deposits	\$33,638		\$4,541	\$14,708	\$4,905	\$57,792		\$57,792
100 Total Cash	\$459,483	\$35,449	\$93,602	\$485,067	\$157,469	\$1,231,070	\$0	\$1,231,070
125 Accounts Receivable - Miscellaneous				\$60	\$6,461	\$6,521		\$6,521
126 Accounts Receivable - Tenants	\$3,875		\$52	\$348	\$90	\$4,365		\$4,365
127 Notes, Loans, & Mortgages Receivable - Current				\$3,572		\$3,572		\$3,572
129 Accrued Interest Receivable	\$3		\$1	\$182		\$186		\$186
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,878	\$0	\$53	\$4,162	\$6,551	\$14,644	\$0	\$14,644
131 Investments - Unrestricted	\$3,627		\$1,315	\$3,553		\$8,495		\$8,495
132 Investments - Restricted				\$100,000		\$100,000		\$100,000
142 Prepaid Expenses and Other Assets	\$8,374	\$438	\$1,703	\$5,865	\$1,369	\$17,749		\$17,749
144 Inter Program Due From		\$225	\$27	\$187,540	\$32,590	\$220,382	-\$220,382	\$0
150 Total Current Assets	\$475,362	\$36,112	\$96,700	\$786,187	\$197,979	\$1,592,340	-\$220,382	\$1,371,958
161 Land	\$221,333		\$26,944	\$96,723	\$41,566	\$386,566		\$386,566
162 Buildings	\$5,642,978		\$873,730	\$1,846,823	\$333,766	\$8,697,297		\$8,697,297
163 Furniture, Equipment & Machinery - Dwellings	\$100,105			\$37,896	\$1,179	\$139,180		\$139,180
164 Furniture, Equipment & Machinery - Administration	\$202,094	\$2,910	\$7,081	\$67,569	\$2,308	\$281,962		\$281,962
166 Accumulated Depreciation	-\$4,285,783	-\$2,910	-\$381,538	-\$1,712,962	-\$171,462	-\$6,554,655		-\$6,554,655
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,880,727	\$0	\$526,217	\$336,049	\$207,357	\$2,950,350	\$0	\$2,950,350
171 Notes, Loans and Mortgages Receivable - Non-Current				\$151,311	\$692,409	\$843,720		\$843,720
174 Other Assets				\$353	\$12,727	\$13,080		\$13,080
176 Investments in Joint Ventures					\$121,964	\$121,964		\$121,964
180 Total Non-Current Assets	\$1,880,727	\$0	\$526,217	\$487,713	\$1,034,457	\$3,929,114	\$0	\$3,929,114
290 Total Assets and Deferred Outflow of Resources	\$2,356,089	\$36,112	\$622,917	\$1,273,900	\$1,232,436	\$5,521,454	-\$220,382	\$5,301,072
312 Accounts Payable <= 90 Days	\$5,586	\$1,518	\$1,535	\$5,317	\$1,446	\$15,402		\$15,402
321 Accrued Wage/Payroll Taxes Payable	\$10,746	\$2,338		\$13,054	\$8,191	\$34,329		\$34,329
331 Accounts Payable - HUD PHA Programs		\$0	\$6			\$6		\$6
341 Tenant Security Deposits	\$33,638		\$4,541	\$14,708	\$4,905	\$57,792		\$57,792
342 Unearned Revenue	\$3,664	\$3,689	\$619	\$650		\$8,522		\$8,522
346 Accrued Liabilities - Other	\$3,217		\$1,706	\$2,957	\$34	\$7,914		\$7,914
347 Inter Program - Due To	\$103,871	\$4,395	\$20,387	\$12,230	\$79,499	\$220,382	-\$220,382	\$0
310 Total Current Liabilities	\$160,722	\$11,940	\$28,794	\$48,816	\$94,075	\$344,347	-\$220,382	\$123,965
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$908,900			\$908,900		\$908,900
350 Total Non-Current Liabilities	\$0	\$0	\$908,900	\$0	\$0	\$908,900	\$0	\$908,900
300 Total Liabilities	\$160,722	\$11,940	\$937,694	\$48,816	\$94,075	\$1,253,247	-\$220,382	\$1,032,865
508 4 Net Investment in Capital Assets	\$1,880,727		-\$382,683	\$336,049	\$207,357	\$2,041,450		\$2,041,450
511 4 Restricted Net Position		\$3,493	\$77,443	\$255,236	\$705,136	\$1,041,308		\$1,041,308
512 4 Unrestricted Net Position	\$314,640	\$20,679	-\$9,537	\$633,799	\$225,868	\$1,185,449		\$1,185,449
513 Total Equity - Net Assets / Position	\$2,195,367	\$24,172	-\$314,777	\$1,225,084	\$1,138,361	\$4,268,207	\$0	\$4,268,207
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,356,089	\$36,112	\$622,917	\$1,273,900	\$1,232,436	\$5,521,454	-\$220,382	\$5,301,072

Lexington Housing Authority (NE010)
Lexington, NE
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$302,176		\$61,138	\$159,378	\$49,130	\$571,822		\$571,822
70400 Tenant Revenue - Other	\$26,105		\$9,970	\$16,601	\$413	\$53,089		\$53,089
70500 Total Tenant Revenue	\$328,281	\$0	\$71,108	\$175,979	\$49,543	\$624,911	\$0	\$624,911
70600 HUD PHA Operating Grants	\$261,471	\$417,912	\$20,073	\$208,342		\$907,798		\$907,798
70610 Capital Grants	\$104,920					\$104,920		\$104,920
71100 Investment Income - Unrestricted	\$1,104	\$146	\$39	\$1,000	\$25,422	\$27,711		\$27,711
71400 Fraud Recovery		\$2,430				\$2,430		\$2,430
71500 Other Revenue	\$1,640		\$1,185	\$700	\$45,023	\$48,548	-\$6,358	\$42,190
71600 Gain or Loss on Sale of Capital Assets	\$1,183		-\$385	-\$676		\$122		\$122
72000 Investment Income - Restricted			\$225	\$6,761		\$6,986		\$6,986
70000 Total Revenue	\$698,599	\$420,488	\$92,245	\$392,106	\$119,988	\$1,723,426	-\$6,358	\$1,717,068
91100 Administrative Salaries	\$118,323	\$29,378		\$61,762	\$48,029	\$257,492		\$257,492
91200 Auditing Fees	\$3,374	\$4,097	\$385	\$1,988	\$2,591	\$12,435		\$12,435
91300 Management Fee			\$6,358			\$6,358	-\$6,358	\$0
91400 Advertising and Marketing	\$3,323	\$889	\$624	\$3,380	\$260	\$8,476		\$8,476
91500 Employee Benefit contributions - Administrative	\$29,809	\$7,936		\$11,929	\$16,994	\$66,668		\$66,668
91600 Office Expenses	\$16,945	\$6,507	\$8,280	\$12,338	\$3,729	\$47,799		\$47,799
91700 Legal Expense	\$3,203		\$90	\$960		\$4,253		\$4,253
91800 Travel	\$1,290	\$46	\$260	\$1,140	\$84	\$2,820		\$2,820
91900 Other	\$13,900	\$6,218	\$3,644	\$3,411	\$4,041	\$31,214		\$31,214
91000 Total Operating - Administrative	\$190,167	\$55,071	\$19,641	\$96,908	\$75,728	\$437,515	-\$6,358	\$431,157
93100 Water	\$3,251		\$4,387	\$2,016	\$41	\$9,695		\$9,695
93200 Electricity	\$22,172		\$20,069	\$20,281	\$672	\$63,194		\$63,194
93300 Gas	\$18,071			\$16,581		\$34,652		\$34,652
93500 Sewer	\$1,557			\$1,511		\$3,068		\$3,068
93000 Total Utilities	\$45,051	\$0	\$24,456	\$40,389	\$713	\$110,609	\$0	\$110,609
94100 Ordinary Maintenance and Operations - Labor	\$91,982	\$14		\$40,870	\$12,079	\$144,945		\$144,945
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,053	\$364	\$1,200	\$10,295	\$1,795	\$37,707		\$37,707
94300 Ordinary Maintenance and Operations Contracts	\$70,160	\$130	\$24,373	\$44,264	\$3,978	\$142,905		\$142,905
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,173	\$4		\$7,894	\$4,106	\$35,177		\$35,177
94000 Total Maintenance	\$209,368	\$512	\$25,573	\$103,323	\$21,958	\$360,734	\$0	\$360,734
96110 Property Insurance	\$22,363		\$5,604	\$13,162	\$5,229	\$46,358		\$46,358
96120 Liability Insurance	\$4,262	\$585		\$2,340	\$1,170	\$8,357		\$8,357
96130 Workmen's Compensation	\$5,558	\$718		\$2,949	\$1,538	\$10,763		\$10,763
96140 All Other Insurance	\$2,074	\$424		\$746	\$252	\$3,496		\$3,496
96100 Total Insurance Premiums	\$34,257	\$1,727	\$5,604	\$19,197	\$8,189	\$68,974	\$0	\$68,974
96200 Other General Expenses	\$95	\$3,027		\$93		\$3,215		\$3,215
96400 Bad debt - Tenant Rents	\$12,634			\$2,363		\$14,997		\$14,997
96000 Total Other General Expenses	\$12,729	\$3,027	\$0	\$2,456	\$0	\$18,212	\$0	\$18,212
96900 Total Operating Expenses	\$491,572	\$60,337	\$75,274	\$262,273	\$106,588	\$996,044	-\$6,358	\$989,686
97000 Excess of Operating Revenue over Operating Expenses	\$207,027	\$360,151	\$16,971	\$129,833	\$13,400	\$727,382	\$0	\$727,382
97300 Housing Assistance Payments		\$351,535				\$351,535		\$351,535
97400 Depreciation Expense	\$171,072		\$17,968	\$75,249	\$9,350	\$273,639		\$273,639
90000 Total Expenses	\$662,644	\$411,872	\$93,242	\$337,522	\$115,938	\$1,621,218	-\$6,358	\$1,614,860
10010 Operating Transfer In	\$166,165		\$1,083			\$167,248	-\$167,248	\$0
10020 Operating transfer Out	-\$166,165			-\$1,083		-\$167,248	\$167,248	\$0
10080 Special Items (Net Gain/Loss)			-\$10			-\$10		-\$10
10100 Total Other financing Sources (Uses)	\$0	\$0	\$1,073	-\$1,083	\$0	-\$10	\$0	-\$10
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$35,955	\$8,616	\$76	\$53,601	\$4,050	\$102,198	\$0	\$102,198
11030 Beginning Equity	\$2,159,412	\$15,556	-\$314,853	\$1,171,583	\$1,134,311	\$4,166,009		\$4,166,009
11170 Administrative Fee Equity		\$20,679				\$20,679		\$20,679
11180 Housing Assistance Payments Equity		\$3,493				\$3,493		\$3,493
11190 Unit Months Available	953	1464	216	576	84	3293		3293
11210 Number of Unit Months Leased	894	1185	203	531	83	2896		2896
11270 Excess Cash	\$265,302					\$265,302		\$265,302
11620 Building Purchases	\$95,960					\$95,960		\$95,960
11640 Furniture & Equipment - Administrative Purchases	\$25,212					\$25,212		\$25,212

Lexington Housing Authority (NE010)

Lexington, NE

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

Project: NE010000001 EASTLAWN

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$302,176		\$302,176
70400 Tenant Revenue - Other	\$26,105		\$26,105
70500 Total Tenant Revenue	\$328,281	\$0	\$328,281
70600 HUD PHA Operating Grants	\$95,306	\$166,165	\$261,471
70610 Capital Grants		\$104,920	\$104,920
71100 Investment Income - Unrestricted	\$1,104		\$1,104
71500 Other Revenue	\$1,640		\$1,640
71600 Gain or Loss on Sale of Capital Assets	\$1,183		\$1,183
70000 Total Revenue	\$427,514	\$271,085	\$698,599
91100 Administrative Salaries	\$118,323		\$118,323
91200 Auditing Fees	\$3,374		\$3,374
91400 Advertising and Marketing	\$3,323		\$3,323
91500 Employee Benefit contributions - Administrative	\$29,809		\$29,809
91600 Office Expenses	\$16,945		\$16,945
91700 Legal Expense	\$3,203		\$3,203
91800 Travel	\$1,290		\$1,290
91900 Other	\$13,900		\$13,900
91000 Total Operating - Administrative	\$190,167	\$0	\$190,167
93100 Water	\$3,251		\$3,251
93200 Electricity	\$22,172		\$22,172
93300 Gas	\$18,071		\$18,071
93600 Sewer	\$1,557		\$1,557
93000 Total Utilities	\$45,051	\$0	\$45,051
94100 Ordinary Maintenance and Operations - Labor	\$91,982		\$91,982
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,053		\$24,053
94300 Ordinary Maintenance and Operations Contracts	\$70,160		\$70,160
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,173		\$23,173
94000 Total Maintenance	\$209,368	\$0	\$209,368
96110 Property Insurance	\$22,363		\$22,363
96120 Liability Insurance	\$4,262		\$4,262
96130 Workmen's Compensation	\$5,558		\$5,558
96140 All Other Insurance	\$2,074		\$2,074
96100 Total insurance Premiums	\$34,257	\$0	\$34,257
96200 Other General Expenses	\$95		\$95
96400 Bad debt - Tenant Rents	\$12,634		\$12,634
96000 Total Other General Expenses	\$12,729	\$0	\$12,729
96900 Total Operating Expenses	\$491,572	\$0	\$491,572
97000 Excess of Operating Revenue over Operating Expenses	-\$64,058	\$271,085	\$207,027
97400 Depreciation Expense	\$159,920	\$11,152	\$171,072
90000 Total Expenses	\$651,492	\$11,152	\$662,644
10010 Operating Transfer In	\$166,165		\$166,165
10020 Operating transfer Out		-\$166,165	-\$166,165
10100 Total Other financing Sources (Uses)	\$166,165	-\$166,165	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$57,813	\$93,768	\$35,955
11030 Beginning Equity	\$2,159,412	\$0	\$2,159,412
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$93,768	-\$93,768	\$0
11190 Unit Months Available	953		953
11210 Number of Unit Months Leased	894		894
11270 Excess Cash	\$265,302		\$265,302
11620 Building Purchases	\$16,252	\$79,708	\$95,960
11640 Furniture & Equipment - Administrative Purchases	\$0	\$25,212	\$25,212

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Public Housing:		
Operating subsidy - Public Housing	14.850	\$ 95,306.00
Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation		
East Lawn Addition	14.182	208,342.00
Section 8 Housing Choice Voucher		
Section 8 Housing Choice Voucher	14.871	417,912.13
Capital Funds		
Capital Funds	14.872	271,085.04
Secion 202 Capital Advance		
NAF Senior Housing, Inc.	14.157	928,973.00
Total Federal Awards Expended		\$ <u>1,921,618.17</u>

Notes to the Schedule

1. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Authority of the City of Lexington, Nebraska and is presented on the accrual basis of accounting. 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, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
2. The outstanding balance of the Section 202 Capital Advance Program mortgage at June 30, 2019 was \$908,900.
3. The entity did not elect to use the 10% de minimus cost rate as covered in § 200.414 Indirect (F&A) costs.

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Lexington, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Lexington, Nebraska, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise Housing Authority of the City of Lexington, Nebraska's basic financial statements, and have issued our report thereon dated January 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Lexington, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Lexington, Nebraska'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's basic 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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Lexington, Nebraska's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
January 20, 2020

**Report on Compliance For Each Major Federal Program; Report on
Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Lexington, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Lexington, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Lexington, Nebraska's major federal programs for the year ended June 30, 2019. Housing Authority of the City of Lexington, Nebraska's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Lexington, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Lexington, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the City of Lexington, Nebraska's compliance.

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Lexington, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Housing Authority of the City of Lexington, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Lexington, Nebraska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Lexington, Nebraska's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 requirement 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a 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 attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
January 20, 2020

HOUSING AUTHORITY OF THE CITY OF LEXINGTON



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STATUS OF PRIOR YEAR AUDIT FINDINGS

The audit report for the year ended June 30, 2018 contained the following findings and no questioned costs.

Section II:

Finding 2018-001 – Cleared.

Finding 2018-002 – Cleared.

Finding 2018-003 – Cleared.

Section III:

Finding 2018-004 – Cleared.

Finding 2018-005 – Cleared.

Finding 2018-006 – Cleared.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Section I - Summary of Auditors Results:

- We issued an unmodified opinion on the basic financial statements of the Housing Authority of the City of Lexington, Nebraska for the fiscal year ended June 30, 2019.

Financial Statements:

- The results of our audit procedures no material weaknesses or significant deficiencies in internal control over financial reporting for the fiscal year ended June 30, 2019.
- We noted no instances of noncompliance which is material to the financial statements for the fiscal year ended June 30, 2019.

Federal Awards:

- We issued an unmodified opinion on compliance for the major program for the fiscal year ended June 30, 2019.
- The results of our audit procedures disclosed no material weaknesses or significant deficiencies in internal control over major programs for the fiscal year ended June 30, 2019.
- The results of our audit procedures disclosed no audit findings that are required to be reported under code § .516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The programs identified and audited as major are as follows: Section 202 Capital Advance (14.157).
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended June 30, 2019, the Housing Authority of the City of Lexington, Nebraska did not qualify as a low-risk auditee.

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None