

HOUSING AUTHORITY OF THE CITY OF
LEXINGTON, NEBRASKA

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2021

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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 financial statements of the major fund of the Housing Authority of the City of Lexington, Nebraska, as of and for the year ended June 30, 2021, and the related notes to the 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 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

Our responsibility is to express an opinion on these 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 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 entity'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 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 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 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, 2021, and the changes in financial position and 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, 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 financial statements that collectively comprise the Housing Authority of the City of Lexington, Nebraska's basic financial statements. The Program Financial Schedules, Financial Data Schedules 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules, Financial Data Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and was 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 Schedules 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 December 30, 2021 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 the Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting and compliance.

Niewedde & Wiens, CPAs

York, Nebraska
December 30, 2021

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 management's analysis of the Authority's financial performance during the fiscal year ended on June 30, 2021. 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, 2021 was \$4,471,557. The net position increased by \$91,028, an increase of 2.1% over the prior year. Of this amount, \$1,475,615 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 \$1,519,791 for the year ended June 30, 2021. This was an increase of 13% over the prior year.

Operating expenses for the Authority were \$1,682,014 for the year ended June 30, 2021. This was an increase of 4% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management's Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to 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 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, 2021

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Notes to 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, 2021 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 \$4,471,557 at the close of the year ended June 30, 2021. This represents an increase of \$91,028, or 2.1% over the prior year.

CONDENSED STATEMENTS OF NET POSITION

| | | FY 2021 | FY 2020 | Dollar Change | Percent Change |
|----------------------------------|----|------------------|---------------------|------------------|-------------------|
| Current and other assets | \$ | 2,705,890 | \$ 2,517,953 | \$ 187,937 | 7.5% |
| Capital assets | | 2,816,183 | 2,928,609 | (112,426) | -3.8% |
| Total Assets | | <u>5,522,073</u> | <u>5,446,562</u> | <u>75,511</u> | 1.4% |
| Current liabilities | | 141,617 | 157,133 | (15,517) | -9.9% |
| Long-term debt | | 908,900 | 908,900 | - | 0.0% |
| Total Liabilities | | <u>1,050,517</u> | <u>1,066,033</u> | <u>(15,517)</u> | -1.5% |
| Net Position | | | | | |
| Net investment in capital assets | | 1,907,283 | 2,019,709 | (112,426) | -5.6% |
| Restricted | | 1,088,658 | 1,060,526 | 28,132 | 2.7% |
| Unrestricted | | 1,475,615 | 1,300,294 | 175,322 | 13.5% |
| Total Net Position | \$ | <u>4,471,557</u> | \$ <u>4,380,529</u> | \$ <u>91,028</u> | 2.1% |

The unrestricted component of net position was \$1,475,615 as of June 30, 2021 which was an increase of \$175,322. Within this, Public Housing had an increase of \$66,399, Housing Choice Voucher had an increase of \$25,507, Section 8 New Construction had an increase of \$41,444, Pioneer Homes had a decrease of \$10,190, Management had an increase of \$16,909, Lexington Development Corporation increased \$32,170 and NAF Senior Housing, Inc. increased \$3,382.

The Authority had several different components of restricted net position. The Authority had \$889,520 in restricted net position related to notes receivables to two tax-credit projects. The Authority had \$100,000 legally restricted to guarantee the tax-credit project. The Authority had \$68,059 restricted for replacement, residual receipts and insurance reserves in the NAF Senior Housing, Inc. program. The Authority had an additional \$27,191 restricted for future housing assistance payments in the Housing Choice Voucher program.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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 \$187,937. Cash and investments increased \$82,294 and the receivable from HUD increased \$106,176.

Current liabilities decreased \$15,517 due to a \$12,571 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 2021</u> | <u>FY 2020</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|---|-------------------------|-------------------------|--------------------------|---------------------------|
| Revenues | | | | |
| Program revenues | | | | |
| Rental | \$ 648,530 | \$ 608,037 | \$ 40,493 | 6.7% |
| HUD program contributions | 1,026,077 | 965,889 | 60,188 | 6.2% |
| Other | 103,560 | 92,883 | 10,677 | 11.5% |
| General revenues | | | | |
| Interest | 34,322 | 35,284 | (961) | -2.7% |
| Other | 1,768 | 180 | 1,588 | 882.2% |
| Total Revenues | <u>1,814,257</u> | <u>1,702,273</u> | <u>111,984</u> | 6.6% |
| Expenses | | | | |
| Operating, less depreciation | 1,445,801 | 1,379,041 | 66,760 | 4.8% |
| Depreciation | 236,213 | 233,080 | 3,133 | 1.3% |
| Total Expenses | <u>1,682,014</u> | <u>1,612,121</u> | <u>69,893</u> | 4.3% |
| Excess (Deficiency) Before Contributions and Special Items | 132,243 | 90,153 | 42,091 | |
| Contributions | - | 22,177 | (22,177) | |
| Special items, net | (41,216) | (7) | (41,209) | |
| Changes in Net Position | <u>91,028</u> | <u>112,323</u> | <u>(21,295)</u> | |
| Beginning net position | 4,380,529 | 4,268,206 | 112,323 | |
| Ending net position \$ | <u><u>4,471,557</u></u> | <u><u>4,380,529</u></u> | <u><u>91,028</u></u> | |

Rental income increased \$40,493 which was largely due to the transfer of ownership of 32 Public Housing through the Section 18 disposition process to the Lexington Development Corporation. Those units now have a set contract rent which increased the rental income. Further, the Section 8 New Construction program had an increase of \$13,371 due to increase in occupancy.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

HUD program contributions include Public Housing operating subsidy, HUD CARES Act, 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 \$119,878 for the year which was an increase of \$18,217. Capital funds grants used for noncapital purposes decreased \$106,217. Rental assistance in the Section 8 New Construction program increased \$38,694. The Housing Choice Voucher contributions increased by \$77,982. The Authority receives CARES Act funding of \$38,498 through a variety of its programs.

Operating expenses increased by \$66,760. Within this, maintenance expenses increased \$23,786 and HAP expenses increased \$39,840. The number of HAP payments increased by 66 was largely related to the issuance or 32 tenant protection vouchers related to the Section 18 disposition of 32 units Public Housing units effective May 1, 2021.

The Authority had no HUD Contributions for the year which was a decrease of \$22,177. 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 was 867 unit months leased out of 908 unit months available. Average rent increased \$1.87 to \$372.85.

Public Housing had a net income of \$140,626 when not including depreciation expense of \$92,167. Included in this was \$100,000 of capital funds used for noncapital purposes as allowed by program regulations. The unrestricted net position increased \$66,340 this past year to \$590,194.

Housing Choice Voucher: The number of HAP payments made increased by 66 to 1,211 and the average HAP payment increased 5%. Unrestricted net position, also known as administrative reserve, increased by \$25,507 to \$55,066 largely due to CARES Act revenue of \$27,071.

Section 8 New Construction: Occupancy increased by 22 to 548 unit months out of an available 576. When not including depreciation expense, the program had net income of \$96,531.

Pioneer Homes: The program had net income of \$7,786 when not including depreciation and had a deficit unrestricted net position \$43,524 at June 30, 2021 as the result of a purchase of a rental property in the prior year and current year capital additions.

Management Fund: The program had net income of \$31,358 as a result of providing management services to two tax-credit projects. The program has unrestricted net position of \$106,471.

Lexington Development Corporation: As discussed earlier, the Authority transferred 32 Public Housing units to the Lexington Development Corporation effective May 1, 2021. The program had net income of \$66,916 when not including depreciation expense.

NAF Senior Housing, Inc.: The program had a net income of \$7,115 when not including depreciation expense.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Lexington, Nebraska's capital assets as of June 30, 2021 amounts to \$2,816,183. Capital assets include land, buildings, improvements, equipment and construction in progress net of accumulated depreciation.

The total decrease in the Authority's capital assets for the current fiscal year was 3.8% in terms of net book value. The Authority had capital expenditures of \$124,319. Included in the \$124,319 was a purchase of a new maintenance truck, installation of wifi at the various sites and various other apartment upgrades.

Depreciation for the year totaled \$236,213. Additional information on the Authority's capital assets can be found in Note J of the notes to 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 L of the notes to 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. One area in which this has been addressed is the removal of the Scattered Sites Program from Public Housing allowing Lexington Housing Authority to collect rents closer to market rents. 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 has completed a Section 18 Disposition for the Scattered Sites Program. The current occupants have been offered tenant protection vouchers and be allowed to stay in the unit if they so choose. Lexington Housing Authority is proceeding with the HUD Rental Assistance Demonstration Program which would remove the balance of the properties from Public Housing and potentially allow for a greater rental income stream.

The Lexington Housing Authority has recently installed the hardware required to allow WIFI to be distributed to all tenants with no cost to the tenant. At the time of the completion of the WIFI installation the Lexington Housing Authority also did not renew its bulk rate contract with the cable television provider. This will prove to be beneficial to the income of the housing authority over time.

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, 2021

ASSETS

| | Housing |
|--|------------------------|
| CURRENT ASSETS: | |
| Cash and cash equivalents | \$ 1,198,916.62 |
| Accounts receivable, net | 7,471.91 |
| Due from other governments | 214,101.00 |
| Accrued interest receivable | 19.86 |
| Prepaid insurance | 15,982.92 |
| Notes receivable, current portion | 3,887.43 |
| <i>Restricted:</i> | |
| Cash and cash equivalents | 85,989.03 |
| TOTAL CURRENT ASSETS | <u>1,526,368.77</u> |
| NONCURRENT ASSETS: | |
| <i>Restricted:</i> | |
| Cash and cash equivalents | 68,059.46 |
| Investments | 221,942.00 |
| Notes receivable, less current portion | 875,556.52 |
| Accrued interest receivable | 13,963.21 |
| Capital Assets, non-depreciable | 396,916.31 |
| Capital Assets, depreciable, net | 2,419,266.91 |
| TOTAL NONCURRENT ASSETS | <u>3,995,704.41</u> |
| TOTAL ASSETS | <u>\$ 5,522,073.18</u> |

LIABILITIES

| | |
|------------------------------------|---------------------|
| CURRENT LIABILITIES: | |
| Accounts payable | \$ 30,104.83 |
| Accrued salaries and wages payable | 45,479.67 |
| Due to other governments | 14.01 |
| Unearned revenue | 7,220.54 |
| Trust and deposit liabilities | 58,797.61 |
| TOTAL CURRENT LIABILITIES | <u>141,616.66</u> |
| NONCURRENT LIABILITIES | |
| Mortgage payable | 908,900.00 |
| TOTAL NONCURRENT LIABILITIES | <u>908,900.00</u> |
| TOTAL LIABILITIES | <u>1,050,516.66</u> |

NET POSITION

| | |
|----------------------------------|------------------------|
| Net Investment in Capital Assets | 1,907,283.22 |
| Restricted | 1,088,658.04 |
| Unrestricted | 1,475,615.26 |
| TOTAL NET POSITION | <u>\$ 4,471,556.52</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, 2021

| | <u>Housing</u> |
|---|------------------------|
| OPERATING REVENUES | |
| Rental income | \$ 648,530.47 |
| HUD contributions | 767,700.32 |
| Other income | <u>103,559.92</u> |
| TOTAL OPERATING REVENUES | <u>1,519,790.71</u> |
| OPERATING EXPENSES | |
| Administrative | 466,558.46 |
| Utilities | 109,091.55 |
| Ordinary maintenance and operations | 413,963.36 |
| General expense | 73,408.95 |
| Housing assistance payments | 382,778.40 |
| Depreciation | <u>236,212.80</u> |
| TOTAL OPERATING EXPENSES | <u>1,682,013.52</u> |
| OPERATING INCOME (LOSS) | <u>(162,222.81)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| HUD operating subsidy | 119,878.00 |
| HUD CARES Act | 38,498.48 |
| HUD capital grants | 100,000.00 |
| Interest income | 34,322.11 |
| Gain on disposition of capital assets | <u>1,767.62</u> |
| TOTAL NONOPERATING REVENUES(EXPENSES) | <u>294,466.21</u> |
| INCOME(LOSS) BEFORE SPECIAL ITEMS | <u>132,243.40</u> |
| SPECIAL ITEMS | |
| Section 18 disposition/RAD conversion costs | (41,215.00) |
| Excess residual receipts due to HUD | <u>(0.62)</u> |
| INCREASE (DECREASE) IN NET POSITION | <u>91,027.78</u> |
| NET POSITION: | |
| Net position, beginning balance | <u>4,380,528.74</u> |
| TOTAL NET POSITION - ENDING BALANCE | <u>\$ 4,471,556.52</u> |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2021

| | <u>Housing</u> |
|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Tenant receipts | \$ 695,667.10 |
| HUD receipts | 756,791.00 |
| Other receipts | 45,863.69 |
| Trust and deposits | (1,298.04) |
| | |
| Cash payments for goods and services | (875,919.89) |
| Cash payments to employees for services | (544,158.91) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>76,944.95</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| HUD operating subsidy | 120,028.00 |
| HUD CARES Act | 25,147.68 |
| Section 18 disposition/RAD conversion payments | (41,215.00) |
| Principal received on notes receivable | 3,735.25 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>107,695.93</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Purchases and construction of capital assets | (130,243.90) |
| HUD capital grants | 5,550.32 |
| Proceeds from the sale of capital assets | 2,300.00 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(122,393.58)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Net (deposits) withdrawals to investments | 7,260.29 |
| Interest received | 20,056.73 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>27,317.02</u> |
| | NET INCREASE (DECREASE) IN CASH 89,564.32 |
| CASH AND CASH EQUIVALENTS-BEGINNING | <u>1,263,400.79</u> |
| CASH AND CASH EQUIVALENTS-ENDING | <u>\$ 1,352,965.11</u> |
| RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating income (loss) | \$ (162,222.81) |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | |
| Depreciation | 236,212.80 |
| Change in assets and liabilities: | |
| (Increase) decrease in accounts receivable | (1,038.28) |
| (Increase) decrease in due from other governments | (9,583.32) |
| (Increase) decrease in prepaid expenses | 12,111.20 |
| Increase (decrease) in accounts payable | 286.95 |
| Increase (decrease) in accrued salaries | 3,989.43 |
| Increase (decrease) in trust and deposit liabilities | (1,298.04) |
| Increase (decrease) in unearned revenue | (1,512.98) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 76,944.95</u> |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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.

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 FINANCIAL STATEMENTS
June 30, 2021

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 FINANCIAL STATEMENTS
June 30, 2021

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2021, the reported amount of the Authority's deposits was \$1,452,915.11 and the bank balance was \$1,459,968.85. Of the bank balance, \$639,177.51 was covered by federal depository insurance and \$820,791.34 was collateral held by Authority's agent in the Authority's name. The Authority had cash on hand of \$50 at June 30, 2021.

Investments

Investment of \$121,942 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 | \$ 50.00 |
| Carrying amount of deposits | 1,452,915.11 |
| Carrying amount of investments | 121,942.00 |
| | <u>\$ 1,574,907.11</u> |

| | |
|--------------------------|------------------------|
| Cash | \$ 1,198,916.62 |
| Cash – restricted | 154,048.49 |
| Investments – restricted | 221,942.00 |
| | <u>\$ 1,574,907.11</u> |

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|---------------------------------|--------------------|
| Tenant receivables | \$ 4,240.12 |
| Management fees | 1,794.59 |
| Allowance for doubtful accounts | 1,437.20 |
| | <u>\$ 7,471.91</u> |

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|--------------------------------------|----------------------|
| HUD - HCV Administrative Fees | \$ 3,592.00 |
| HUD - Capital Funds | 200,000.00 |
| HUD - Rental assistance | 8,216.00 |
| HUD - COVID 19 Supplemental Payments | 2,293.00 |
| | <u>\$ 214,101.00</u> |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE E – PREPAID EXPENSES

A summary of prepaid expenses as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|---------------|---------------------|
| Insurance | \$ 15,978.95 |
| Miscellaneous | 3.97 |
| | <u>\$ 15,982.92</u> |

NOTE F – 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, 2021 were \$600,070.68 and \$12,001.41, 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, 2021 were \$147,575.47 and \$323.46, 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, 2021 were \$131,797.80 and \$1,638.34, respectively.

NOTE G—RESTRICTED ASSETS

The following is a summary of restricted assets at June 30, 2021:

| | Cash and Cash Equivalents | Investments | Total |
|---------------------------------|------------------------------|----------------------|----------------------|
| Tenant security deposits | \$ 58,797.61 | \$ - | \$ 58,797.61 |
| HCV Housing Assistance Payments | 27,191.42 | - | 27,191.42 |
| Replacement reserve | 59,833.80 | - | 59,833.80 |
| Insurance reserve | 3,711.65 | - | 3,711.65 |
| Tax-credit guarantee | - | 100,000.00 | 100,000.00 |
| Investment in tax-credit | - | 121,942.00 | 121,942.00 |
| Residual receipts reserve | 4,514.01 | - | 4,514.01 |
| | <u>\$ 154,048.49</u> | <u>\$ 221,942.00</u> | <u>\$ 375,990.49</u> |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Balance 7/1/2020 | Increases | Decreases | Balance 6/30/2021 |
|-------------------------------------|------------------------|------------------------|--------------------|------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 386,566.31 | \$ 10,350.00 | \$ - | \$ 396,916.31 |
| Construction in progress | - | - | - | - |
| Total non-depreciable assets | <u>386,566.31</u> | <u>10,350.00</u> | <u>-</u> | <u>396,916.31</u> |
| Depreciable assets | | | | |
| Buildings | 8,883,250.35 | 94,519.00 | - | 8,977,769.35 |
| Equipment - Dwelling | 139,179.77 | - | - | 139,179.77 |
| Equipment - Administration | 272,477.85 | 29,800.00 | (27,859.97) | 274,417.88 |
| Total depreciable assets | <u>9,294,907.97</u> | <u>124,319.00</u> | <u>(27,859.97)</u> | <u>9,391,367.00</u> |
| Total Capital Assets | <u>9,681,474.28</u> | <u>134,669.00</u> | <u>(27,859.97)</u> | <u>9,788,283.31</u> |
| Accumulated depreciation | | | | |
| Buildings | 6,423,195.53 | 218,237.88 | - | 6,641,433.41 |
| Equipment - Dwelling | 124,557.67 | 3,779.87 | - | 128,337.54 |
| Equipment - Administration | 215,461.68 | 14,195.05 | (27,327.59) | 202,329.14 |
| Total accumulated depreciation | <u>6,763,214.88</u> | <u>236,212.80</u> | <u>(27,327.59)</u> | <u>6,972,100.09</u> |
| Depreciable assets, net | <u>2,531,693.09</u> | <u>(111,893.80)</u> | <u>(532.38)</u> | <u>2,419,266.91</u> |
| Capital assets, net | <u>\$ 2,918,259.40</u> | <u>\$ (101,543.80)</u> | <u>\$ (532.38)</u> | <u>\$ 2,816,183.22</u> |

NOTE I – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|-------------------------|---------------------|
| Vendors and contractors | \$ <u>30,104.83</u> |
|-------------------------|---------------------|

NOTE J – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|--------------------------------|-----------------|
| HUD - Excess Residual Receipts | \$ <u>14.01</u> |
|--------------------------------|-----------------|

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE K – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at June 30, 2021 is as follows:

| | |
|--------------|--------------------|
| Prepaid rent | \$ <u>7,220.54</u> |
|--------------|--------------------|

NOTE L – 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, 2021 was \$908,900.

A summary of changes in mortgage payable as of June 30, 2021 is as follows:

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

NOTE M – 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 \$893,407.16 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 \$59,833.80 restricted for replacement reserves in the NAF Senior Housing, Inc. program.

The Authority had \$4,514.01 restricted for residual receipts reserves in the NAF Senior Housing, Inc. program.

The Authority had \$3,711.65 restricted for insurance reserves in the NAF Senior Housing, Inc. program.

The Authority had \$27,191.42 restricted for housing assistance payments in the Housing Choice Voucher program

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE M – NET POSITION (CONT'D)

- **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.

NOTE N - 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, 2021 was \$428,502.79. Employer and employee contributions for the year ended June 30, 2021 were \$10,783.23 and \$16,833.98, respectively, based on wages of \$359,441.

NOTE O – 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, 2021, 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 P – 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 Q – HUD HELD RESERVES

At June 30, 2021, the Department of Housing and Urban Development was holding \$117,746 of budget authority in the Housing Choice Voucher program that is available for future housing assistance payments.

NOTE R – SECTION 18 DISPOSITION

During the year ended June 30, 2021, the Housing Authority transferred ownership of the 32 units of Public Housing utilizing Section 18 of the Housing Act of 1937 to the Lexington Development Corporation, which is a blended component unit of the Housing Authority. As a part of this, the Housing Authority received 32 tenant protection vouchers through the Housing Choice Voucher program to provide rental assistance to the effected tenants.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE S – SUBSEQUENT EVENTS

The Authority has been approved to move forward with a RAD Conversion on the remaining Public Housing units located at 300 N Monroe. The conversion to a HUD Project Based Rental Assistance took place December 1, 2021. After December 1, 2021, the Authority no longer has any Public Housing program units.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

NOTE T – 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. | Lexington Development Corporation |
|----------------------------------|-----------------------------|---|
| Current Assets | \$ 88,878.90 | \$ 55,498.22 |
| Capital Assets | 504,784.71 | 1,060,008.03 |
| Total Assets | \$ 593,663.61 | \$ 1,115,506.25 |
| Current Liabilities | \$ 24,355.84 | \$ 23,328.28 |
| Long-Term Liabilities | 908,900.00 | - |
| Total Liabilities | \$ 933,255.84 | \$ 23,328.28 |
| Net Position | | |
| Net investment in capital assets | \$ (404,115.29) | \$ 1,060,008.03 |
| Restricted | 68,059.46 | - |
| Unrestricted | (3,536.40) | 32,169.94 |
| Total Net Position | \$ (339,592.23) | \$ 1,092,177.97 |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE T – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS (CONT'D)

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

| | NAF Senior Housing, Inc. | Lexington Development Corporation |
|---|-----------------------------|---|
| Operating Revenues | | |
| Rental Income | \$ 46,825.73 | \$ 47,505.00 |
| HUD contributions | 32,421.00 | - |
| Other | 7,385.01 | 888.32 |
| Total Operating Revenue | <u>86,631.74</u> | <u>48,393.32</u> |
| Operating Expense | | |
| Operating, Excluding Depreciation | 82,737.96 | 16,051.74 |
| Depreciation | 18,823.50 | 67,087.55 |
| Total Operating Expenses | <u>101,561.46</u> | <u>83,139.29</u> |
| Operating Income (Loss) | <u>(14,929.72)</u> | <u>(34,745.97)</u> |
| Nonoperating Revenues | <u>3,221.38</u> | <u>0.36</u> |
| Net Loss Before Special Items and Transfers | <u>(11,708.34)</u> | <u>(34,745.61)</u> |
| Special items | (0.62) | (172.00) |
| Transfers | - | 1,127,095.58 |
| Change in Net Position | <u>(11,708.96)</u> | <u>1,092,177.97</u> |
| Net Position, Beginning Balance | (327,883.27) | - |
| Net Position, Ending Balance | <u>\$ (339,592.23)</u> | <u>\$ 1,092,177.97</u> |

Condensed Statement of Cash Flows

| | NAF Senior Housing, Inc. | Lexington Development Corporation |
|--|-----------------------------|---|
| Net Cash Provided (Used) By: | | |
| Operating Activities | \$ (4,486.35) | \$ 51,213.39 |
| Noncapital Financing Activities | 7,171.86 | (10,740.68) |
| Capital and Related Financing Activities | (13,497.05) | - |
| Investing Activities | 35.38 | 0.36 |
| | <u>(10,776.16)</u> | <u>40,473.07</u> |
| Cash and Cash Equivalents, Beginning | 87,399.37 | - |
| Cash and Cash Equivalents, Ending | <u>\$ 76,623.21</u> | <u>\$ 40,473.07</u> |

NOTE U – SPECIAL ITEMS

The Authority incurred expenses of \$41,215 consulting and legal expenses related to the Public Housing units Section 18 disposition and conversion to a HUD Project Based Rental Assistance program.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF NET POSITION
June 30, 2021

| ASSETS | Public Housing | Housing Choice Voucher | Section 8 New Construction | Pioneer Homes |
|--|------------------------|------------------------------|----------------------------------|----------------------|
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | \$ 378,658.38 | \$ 62,974.67 | \$ 571,945.23 | \$ 96,724.71 |
| Accounts receivable, net | 1,368.70 | - | 2,823.47 | - |
| Due from other governments | 200,000.00 | 3,592.00 | - | - |
| Accrued interest receivable | - | - | 19.86 | - |
| Prepaid expenses | 4,806.93 | 541.44 | 4,959.34 | 661.52 |
| Notes receivable, current portion | - | - | 3,887.43 | - |
| Interfund receivable | 38,083.67 | 1,538.92 | 233,004.97 | - |
| <i>Restricted:</i> | | | | |
| Cash and cash equivalents | 19,739.61 | 27,191.42 | 13,078.00 | 6,100.00 |
| TOTAL CURRENT ASSETS | 642,657.29 | 95,838.45 | 829,718.30 | 103,486.23 |
| NONCURRENT ASSETS: | | | | |
| <i>Restricted:</i> | | | | |
| Cash and cash equivalents | - | - | - | - |
| Investments | - | - | 100,000.00 | - |
| Notes receivable, less current portion | - | - | 143,688.04 | - |
| Accrued interest receivable | - | - | 323.46 | - |
| Capital Assets, non-depreciable | 16,144.49 | - | 96,722.82 | 51,916.00 |
| Capital Assets, depreciable, net | 560,758.15 | - | 213,032.21 | 312,816.81 |
| TOTAL NONCURRENT ASSETS | 576,902.64 | - | 553,766.53 | 364,732.81 |
| TOTAL ASSETS | \$ 1,219,559.93 | \$ 95,838.45 | \$ 1,383,484.83 | \$ 468,219.04 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable | \$ 11,824.25 | \$ 235.61 | \$ 6,986.84 | \$ 6,146.08 |
| Accrued salaries and wages payable | 12,317.44 | 3,833.42 | 17,719.16 | 1,879.94 |
| Due to other governments | - | - | - | - |
| Interfund payable | 4,822.61 | 9,512.01 | 48,652.35 | 131,823.93 |
| Unearned revenue | 3,759.54 | - | 620.00 | 1,060.00 |
| Trust and deposit liabilities | 19,739.61 | - | 13,078.00 | 6,100.00 |
| TOTAL CURRENT LIABILITIES | 52,463.45 | 13,581.04 | 87,056.35 | 147,009.95 |
| NONCURRENT LIABILITIES | | | | |
| Mortgage payable | - | - | - | - |
| TOTAL NONCURRENT LIABILITIES | - | - | - | - |
| TOTAL LIABILITIES | 52,463.45 | 13,581.04 | 87,056.35 | 147,009.95 |
| NET POSITION | | | | |
| Net investment in capital assets | 576,902.64 | - | 309,755.03 | 364,732.81 |
| Restricted | - | 27,191.42 | 247,898.93 | - |
| Unrestricted | 590,193.84 | 55,065.99 | 738,774.52 | (43,523.72) |
| TOTAL NET POSITION | \$ 1,167,096.48 | \$ 82,257.41 | \$ 1,296,428.48 | \$ 321,209.09 |

| Management Fund | Lexington Development Corporation | NAF Senior Housing, Inc. | Totals |
|--------------------|---|-----------------------------|-----------------|
| \$ 59,456.81 | \$ 24,685.07 | \$ 4,471.75 | \$ 1,198,916.62 |
| 1,794.59 | 1,485.15 | - | 7,471.91 |
| - | - | 10,509.00 | 214,101.00 |
| - | - | - | 19.86 |
| 295.68 | 2,971.32 | 1,746.69 | 15,982.92 |
| - | - | - | 3,887.43 |
| 5,919.88 | 10,568.68 | - | 289,116.12 |
| - | 15,788.00 | 4,092.00 | 85,989.03 |
| 67,466.96 | 55,498.22 | 20,819.44 | 1,815,484.89 |
| - | - | 68,059.46 | 68,059.46 |
| 121,942.00 | - | - | 221,942.00 |
| 731,868.48 | - | - | 875,556.52 |
| 13,639.75 | - | - | 13,963.21 |
| - | 205,189.00 | 26,944.00 | 396,916.31 |
| - | 854,819.03 | 477,840.71 | 2,419,266.91 |
| 867,450.23 | 1,060,008.03 | 572,844.17 | 3,995,704.41 |
| \$ 934,917.19 | \$ 1,115,506.25 | \$ 593,663.61 | \$ 5,811,189.30 |
| \$ 135.67 | \$ 1,487.11 | \$ 3,289.27 | \$ 30,104.83 |
| 4,631.54 | 5,098.17 | - | 45,479.67 |
| - | - | 14.01 | 14.01 |
| 78,170.66 | - | 16,134.56 | 289,116.12 |
| - | 955.00 | 826.00 | 7,220.54 |
| - | 15,788.00 | 4,092.00 | 58,797.61 |
| 82,937.87 | 23,328.28 | 24,355.84 | 430,732.78 |
| - | - | 908,900.00 | 908,900.00 |
| - | - | 908,900.00 | 908,900.00 |
| 82,937.87 | 23,328.28 | 933,255.84 | 1,339,632.78 |
| - | 1,060,008.03 | (404,115.29) | 1,907,283.22 |
| 745,508.23 | - | 68,059.46 | 1,088,658.04 |
| 106,471.09 | 32,169.94 | (3,536.40) | 1,475,615.26 |
| \$ 851,979.32 | \$ 1,092,177.97 | \$ (339,592.23) | \$ 4,471,556.52 |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
Year Ended June 30, 2021

| | Public Housing | Housing Choice Voucher | Section 8 New Construction | Pioneer Homes |
|--|------------------------|------------------------------|----------------------------------|----------------------|
| OPERATING REVENUES | | | | |
| Rental income | \$ 323,258.08 | \$ - | \$ 172,585.04 | \$ 58,356.62 |
| HUD contributions | - | 482,262.32 | 253,017.00 | - |
| Other income | 24,853.26 | 286.00 | 26,738.51 | 415.00 |
| TOTAL OPERATING REVENUES | 348,111.34 | 482,548.32 | 452,340.55 | 58,771.62 |
| OPERATING EXPENSES | | | | |
| Administrative | 164,929.34 | 71,060.97 | 156,071.84 | 21,203.92 |
| Utilities | 45,718.68 | - | 40,533.34 | 440.21 |
| Ordinary maintenance and operations | 191,436.96 | 316.50 | 144,692.34 | 25,488.18 |
| General expense | 32,196.93 | 2,775.95 | 25,007.32 | 3,875.76 |
| Housing assistance payments | - | 382,778.40 | - | - |
| Depreciation | 92,166.76 | - | 44,139.12 | 13,995.87 |
| TOTAL OPERATING EXPENSES | 526,448.67 | 456,931.82 | 410,443.96 | 65,003.94 |
| OPERATING INCOME (LOSS) | (178,337.33) | 25,616.50 | 41,896.59 | (6,232.32) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| HUD operating subsidy | 119,878.00 | - | - | - |
| HUD CARES Act | 5,345.68 | 27,070.80 | 2,896.00 | - |
| HUD capital grants | 100,000.00 | - | - | - |
| Interest income | 305.02 | 11.39 | 7,099.09 | 22.69 |
| Gain (loss) on disposition of capital assets | 1,267.62 | - | 500.00 | - |
| TOTAL NONOPERATING REVENUES(EXPENSES) | 226,796.32 | 27,082.19 | 10,495.09 | 22.69 |
| INCOME(LOSS) BEFORE SPECIAL ITEMS AND TRANSFERS | 48,458.99 | 52,698.69 | 52,391.68 | (6,209.63) |
| SPECIAL ITEMS | | | | |
| Section 18 disposition/RAD conversion costs | (38,343.00) | - | (2,700.00) | - |
| Excess residual receipts due to HUD | - | - | - | - |
| TRANSFERS | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (1,127,095.58) | - | - | - |
| INCREASE (DECREASE) IN NET POSITION | (1,116,979.59) | 52,698.69 | 49,691.68 | (6,209.63) |
| NET POSITION: | | | | |
| Net position, beginning balance | 2,284,076.07 | 29,558.72 | 1,246,736.80 | 327,418.72 |
| TOTAL NET POSITION - ENDING BALANCE | \$ 1,167,096.48 | \$ 82,257.41 | \$ 1,296,428.48 | \$ 321,209.09 |

| Management Fund | Lexington Development Corporation | NAF Senior Housing, Inc. | Totals |
|----------------------|---|-----------------------------|------------------------|
| \$ - | \$ 47,505.00 | \$ 46,825.73 | \$ 648,530.47 |
| - | - | 32,421.00 | 767,700.32 |
| <u>63,468.65</u> | <u>888.32</u> | <u>7,385.01</u> | <u>124,034.75</u> |
| 63,468.65 | 48,393.32 | 86,631.74 | 1,540,265.54 |
| 34,463.16 | 9,628.15 | 20,017.37 | 477,374.75 |
| - | 365.75 | 22,033.57 | 109,091.55 |
| 23,050.23 | 6,057.84 | 32,579.85 | 423,621.90 |
| 1,445.82 | - | 8,107.17 | 73,408.95 |
| - | - | - | 382,778.40 |
| - | <u>67,087.55</u> | <u>18,823.50</u> | <u>236,212.80</u> |
| <u>58,959.21</u> | <u>83,139.29</u> | <u>101,561.46</u> | <u>1,702,488.35</u> |
| <u>4,509.44</u> | <u>(34,745.97)</u> | <u>(14,929.72)</u> | <u>(162,222.81)</u> |
| - | - | - | 119,878.00 |
| - | - | 3,186.00 | 38,498.48 |
| - | - | - | 100,000.00 |
| 26,848.18 | 0.36 | 35.38 | 34,322.11 |
| - | - | - | <u>1,767.62</u> |
| <u>26,848.18</u> | <u>0.36</u> | <u>3,221.38</u> | <u>294,466.21</u> |
| 31,357.62 | (34,745.61) | (11,708.34) | 132,243.40 |
| - | (172.00) | - | (41,215.00) |
| - | - | (0.62) | (0.62) |
| - | 1,127,095.58 | - | 1,127,095.58 |
| - | - | - | <u>(1,127,095.58)</u> |
| <u>31,357.62</u> | <u>1,092,177.97</u> | <u>(11,708.96)</u> | <u>91,027.78</u> |
| <u>820,621.70</u> | <u>-</u> | <u>(327,883.27)</u> | <u>4,380,528.74</u> |
| <u>\$ 851,979.32</u> | <u>\$ 1,092,177.97</u> | <u>\$ (339,592.23)</u> | <u>\$ 4,471,556.52</u> |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended June 30, 2021

| | Public Housing | Housing Choice Voucher | Section 8 New Construction | Pioneer Homes |
|---|-------------------|------------------------------|----------------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Tenant receipts | \$ 344,827.09 | \$ - | \$ 190,575.10 | \$ 57,368.00 |
| HUD receipts | - | 479,569.00 | 253,017.00 | - |
| Other receipts | - | 286.00 | - | - |
| Trust and deposits | (14,905.00) | - | (1,762.04) | 270.00 |
| Cash payments for goods and services | (220,876.63) | (404,591.93) | (156,006.17) | (19,018.78) |
| Cash payments to employees for services | (203,111.32) | (52,464.05) | (203,627.69) | (27,922.33) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (94,065.86) | 22,799.02 | 82,196.20 | 10,696.89 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| HUD operating subsidy | 120,028.00 | - | - | - |
| HUD CARES Act | 5,345.68 | 16,013.00 | 2,896.00 | - |
| Section 18 disposition/RAD conversion costs | (38,343.00) | - | (2,700.00) | - |
| Principal received on notes receivable | - | - | 3,735.25 | - |
| Net change in interfund borrowing | (185,752.31) | 209.74 | 209,206.55 | (16,256.16) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (98,721.63) | 16,222.74 | 213,137.80 | (16,256.16) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Purchases and construction of capital assets | (42,341.10) | - | (56,429.79) | (17,975.96) |
| HUD capital grants | 5,550.32 | - | - | - |
| Proceeds from sale of capital asset | 1,800.00 | - | 500.00 | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (34,990.78) | - | (55,929.79) | (17,975.96) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Net (deposits) withdrawals to investments | 3,667.57 | - | 3,592.72 | - |
| Interest received | 307.67 | 11.39 | 7,269.89 | 22.69 |
| NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES | 3,975.24 | 11.39 | 10,862.61 | 22.69 |
| NET INCREASE (DECREASE) IN CASH | (223,803.03) | 39,033.15 | 250,266.82 | (23,512.54) |
| CASH AND CASH EQUIVALENTS-BEGINNING | 622,201.02 | 51,132.94 | 334,756.41 | 126,337.25 |
| CASH AND CASH EQUIVALENTS-ENDING | \$ 398,397.99 | \$ 90,166.09 | \$ 585,023.23 | \$ 102,824.71 |
| RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (178,337.33) | \$ 25,616.50 | \$ 41,896.59 | \$ (6,232.32) |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | | | |
| Depreciation | 92,166.76 | - | 44,139.12 | 13,995.87 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (300.86) | - | (2,442.14) | - |
| (Increase) decrease in due from other governments | - | (1,367.32) | - | - |
| (Increase) decrease in prepaid expenses | 10,282.45 | 315.67 | 3,577.23 | 435.58 |
| Increase (decrease) in accounts payable | 258.10 | (1,391.10) | (3,288.57) | 3,612.75 |
| Increase (decrease) in accrued salaries and benefits | (2,414.00) | 951.27 | 679.01 | (1,444.99) |
| Increase (decrease) in trust and deposit liabilities | (14,905.00) | - | (1,762.04) | 270.00 |
| Increase (decrease) in unearned revenue | (815.98) | (1,326.00) | (603.00) | 60.00 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (94,065.86) | \$ 22,799.02 | \$ 82,196.20 | \$ 10,696.89 |

| Management Fund | Lexington Development Corporation | NAF Senior Housing, Inc. | Totals |
|--------------------|---|-----------------------------|-----------------|
| \$ - | \$ 47,863.17 | \$ 55,033.74 | \$ 695,667.10 |
| - | - | 24,205.00 | 756,791.00 |
| 66,052.52 | - | - | 66,338.52 |
| - | 15,788.00 | (689.00) | (1,298.04) |
| (7,267.59) | (5,597.53) | (83,036.09) | (896,394.72) |
| (50,193.27) | (6,840.25) | - | (544,158.91) |
| 8,591.66 | 51,213.39 | (4,486.35) | 76,944.95 |
| - | - | - | 120,028.00 |
| - | - | 893.00 | 25,147.68 |
| - | (172.00) | - | (41,215.00) |
| - | - | - | 3,735.25 |
| (3,118.00) | (10,568.68) | 6,278.86 | - |
| (3,118.00) | (10,740.68) | 7,171.86 | 107,695.93 |
| - | - | (13,497.05) | (130,243.90) |
| - | - | - | 5,550.32 |
| - | - | - | 2,300.00 |
| - | - | (13,497.05) | (122,393.58) |
| - | - | - | 7,260.29 |
| 12,409.35 | 0.36 | 35.38 | 20,056.73 |
| 12,409.35 | 0.36 | 35.38 | 27,317.02 |
| 17,883.01 | 40,473.07 | (10,776.16) | 89,564.32 |
| 41,573.80 | - | 87,399.37 | 1,263,400.79 |
| \$ 59,456.81 | \$ 40,473.07 | \$ 76,623.21 | \$ 1,352,965.11 |

| | | | |
|-------------|----------------|----------------|-----------------|
| \$ 4,509.44 | \$ (34,745.97) | \$ (14,929.72) | \$ (162,222.81) |
| - | 67,087.55 | 18,823.50 | 236,212.80 |
| 2,583.87 | (1,485.15) | 606.00 | (1,038.28) |
| - | - | (8,216.00) | (9,583.32) |
| 558.78 | (2,971.32) | (87.19) | 12,111.20 |
| (180.40) | 1,487.11 | (210.94) | 286.95 |
| 1,119.97 | 5,098.17 | - | 3,989.43 |
| - | 15,788.00 | (689.00) | (1,298.04) |
| - | 955.00 | 217.00 | (1,512.98) |
| \$ 8,591.66 | \$ 51,213.39 | \$ (4,486.35) | \$ 76,944.95 |

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 6.2 Component Unit - Blended | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|--|---------------|---|---------------------------------|--------------------------------------|-----------------------|-----------------------------------|------------------------------------|--------------|------------|--------------|
| 111 Cash - Unrestricted | \$378,659 | | \$29,157 | \$571,947 | \$156,181 | \$62,976 | | \$1,198,920 | | \$1,198,920 |
| 113 Cash - Other Restricted | | | \$68,059 | | | \$27,191 | | \$95,250 | | \$95,250 |
| 114 Cash - Tenant Security Deposits | \$19,740 | | \$19,880 | \$13,078 | \$5,100 | | | \$58,798 | | \$58,798 |
| 100 Total Cash | \$398,399 | \$0 | \$117,096 | \$585,025 | \$162,281 | \$90,167 | \$0 | \$1,352,968 | \$0 | \$1,352,968 |
| 122 Accounts Receivable - HUD Other Projects | \$200,000 | | \$10,509 | | | \$3,592 | | \$214,101 | | \$214,101 |
| 125 Accounts Receivable - Miscellaneous | | | | \$1,437 | \$1,795 | | | \$3,232 | | \$3,232 |
| 126 Accounts Receivable - Tenants | \$1,369 | | \$1,485 | \$1,386 | | | | \$4,240 | | \$4,240 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | \$3,887 | | | | \$3,887 | | \$3,887 |
| 129 Accrued Interest Receivable | | | | \$20 | | | | \$20 | | \$20 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$201,369 | \$0 | \$11,994 | \$6,730 | \$1,795 | \$3,592 | \$0 | \$225,480 | \$0 | \$225,480 |
| 132 Investments - Restricted | | | | \$100,000 | | | | \$100,000 | | \$100,000 |
| 142 Prepaid Expenses and Other Assets | \$4,807 | | \$4,718 | \$4,959 | \$958 | \$541 | | \$15,983 | | \$15,983 |
| 144 Inter Program Due From | \$38,084 | | \$10,569 | \$233,005 | \$5,920 | \$1,539 | | \$289,117 | -\$289,117 | \$0 |
| 150 Total Current Assets | \$642,659 | \$0 | \$144,377 | \$929,719 | \$170,954 | \$95,839 | \$0 | \$1,983,548 | -\$289,117 | \$1,694,431 |
| 161 Land | \$16,144 | | \$232,133 | \$96,723 | \$51,916 | | | \$396,916 | | \$396,916 |
| 162 Buildings | \$3,273,629 | | \$3,304,217 | \$1,877,999 | \$506,839 | | | \$8,962,684 | | \$8,962,684 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$72,489 | | \$27,616 | \$37,896 | \$1,179 | | | \$139,180 | | \$139,180 |
| 164 Furniture, Equipment & Machinery - Administration | \$170,763 | | \$17,498 | \$96,026 | \$2,308 | \$2,910 | | \$289,505 | | \$289,505 |
| 166 Accumulated Depreciation | -\$2,956,123 | | -\$2,016,670 | -\$1,798,889 | -\$197,509 | -\$2,910 | | -\$6,972,101 | | -\$6,972,101 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$576,902 | \$0 | \$1,564,794 | \$309,755 | \$364,733 | \$0 | \$0 | \$2,816,184 | \$0 | \$2,816,184 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | \$143,688 | \$731,869 | | | \$875,557 | | \$875,557 |
| 174 Other Assets | | | | \$323 | \$13,639 | | | \$13,962 | | \$13,962 |
| 176 Investments in Joint Ventures | | | | | \$121,942 | | | \$121,942 | | \$121,942 |
| 180 Total Non-Current Assets | \$576,902 | \$0 | \$1,564,794 | \$453,766 | \$1,232,183 | \$0 | \$0 | \$3,827,645 | \$0 | \$3,827,645 |
| 290 Total Assets and Deferred Outflow of Resources | \$1,219,561 | \$0 | \$1,709,171 | \$1,383,485 | \$1,403,137 | \$95,839 | \$0 | \$5,811,193 | -\$289,117 | \$5,522,076 |
| 312 Accounts Payable <= 90 Days | \$8,612 | | \$2,936 | \$4,225 | \$6,239 | \$236 | | \$22,248 | | \$22,248 |
| 321 Accrued Wage/Payroll Taxes Payable | \$12,318 | | \$5,098 | \$17,719 | \$6,511 | \$3,834 | | \$45,480 | | \$45,480 |
| 331 Accounts Payable - HUD PHA Programs | | | \$14 | | | | | \$14 | | \$14 |
| 341 Tenant Security Deposits | \$19,740 | | \$19,880 | \$13,078 | \$6,100 | | | \$58,798 | | \$58,798 |
| 342 Unearned Revenue | \$3,760 | | \$1,781 | \$620 | \$1,060 | | | \$7,221 | | \$7,221 |
| 346 Accrued Liabilities - Other | \$3,212 | | \$1,841 | \$2,762 | \$45 | | | \$7,860 | | \$7,860 |
| 347 Inter Program - Due To | \$4,823 | | \$16,135 | \$48,653 | \$209,994 | \$9,512 | | \$289,117 | -\$289,117 | \$0 |
| 310 Total Current Liabilities | \$52,465 | \$0 | \$47,685 | \$87,057 | \$229,949 | \$13,582 | \$0 | \$430,738 | -\$289,117 | \$141,621 |
| 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 | \$0 | \$0 | \$908,900 | \$0 | \$908,900 |
| 300 Total Liabilities | \$52,465 | \$0 | \$956,585 | \$87,057 | \$229,949 | \$13,582 | \$0 | \$1,339,638 | -\$289,117 | \$1,050,521 |
| 508.4 Net Investment in Capital Assets | \$576,902 | | \$655,893 | \$309,755 | \$364,733 | | | \$1,907,283 | | \$1,907,283 |
| 511.4 Restricted Net Position | | | \$68,059 | \$247,898 | \$745,508 | \$27,191 | | \$1,088,656 | | \$1,088,656 |
| 512.4 Unrestricted Net Position | \$590,194 | \$0 | \$28,634 | \$738,775 | \$62,947 | \$55,066 | \$0 | \$1,475,616 | | \$1,475,616 |
| 513 Total Equity - Net Assets / Position | \$1,167,096 | \$0 | \$752,586 | \$1,296,428 | \$1,173,188 | \$82,257 | \$0 | \$4,471,555 | \$0 | \$4,471,555 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$1,219,561 | \$0 | \$1,709,171 | \$1,383,485 | \$1,403,137 | \$95,839 | \$0 | \$5,811,193 | -\$289,117 | \$5,522,076 |

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 6.2 Component Unit - Blended | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|---|---------------|---|------------------------------|-----------------------------------|-----------------------|--------------------------------|------------------------------|-------------|-----------|-------------|
| 70300 Net Tenant Rental Revenue | \$323,258 | | \$94,331 | \$172,585 | \$58,357 | | | \$648,531 | | \$648,531 |
| 70400 Tenant Revenue - Other | \$24,853 | | \$7,422 | \$26,739 | \$415 | | | \$59,429 | | \$59,429 |
| 70500 Total Tenant Revenue | \$348,111 | \$0 | \$101,753 | \$199,324 | \$58,772 | \$0 | \$0 | \$707,960 | \$0 | \$707,960 |
| 70600 HUD PHA Operating Grants | \$219,878 | \$5,346 | \$35,607 | \$255,913 | | \$482,262 | \$27,071 | \$1,026,077 | | \$1,026,077 |
| 71100 Investment Income - Unrestricted | \$305 | | \$3 | \$497 | \$26,872 | \$11 | | \$27,688 | | \$27,688 |
| 71400 Fraud Recovery | | | | | | \$262 | | \$262 | | \$262 |
| 71500 Other Revenue | | | \$852 | | \$63,468 | \$25 | | \$64,345 | -\$20,475 | \$43,870 |
| 71600 Gain or Loss on Sale of Capital Assets | \$1,268 | | | \$500 | | | | \$1,768 | | \$1,768 |
| 72000 Investment Income - Restricted | | | \$33 | \$6,602 | | | | \$6,635 | | \$6,635 |
| 70000 Total Revenue | \$569,562 | \$5,346 | \$138,248 | \$462,836 | \$149,112 | \$482,560 | \$27,071 | \$1,834,735 | -\$20,475 | \$1,814,260 |
| 91100 Administrative Salaries | \$78,564 | \$5,346 | \$5,487 | \$100,907 | \$31,733 | \$16,441 | \$27,014 | \$265,492 | | \$265,492 |
| 91200 Auditing Fees | \$2,010 | | \$3,800 | \$1,255 | \$1,568 | \$2,495 | | \$11,128 | | \$11,128 |
| 91300 Management Fee | | | \$5,780 | | | | | \$5,780 | -\$5,780 | \$0 |
| 91400 Advertising and Marketing | \$2,634 | | \$764 | \$3,536 | \$371 | \$814 | | \$8,119 | | \$8,119 |
| 91500 Employee Benefit contributions - Administrative | \$31,166 | | \$2,322 | \$24,559 | \$13,353 | \$9,961 | | \$81,361 | | \$81,361 |
| 91600 Office Expenses | \$13,882 | | \$7,415 | \$10,914 | \$2,559 | \$5,914 | | \$40,684 | | \$40,684 |
| 91700 Legal Expense | \$5,941 | | \$109 | \$1,664 | \$603 | | | \$8,317 | | \$8,317 |
| 91800 Travel | \$23 | | \$33 | \$23 | | \$454 | | \$533 | | \$533 |
| 91900 Other | \$25,363 | | \$3,934 | \$13,214 | \$5,478 | \$7,970 | | \$55,959 | -\$5,036 | \$50,923 |
| 91000 Total Operating - Administrative | \$159,583 | \$5,346 | \$29,644 | \$156,072 | \$55,665 | \$44,049 | \$27,014 | \$477,373 | -\$10,816 | \$466,557 |
| 93100 Water | \$3,694 | | \$4,402 | \$2,844 | \$63 | | | \$11,003 | | \$11,003 |
| 93200 Electricity | \$22,313 | | \$17,997 | \$21,159 | \$361 | | | \$61,830 | | \$61,830 |
| 93300 Gas | \$18,333 | | | \$14,769 | | | | \$33,102 | | \$33,102 |
| 93600 Sewer | \$1,379 | | | \$1,761 | \$17 | | | \$3,157 | | \$3,157 |
| 93000 Total Utilities | \$45,719 | \$0 | \$22,399 | \$40,533 | \$441 | \$0 | \$0 | \$109,092 | \$0 | \$109,092 |
| 94100 Ordinary Maintenance and Operations - Labor | \$68,958 | | \$2,901 | \$63,408 | \$22,650 | | \$57 | \$157,974 | | \$157,974 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$15,785 | | \$1,791 | \$14,881 | \$3,036 | \$170 | | \$35,663 | | \$35,663 |
| 94300 Ordinary Maintenance and Operations Contracts | \$79,339 | | \$32,719 | \$50,971 | \$12,799 | \$89 | | \$175,917 | -\$9,659 | \$166,258 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$27,355 | | \$1,228 | \$15,432 | \$10,054 | | | \$54,069 | | \$54,069 |
| 94000 Total Maintenance | \$191,437 | \$0 | \$38,639 | \$144,692 | \$48,539 | \$259 | \$57 | \$423,623 | -\$9,659 | \$413,964 |
| 96110 Property Insurance | \$20,428 | | \$5,218 | \$12,009 | \$1,702 | | | \$39,357 | | \$39,357 |
| 96120 Liability Insurance | \$3,505 | | \$900 | \$2,605 | \$1,051 | \$622 | | \$8,683 | | \$8,683 |
| 96130 Workmen's Compensation | \$3,340 | | | \$2,453 | \$998 | \$587 | | \$7,378 | | \$7,378 |
| 96140 All Other Insurance | \$2,757 | | | \$861 | \$108 | \$105 | | \$3,831 | | \$3,831 |
| 96100 Total insurance Premiums | \$30,030 | \$0 | \$6,118 | \$17,928 | \$3,859 | \$1,314 | \$0 | \$59,249 | \$0 | \$59,249 |
| 96200 Other General Expenses | | | | | | \$1,462 | | \$1,462 | | \$1,462 |
| 96400 Bad debt - Tenant Rents | \$2,167 | | \$1,989 | \$7,081 | \$1,464 | | | \$12,701 | | \$12,701 |
| 96000 Total Other General Expenses | \$2,167 | \$0 | \$1,989 | \$7,081 | \$1,464 | \$1,462 | \$0 | \$14,163 | \$0 | \$14,163 |
| 96900 Total Operating Expenses | \$428,936 | \$5,346 | \$98,789 | \$366,306 | \$109,968 | \$47,084 | \$27,071 | \$1,083,500 | -\$20,475 | \$1,063,025 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$140,626 | \$0 | \$39,459 | \$96,530 | \$39,144 | \$435,476 | \$0 | \$751,235 | \$0 | \$751,235 |
| 97300 Housing Assistance Payments | | | | | | \$382,778 | | \$382,778 | | \$382,778 |
| 97400 Depreciation Expense | \$92,167 | | \$85,912 | \$44,139 | \$13,996 | | | \$236,214 | | \$236,214 |
| 90000 Total Expenses | \$521,103 | \$5,346 | \$184,701 | \$410,445 | \$123,964 | \$429,862 | \$27,071 | \$1,702,492 | -\$20,475 | \$1,682,017 |

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 6.2 Component Unit - Blended | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|--|---------------|---|---------------------------------|--------------------------------------|-----------------------|-----------------------------------|------------------------------------|--------------|--------------|-------------|
| 10010 Operating Transfer In | \$100,000 | | | | | | | \$100,000 | -\$100,000 | \$0 |
| 10020 Operating transfer Out | -\$100,000 | | | | | | | -\$100,000 | \$100,000 | \$0 |
| 10080 Special Items (Net Gain/Loss) | -\$38,343 | | -\$173 | -\$2,700 | | | | -\$41,216 | | -\$41,216 |
| 10093 Transfers between Program and Project - In | | | \$1,127,096 | | | | | \$1,127,096 | -\$1,127,096 | \$0 |
| 10094 Transfers between Project and Program - Out | -\$1,127,096 | | | | | | | -\$1,127,096 | \$1,127,096 | \$0 |
| 10100 Total Other financing Sources (Uses) | -\$1,165,439 | \$0 | \$1,126,923 | -\$2,700 | \$0 | \$0 | \$0 | -\$41,216 | \$0 | -\$41,216 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$1,116,980 | \$0 | \$1,080,470 | \$49,691 | \$25,148 | \$52,698 | \$0 | \$91,027 | \$0 | \$91,027 |
| 11030 Beginning Equity | \$2,284,076 | \$0 | -\$327,884 | \$1,246,737 | \$1,148,040 | \$29,559 | \$0 | \$4,380,528 | | \$4,380,528 |
| 11170 Administrative Fee Equity | | | | | | \$55,066 | | \$55,066 | | \$55,066 |
| 11180 Housing Assistance Payments Equity | | | | | | \$27,191 | | \$27,191 | | \$27,191 |
| 11190 Unit Months Available | 908 | | 280 | 576 | 96 | 1688 | | 3548 | | 3548 |
| 11210 Number of Unit Months Leased | 867 | | 231 | 548 | 91 | 1211 | | 2948 | | 2948 |
| 11270 Excess Cash | \$549,643 | | | | | | | \$549,643 | | \$549,643 |
| 11620 Building Purchases | \$36,416 | | | | | | | \$36,416 | | \$36,416 |

Lexington Housing Authority (NE010)

Lexington, NE

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

Project: NE010000001 EASTLAWN

| | Low Rent | Capital Fund | Total Project |
|--|--------------|--------------|---------------|
| 70300 Net Tenant Rental Revenue | \$323,258 | | \$323,258 |
| 70400 Tenant Revenue - Other | \$24,853 | | \$24,853 |
| 70500 Total Tenant Revenue | \$348,111 | \$0 | \$348,111 |
| 70600 HUD PHA Operating Grants | \$119,878 | \$100,000 | \$219,878 |
| 71100 Investment Income - Unrestricted | \$305 | | \$305 |
| 71600 Gain or Loss on Sale of Capital Assets | \$1,268 | | \$1,268 |
| 70000 Total Revenue | \$469,562 | \$100,000 | \$569,562 |
| 91100 Administrative Salaries | \$78,564 | | \$78,564 |
| 91200 Auditing Fees | \$2,010 | | \$2,010 |
| 91400 Advertising and Marketing | \$2,634 | | \$2,634 |
| 91500 Employee Benefit contributions - Administrative | \$31,166 | | \$31,166 |
| 91600 Office Expenses | \$13,882 | | \$13,882 |
| 91700 Legal Expense | \$5,941 | | \$5,941 |
| 91800 Travel | \$23 | | \$23 |
| 91900 Other | \$25,363 | | \$25,363 |
| 91000 Total Operating - Administrative | \$159,583 | \$0 | \$159,583 |
| 93100 Water | \$3,694 | | \$3,694 |
| 93200 Electricity | \$22,313 | | \$22,313 |
| 93300 Gas | \$18,333 | | \$18,333 |
| 93600 Sewer | \$1,379 | | \$1,379 |
| 93000 Total Utilities | \$45,719 | \$0 | \$45,719 |
| 94100 Ordinary Maintenance and Operations - Labor | \$68,958 | | \$68,958 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$15,785 | | \$15,785 |
| 94300 Ordinary Maintenance and Operations Contracts | \$79,339 | | \$79,339 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$27,355 | | \$27,355 |
| 94000 Total Maintenance | \$191,437 | \$0 | \$191,437 |
| 96110 Property Insurance | \$20,428 | | \$20,428 |
| 96120 Liability Insurance | \$3,505 | | \$3,505 |
| 96130 Workmen's Compensation | \$3,340 | | \$3,340 |
| 96140 All Other Insurance | \$2,757 | | \$2,757 |
| 96100 Total Insurance Premiums | \$30,030 | \$0 | \$30,030 |
| 96400 Bad debt - Tenant Rents | \$2,167 | | \$2,167 |
| 96000 Total Other General Expenses | \$2,167 | \$0 | \$2,167 |
| 96900 Total Operating Expenses | \$428,936 | \$0 | \$428,936 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$40,626 | \$100,000 | \$140,626 |
| 97400 Depreciation Expense | \$92,167 | | \$92,167 |
| 90000 Total Expenses | \$521,103 | \$0 | \$521,103 |
| 10010 Operating Transfer In | \$100,000 | | \$100,000 |
| 10020 Operating transfer Out | | -\$100,000 | -\$100,000 |
| 10080 Special Items (Net Gain/Loss) | -\$38,343 | | -\$38,343 |
| 10094 Transfers between Project and Program - Out | -\$1,127,096 | | -\$1,127,096 |
| 10100 Total Other financing Sources (Uses) | -\$1,065,439 | -\$100,000 | -\$1,165,439 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$1,116,980 | \$0 | -\$1,116,980 |
| 11030 Beginning Equity | \$2,284,076 | \$0 | \$2,284,076 |
| 11190 Unit Months Available | 908 | | 908 |
| 11210 Number of Unit Months Leased | 867 | | 867 |
| 11270 Excess Cash | \$549,643 | | \$549,643 |
| 11620 Building Purchases | \$36,416 | \$0 | \$36,416 |

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

| Federal Grantor | Assistance Listing | Federal Expenditures |
|--|-----------------------|-------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | |
| Public Housing: | | |
| Operating subsidy - Public Housing | 14.850 | \$ 119,878.00 |
| Public Housing - Cares Act | 14.850 | 5,345.68 |
| Total Public and Indian Housing Program | | <u>125,223.68</u> |
| Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation | | |
| East Lawn Addition | 14.182 | 253,017.00 |
| COVID 19 Supplemental Payments | 14.182 | 2,896.00 |
| Total Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation | | <u>255,913.00</u> |
| Housing Voucher Cluster | | |
| Housing Choice Voucher | 14.871 | \$ 482,262.32 |
| Housing Choice Voucher - Cares Act | 14.871 | 27,070.80 |
| Total Housing Voucher Cluster | | <u>509,333.12</u> |
| Capital Funds | | |
| Capital Funds | 14.872 | <u>100,000.00</u> |
| Section 202 Capital Advance | | |
| NAF Senior Housing, Inc. | 14.157 | 941,321.00 |
| COVID 19 Supplemental Payments | 14.157 | 3,186.00 |
| Total Section 202 Capital Advance | | <u>944,507.00</u> |
| Total Federal Awards Expended | | <u>\$ 1,934,976.80</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, 2021 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 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 financial statements of the major fund of the Housing Authority of the City of Lexington, Nebraska as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Lexington, Nebraska's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Lexington, Nebraska's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Lexington, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Finding 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Lexington, Nebraska's 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 financial statements. 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*.

Housing Authority of the City of Lexington, Nebraska's Response to Finding

The Housing Authority of the City of Lexington, Nebraska's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Housing Authority of the City of Lexington, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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
December 30, 2021

**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 the 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 the Housing Authority of the City of Lexington, Nebraska's major federal programs for the year ended June 30, 2021. The 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 the 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 the 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 the Housing Authority of the City of Lexington, Nebraska's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

Report on Internal Control Over Compliance

Management of the 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 the 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 the 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
December 30, 2021

HOUSING AUTHORITY OF THE CITY OF LEXINGTON



609 East 3rd Street
Lexington, NE 68850

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STATUS OF PRIOR YEAR AUDIT FINDINGS

The audit report for the year ended June 30, 2020 contained no findings and no questioned costs.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

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, 2021.

Financial Statements:

- The results of our audit procedures one material weakness and no significant deficiencies in internal control over financial reporting for the fiscal year ended June 30, 2021. The material weakness is reported as Finding 2021-001.
- We noted no instances of noncompliance which is material to the financial statements for the fiscal year ended June 30, 2021.

Federal Awards:

- We issued an unmodified opinion on compliance for the major program for the fiscal year ended June 30, 2021.
- 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, 2021.
- 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) and Housing Voucher Cluster (14.871).
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended June 30, 2021, the Housing Authority of the City of Lexington, Nebraska did qualify as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section II - Financial Statement Findings:

Finding 2021-001: Application of Generally Accepted Accounting Principles
Material Weakness

Criteria: The Authority should have proper procedures in place to ensure accounting records are reported on the accrual basis of accounting and the fiscal year end and should have procedures to reconcile the reported figures to ensure they are correct.

Condition: The Authority is required to report its financial information in accordance with generally accepted accounting principles. We noted the following instances of where those principles were not followed:

- The Authority transferred ownership of 32 Public Housing units to the Lexington Development Corporation. As part of the transfer, all capital assets including land, building, improvements and equipment should have been transferred. The Authority only transferred the original cost of the units and did not include \$330,370.75 of land, improvements and equipment along with \$55,870.23 of accumulated depreciation.
- The Authority incurred \$19,990 legal and consulting expenses related to the Section 18 disposition and Project Based Rental Assistance conversion that should have been classified as a special item. The Authority had similar expenses that were correctly classified.
- During our audit procedures we noted the NAF Senior Housing, Inc. program had not received rental assistance for three different months and noted the Project had not accrued the related revenue of \$8,216. During our inquiries, we noted the Project did not have a system in place to monitor whether the monthly rental assistance was received. Due to the related cash flow issues for not receiving these funds, the Housing Authority of the City of Lexington, Nebraska which manages the project had to advance funds during the year to help the project cover expense.
- The NAF Senior Housing, Inc. program was approved for COVID-19 Supplemental Payments (CSP) of \$2,293 for expenses that occurred during the year ended June 30, 2021, however, the related revenue was not accrued.
- The NAF Senior Housing, Inc. program was incorrectly calculating the management fee earned based on units available and not the actual units leased which caused management fee expense to be overstated by \$1,462.

Cause: The Authority did not have procedures in place to review its financial records to ensure their completeness and accurateness.

Effect or Potential Effect: Prior to adjustments made during the audit process, the financial records were materially misstated for the purposes of reporting within the Authority's financial statements.

Recommendation: The Authority should be more aware of unique transactions like the legal and consulting costs related to the Section 18 disposition and PBRA conversion and requests guidance on unique transactions like these in the future. We further recommend the Authority establish a system to monitor to ensure all rental assistance is received and when not, it is properly accrued at year-end. When unusual transactions occur such as the CSP funds, the Authority needs to communicate with its fee accountant so that the accounting for this activity is correct. The Authority should additionally adjust its procedures to where the management fee is based on occupied units.

View of the Responsible Officials of the Auditee: The auditee's management agrees with the finding.

Section III - Federal Award Findings and Questioned Costs:

None

HOUSING AUTHORITY OF THE CITY OF LEXINGTON

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Derek Haines
Executive Director
derek@lexhousing.com

I agree with the finding stated below. Please see the Authority's response to the items below.

Section II Financial Statement Findings

Finding 2021-001 Application of Generally Accepted Accounting Principals

The Authority should have proper procedures in place to ensure accounting records on the accrual basis of accounting and the fiscal year end and should have procedures to reconcile the reported figures to ensure they are correct.

The Authority is required to report its financial information in accordance with generally accepted accounting principles.

The Authority transferred ownership of 32 Public Housing Units to the Lexington Development Corporation. As part of the transfer, all capital assets including land, building, improvements and equipment should have been transferred. The Authority only transferred the original cost of the units and did not include \$330,370.75 of land, improvements, and equipment along with \$55,870.23 of accumulated depreciation.

Authority Response:

This is a one time item that was missed by the fee accountant and the Authority. The adjustments have been made. Going forward, if there should be any transfer of ownership the Authority will ensure all transferred items are accounted for.

The Authority incurred \$19,990 in legal and consulting expenses related to the Section 18 disposition and Project Based Rental Assistance Conversion that should be classified as a special item. The Authority had similar expenses that were correctly classified.

Authority Response:

The Authority will more closely monitor the monthly financial transactions. The Authority has communicated to the fee accountant the finding and also makes a statement to the fee accountant upon presentation of the invoices which legal expenses apply to the Project Based Rental Assistance special item.

It was noted NAF Senior Housing had not received rental assistance for three different months and noted the Project had not accrued the related revenue of \$8,216.

Authority Response:

The Authority has addressed this item as recommended per the NAF SR Housing Audit. The Authority is now keeping a monthly spreadsheet of rental assistance requests and rental assistance receipts. These are being reviewed with the Director. Fee accountant reports are reviewed monthly when received.

The NAF Senior Housing program was approved for COVID 19 Supplemental Payments (CSP) of \$2,293 for expenses that occurred during the year ended June 30, 2021, however the related revenue was not accrued.

Authority Response:

The Authority has included an item for "other income" on the spreadsheet that is reviewed monthly by the Director. This information is also submitted to the fee accountant. Fee accountant reports are reviewed monthly when received.

The NAF Senior Housing program was incorrectly calculating the management fee earned based on units available and not the actual units leased which caused management fee expense to be overstated by \$1,462.00

Authority Response:

The Authority has included a calculation of the management fee on the monthly spreadsheet. This spreadsheet is reviewed by the Director and the information is submitted to the fee accountant for preparation of the monthly reports.

Thank you,

Derek Haines
Executive Director

AGREED-UPON PROCEDURE

Randal D. Niewedde, CPA
 Jeffrey J. Wiens, CPA

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended June 30, 2021. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

The Housing Authority of the City of Lexington, Nebraska has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below:

| Procedures | UFRS Rule Information | Hard Copy Document(s) | Findings |
|------------|--|---|----------|
| 1 | Balance Sheet and Revenue and Revenue and Expense (account numbers 111 to 13901) | Financial Data Schedule, all CFDA's, if applicable. | Agrees |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements | Agrees |
| 3 | Type of opinion on FDS (data element G3100-040) | Auditor's supplemental report on FDS | Agrees |
| 4 | Audit findings narrative (data element G5200-010) | Schedule of Findings and Questioned Costs | Agrees |
| 5 | General information (data element series G2000, G2100, G2200, G9000, G9100) | OMB Data Collection Form | Agrees |
| 6 | Financial statement report information (data element G3000-010 to G3000-50) | Schedule of Findings and Questioned Costs, Part 1 and OMD Data Collection Form. | Agrees |
| 7 | Federal program report information (data element G4000-020 to G4000-040) | Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form | Agrees |

| Procedures | UFRS Rule Information | Hard Copy Document(s) | Findings |
|------------|--|---|----------|
| 8 | Type of Compliance Requirement (G4200-020 & G4000-030) | OMB Data Collection Form | Agrees |
| 9 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | Agrees |

We were engaged by the Housing Authority of the City of Lexington, Nebraska to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Housing Authority of the City of Lexington, Nebraska and REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

This report is intended solely for the information and use of the Housing Authority of the City of Lexington, Nebraska and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

We were engaged to perform an audit in accordance with 2 CFR 200, Subpart F, *Audit Requirements* for the Housing Authority of the City of Lexington, Nebraska as of and for the year ended June 30, 2021, and have issued our report thereon dated December 30, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Lexington, Nebraska's Financial Data Schedule dated December 30, 2021, was expressed in relation to the basic financial statements of the Housing Authority of the City of Lexington, Nebraska taken as a whole.

A copy of the financial statement package and the Financial Data Schedule, which includes the auditor's report, is available in its entirety from the Housing Authority of the City of Lexington, Nebraska. We have not performed any additional auditing procedures since the date of the aforementioned audit report.

This report is intended solely for the information and use of the Housing Authority of the City of Lexington, Nebraska and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Niewedde & Wiens, CPAs

York, Nebraska
December 30, 2021