

HOUSING AUTHORITY OF THE CITY OF
LEXINGTON, NEBRASKA

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Housing Authority of the City of Lexington, Nebraska as of June 30, 2022, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Legend Oaks, LLC and Legend Oaks II, LLC, as of June 30, 2022, and changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Lexington, Nebraska, and is based solely on the report of other auditors. They are reported in the aggregate.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Lexington, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The management of the Housing Authority of the City of Lexington, Nebraska has determined that Legend Oaks, LLC and Legend Oaks II, LLC should be reported as a discretely presented component units for the year end June 30, 2022 due to its nature and relationship to the Housing Authority of the City of Lexington, Nebraska. This is a change from the prior year presentation.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Lexington, Nebraska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Housing Authority of the City of Lexington, Nebraska's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Lexington, Nebraska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions 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. Such information is 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. The 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 January 12, 2023 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
January 12, 2023

REQUIRED SUPPLEMENTAL INFORMATION –
MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF LEXINGTON



609 East 3rd Street
Lexington, NE 68850

(308) 324-4633
(308) 324-4360 FAX

This section of the Housing Authority of the City of Lexington, Nebraska's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on June 30, 2022. 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. The focus of the management's discussion and analysis is on the Housing Authority which includes all financial activity of the Housing Authority with the exception of its discretely presented component unit. 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, 2022 was \$4,686,326. The net position increased by \$214,770, an increase of 4.8% over the prior year. Of this amount, \$1,852,001 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 \$1,719,865 for the year ended June 30, 2022. This was an increase of 13% over the prior year.

Operating expenses for the Authority were \$1,674,950 for the year ended June 30, 2022. This was a decrease of less than 1% from 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, 2022

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, 2022 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 \$4,686,326 at the close of the year ended June 30, 2022. This represents an increase of \$214,770, or 4.8% over the prior year.

CONDENSED STATEMENTS OF NET POSITION

	FY 2022	FY 2021	Dollar Change	Percent Change
Current and other assets	\$ 3,095,012	\$ 2,705,890	\$ 389,122	14.4%
Capital assets	2,646,855	2,816,183	(169,328)	-6.0%
Total Assets	5,741,867	5,522,073	219,794	4.0%
Current liabilities	140,174	141,617	(1,443)	-1.0%
Long-term debt	915,367	908,900	6,467	0.7%
Total Liabilities	1,055,541	1,050,517	5,025	0.5%
Net Position				
Net investment in capital assets	1,729,134	1,907,283	(178,149)	-9.3%
Restricted	1,105,191	1,088,658	16,533	1.5%
Unrestricted	1,852,001	1,475,615	376,386	25.5%
Total Net Position	\$ 4,686,326	\$ 4,471,557	\$ 214,770	4.8%

The restricted component of net position was \$1,105,191 as of June 30, 2022 which was an increase of \$16,533. This was the result of operations for the year.

The Authority had several different components of restricted net position which are further detailed in Note M in the notes to financial statements. Balances were consistent with those in the prior year.

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.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

Current and other assets increased \$389,122. Within this, cash and investments increased \$588,211 and the receivable from HUD decreased \$160,840. Notes receivable also decreased \$17,619.

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 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 760,498	\$ 648,530	\$ 111,968	17.3%
HUD program contributions	1,060,352	1,026,077	34,275	3.3%
Other	84,116	103,560	(19,444)	-18.8%
General revenues				
Interest	33,640	34,322	(682)	-2.0%
Other	-	1,768	(1,768)	-100.0%
Total Revenues	<u>1,938,605</u>	<u>1,814,257</u>	<u>124,348</u>	6.9%
Expenses				
Operating, less depreciation	1,435,296	1,445,801	(10,504)	-0.7%
Depreciation	239,654	236,213	3,441	1.5%
Nonoperating	439	-	439	100.0%
Total Expenses	<u>1,675,389</u>	<u>1,682,014</u>	<u>(6,624)</u>	-0.4%
Excess (Deficiency) Before Contributions and Special Items	263,216	132,243	130,973	
Special items, net	<u>(48,681)</u>	<u>(41,216)</u>	<u>(7,465)</u>	
Changes in Net Position	214,535	91,028	123,508	
Beginning net position, restated	4,471,791	4,380,529	91,262	
Ending net position	<u>\$ 4,686,326</u>	<u>\$ 4,471,557</u>	<u>\$ 214,770</u>	

Rental income increased \$111,968 which was largely due to the transfer of ownership of 32 Public Housing through the Section 18 disposition process to the Lexington Development Corporation in the prior year. Those units now have a set contract rent which increased the rental income.

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 HUD rental assistance.

Operating subsidy was \$65,059 for the year which was a decrease of \$54,819 due to the conversion of the remaining 49 Public Housing units to a Project Based Rental Assistance program on December 1, 2022. Capital funds grants used for noncapital purposes were \$105,884 compared to \$100,000 in the prior year. The Authority will no longer receive capital fund grants in calendar year 2022 and after due to the conversion of units. The converted 49 units earned rental assistance of \$43,045 for the period of January 1, 2022 to June 30, 2022. The Housing Choice Voucher contributions increased by \$71,371.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

Operating expenses decreased by \$10,504. Within this, administrative expenses decreased \$26,157, utilities increased \$10,742, maintenance expenses decreased \$120,340, general expense increased \$42,025 and HAP expenses increased \$104,709. Maintenance expenses decreased largely to the Authority no longer providing cable television services to tenants and one less maintenance staff. HAP expenses increased due to the conversion of the 32 Public Housing units in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Lexington, Nebraska's capital assets as of June 30, 2022 amounts to \$2,646,855. 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 6% in terms of net book value. The Authority had capital expenditures of \$59,099. The largest items included in this were various heating and air conditioning upgrades.

Depreciation for the year totaled \$239,654. Additional information on the Authority's capital assets can be found in Note I of the notes to financial statements of this report.

Debt Administration –The only debt is the \$908,900 HUD Section 202 mortgage for which no 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 are a continuing concern for all programs. 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 and the removal of Eastlawn Apartments 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 has also completed the HUD Rental Assistance Demonstration Program which removed the balance of the properties from Public Housing and potentially allow for a greater rental income stream.

The Authority is continually looking for new and improved ways to assist tenants and potential tenants. The Authority will continue to pursue items that will enhance the experience between tenants and staff including but not limited to the increase use of technology where possible to reduce the burden on both tenants and staff.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

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, 2022

ASSETS	Housing	Discretely Presented Component Units
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,732,169.72	\$ 64,359.00
Accounts receivable, net	3,336.33	8,870.00
Accounts receivable, net - discretely presented component units	1,857.80	-
Due from other governments	53,260.64	-
Accrued interest receivable	20.55	-
Prepaid insurance	17,547.63	-
Restricted:		
Cash and cash equivalents	59,696.00	17,926.00
Notes receivable, current portion - discretely presented component units	4,045.81	-
TOTAL CURRENT ASSETS	1,871,934.48	91,155.00
NONCURRENT ASSETS:		
Restricted:		
Cash and cash equivalents	129,320.63	280,858.00
Investments	221,932.00	-
Notes receivable, less current portion - discretely presented component units	857,779.18	-
Accrued interest receivable - discretely presented component units	14,045.76	-
Tax-credit fees, net of amortization	-	7,986.00
Capital Assets, non-depreciable	396,916.31	50,006.00
Capital Assets, depreciable, net	2,241,117.72	2,969,274.00
Capital Assets, right to use lease asset	8,821.35	-
TOTAL NONCURRENT ASSETS	3,869,932.95	3,308,124.00
TOTAL ASSETS	\$ 5,741,867.43	\$ 3,399,279.00
 LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 23,390.58	\$ 40,642.00
Accrued salaries and wages payable	43,829.13	-
Accrued compensated absences	2,294.68	-
Due to other governments	14.48	15,521.00
Accrued interest payable	-	26,578.00
Unearned revenue	8,636.25	-
Lease payable, current portion	2,312.92	-
Current portion of long-term debt	-	3,966.00
Trust and deposit liabilities	59,696.00	17,926.00
TOTAL CURRENT LIABILITIES	140,174.04	104,633.00
NONCURRENT LIABILITIES		
Lease payable, less current portion	6,467.13	-
Mortgage payable	908,900.00	839,933.00
TOTAL NONCURRENT LIABILITIES	915,367.13	839,933.00
TOTAL LIABILITIES	1,055,541.17	944,566.00
 NET POSITION		
Net Investment in Capital Assets	1,729,134.03	2,175,381.00
Restricted	1,105,191.38	280,858.00
Unrestricted	1,852,000.85	(1,526.00)
TOTAL NET POSITION	\$ 4,686,326.26	\$ 2,454,713.00

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended June 30, 2022

	Housing	Discretely Presented Component Units
OPERATING REVENUES		
Rental income	\$ 760,498.24	\$ 216,177.00
HUD contributions	875,250.64	-
Other income	84,115.79	68.00
TOTAL OPERATING REVENUES	1,719,864.67	216,245.00
OPERATING EXPENSES		
Administrative	440,401.39	55,608.00
Utilities	98,350.02	-
Ordinary maintenance and operations	293,623.82	39,144.00
General expense	115,433.91	81,117.00
Housing assistance payments	487,487.21	-
Depreciation	239,653.64	187,279.00
TOTAL OPERATING EXPENSES	1,674,949.99	363,148.00
OPERATING INCOME (LOSS)	44,914.68	(146,903.00)
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy	65,059.00	-
HUD CARES Act	14,158.00	-
HUD capital grants	105,884.00	-
Interest income	33,639.70	231.00
Gain on disposition of capital assets	-	5,436.00
Distributions	-	(681.00)
Interest expense	(439.43)	(31,946.00)
TOTAL NONOPERATING REVENUES(EXPENSES)	218,301.27	(26,960.00)
INCOME(LOSS) BEFORE SPECIAL ITEMS	263,215.95	(173,863.00)
SPECIAL ITEMS		
Section 18 disposition/RAD conversion costs	(47,323.10)	-
Excess residual receipts due to HUD	(0.47)	-
Not-for-profit ownership assumption	9,323.01	-
Casualty loss expenses	(10,680.00)	-
INCREASE (DECREASE) IN NET POSITION	214,535.39	(173,863.00)
NET POSITION:		
Net position, beginning balance	4,471,557.27	2,628,576.00
Prior period adjustment - GASB 87 implementation	233.60	-
Beginning balance, restated	4,471,790.87	2,628,576.00
TOTAL NET POSITION - ENDING BALANCE	\$ 4,686,326.26	\$ 2,454,713.00

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2022

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tenant receipts	\$ 785,027.39
HUD receipts	836,091.00
Other receipts	52,133.00
Trust and deposits	898.39
Cash payments for goods and services	(895,233.04)
Cash payments to employees for services	(532,834.29)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	246,082.45
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	65,059.00
HUD CARES Act	14,158.00
HUD capital grants	305,884.00
Section 18 disposition/RAD conversion payments	(48,559.60)
Principal received on notes receivable	44,829.51
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	381,370.91
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(61,578.09)
Insurance proceeds	9,323.01
Casualty loss payments	(10,680.00)
Lease principal payments	(2,213.52)
Interest paid on capital debt	(439.43)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(65,588.03)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	10.00
Interest received	6,345.91
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,355.91
	568,221.24
CASH AND CASH EQUIVALENTS-BEGINNING	1,352,965.11
CASH AND CASH EQUIVALENTS-ENDING	\$ 1,921,186.35
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 44,914.68
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	239,653.64
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	2,277.78
(Increase) decrease in due from other governments	(39,159.64)
(Increase) decrease in prepaid expenses	(1,564.71)
Increase (decrease) in accounts payable	(2,997.54)
Increase (decrease) in accrued salaries and benefits	(1,650.54)
Increase (decrease) in accrued compensated absences	2,294.68
Increase (decrease) in trust and deposit liabilities	898.39
Increase (decrease) in unearned revenue	1,415.71
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 246,082.45

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, the following entities are included in the financial reporting of the Authority as a blended component units:

NAF Senior Housing, Inc., Eastlawn East is an 18-unit apartment project for the elderly located in Lexington, Nebraska. Legal title to the Project is held by NAF Senior Housing, Inc., a nonprofit corporation. NAF Senior Housing, Inc.'s Board of Directors is the same as the Housing Authority's Board of Commissioners.

Lexington Development Corporation is a not-for-profit corporation originally formed to explore other housing opportunities. The Authority utilized the Lexington Development Corporation to transfer ownership of 32 Public Housing units through HUD's Section 18 disposition process. Lexington Development Corporation's Board of Directors is the same as the Housing Authority's Board of Commissioners.

Based on the above criteria, the following entities are included in the financial reporting of the Authority as aggregately presented discretely component units:

Legend Oaks, LLC, although a legally separate entity, is reported as a discretely presented component unit. Legend Oaks, LLC is included as a discretely presented component unit as the Housing Authority has provided loans to Legend Oaks, LLC and required along with the other general partner to fund any operating deficit. Legend Oaks, LLC information is reported as of December 31, 2021. Separately issued financial statements are available from Legend Oaks, LLC.

Legend Oaks II, LLC, although a legally separate entity, is reported as a discretely presented component unit. Legend Oaks II, LLC is included as a discretely presented component unit as the Housing Authority has provided loans to Legend Oaks II, LLC and required along with the other general partner to fund any operating deficit. Legend Oaks II, LLC information is reported as of December 31, 2021. Separately issued financial statements are available from Legend Oaks II, LLC.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

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

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”.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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.

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 allows employees to accumulate personal leave time. Any unused time at the end of the fiscal year, not to exceed 40 hours, can be carried over to the next period.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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

Leases are accounted for following the guidance in GASB Statement No. 87.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2022, the reported amount of the Authority's deposits was \$2,021,136.35 and the bank balance was \$2,032,028.22. Of the bank balance, \$578,756.95 was covered by federal depository insurance and \$1,453,271.27 was collateral held by Authority's agent in the Authority's name. The Authority had cash on hand of \$50 at June 30, 2022.

Investments

Investment of \$121,932 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	2,021,136.35
Carrying amount of investments	121,932.00
	<u>\$ 2,143,118.35</u>
Cash	\$ 1,732,169.72
Cash – restricted	189,016.63
Investments – restricted	221,932.00
	<u>\$ 2,143,118.35</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at June 30, 2022 is as follows:

	Housing	Discretely Presented Component Units
Tenant receivables	\$ 8,193.33	\$ -
Management	1,857.80	-
Miscellaneous		8,870.00
Allowance for doubtful accounts	(4,857.00)	-
	\$ 5,194.13	\$ 8,870.00

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at June 30, 2022 is as follows:

HUD - HCV Administrative Fees	\$ 6,298.35
HUD - HCV Housing Assistance Payments	3,917.29
HUD - Rental assistance	43,045.00
	\$ 53,260.64

NOTE E – NOTES RECEIVABLE

During the year ended June 30, 2010, the Authority received a \$392,941 HOME grant which was passed through the Nebraska Department of Economic Development. The grant proceeds were loaned to the tax-credit project known as Legend Oaks, LLC. The promissory note dated March 17, 2010 earns interest of 4% which compounds annually. The note is due the earlier of January 1, 2026; no later than ninety days after the end of the 15-year compliance period; or the date of the sale of the property or the refinancing of this loan. The principal and accrued interest balances at June 30, 2022 were \$624,073.51 and \$12,481.47, 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, 2022 were \$143,688.05 and \$314.94, 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, 2022 were \$94,063.43 and \$1,249.35, respectively.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE F—RESTRICTED ASSETS

The following is a summary of restricted assets at June 30, 2022:

Housing

	Cash and Cash Equivalent	Investments	Notes Receivable	Interest Receivable	Totals
Security deposits	\$ 59,696.00	\$ -	\$ -	\$ -	\$ 59,696.00
Tax-credit guarantee	-	100,000.00	-	-	100,000.00
Tax-credit notes	-	-	861,824.99	14,045.76	875,870.75
Replacement Reserve	122,346.39	-	-	-	122,346.39
Other reserves	6,974.24	-	-	-	6,974.24
Investment in tax-credit project	-	121,932.00	-	-	121,932.00
	<u>\$ 189,016.63</u>	<u>\$ 221,932.00</u>	<u>\$ 861,824.99</u>	<u>\$ 14,045.76</u>	<u>\$ 1,286,819.38</u>

Discretely Presented Component Units

	Cash and Cash Equivalent
Operating reserve	\$ 141,036.00
Replacement reserve	139,822.00
	<u>\$ 280,858.00</u>

NOTE G – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at June 30, 2022 is as follows:

	Housing	Discretely Presented Component Units
Vendors and Contractors	\$ <u>23,390.58</u>	\$ <u>40,642.00</u>

NOTE H – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at June 30, 2022 is as follows:

	Housing	Discretely Presented Component Units
HUD - Section 202 Capital Advance		
Excess Residual Receipts	\$ 14.48	\$ -
Property Taxes	-	15,521.00
	<u>\$ 14.48</u>	<u>\$ 15,521.00</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE I – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2022</u>
Non-depreciable assets:				
Land	\$ 396,916.31	\$ -	\$ -	\$ 396,916.31
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-depreciable assets	<u>396,916.31</u>	<u>-</u>	<u>-</u>	<u>396,916.31</u>
Depreciable assets				
Buildings	8,977,769.35	59,098.63	-	9,036,867.98
Equipment - Dwelling	139,179.77	-	-	139,179.77
Equipment - Administration	<u>274,417.88</u>	<u>-</u>	<u>-</u>	<u>274,417.88</u>
Total depreciable assets	<u>9,391,367.00</u>	<u>59,098.63</u>	<u>-</u>	<u>9,450,465.63</u>
Total Capital Assets	<u>9,788,283.31</u>	<u>59,098.63</u>	<u>-</u>	<u>9,847,381.94</u>
Accumulated depreciation				
Buildings	6,640,587.37	217,610.59	-	6,858,197.96
Equipment - Dwelling	128,337.54	3,769.90	-	132,107.44
Equipment - Administration	<u>203,175.18</u>	<u>15,867.33</u>	<u>-</u>	<u>219,042.51</u>
Total accumulated depreciation	<u>6,972,100.09</u>	<u>237,247.82</u>	<u>-</u>	<u>7,209,347.91</u>
Depreciable assets, net	<u>2,419,266.91</u>	<u>(178,149.19)</u>	<u>-</u>	<u>2,241,117.72</u>
Capital assets, net	<u>\$ 2,816,183.22</u>	<u>\$ (178,149.19)</u>	<u>\$ -</u>	<u>\$ 2,638,034.03</u>
Right-to-use leased assets				
Equipment - Administration	<u>12,029.12</u>	<u>-</u>	<u>-</u>	<u>12,029.12</u>
Total leased assets	<u>12,029.12</u>	<u>-</u>	<u>-</u>	<u>12,029.12</u>
Accumulated amortization				
Equipment - Administration	<u>882.14</u>	<u>2,325.63</u>	<u>-</u>	<u>3,207.77</u>
Total accumulated amortization	<u>882.14</u>	<u>2,325.63</u>	<u>-</u>	<u>3,207.77</u>
Capital assets, net	<u>\$ 11,146.98</u>	<u>\$ (2,325.63)</u>	<u>\$ -</u>	<u>\$ 8,821.35</u>

NOTE J – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at June 30, 2022 is as follows:

Prepaid rent	\$ <u>8,636.25</u>
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HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE K – LEASE PAYABLE

The Authority entered into a lease for a copier machine on March 20, 2021. The total amount of the leased asset was \$12,029.10. The lease requires 60 monthly payments of \$221.08 and has an effective interest rate of 4.4%.

A summary of changes in the lease payable as of June 30, 2022 is as follows:

Description	Balance 7/1/2021	Issued	Retired	Balance 6/30/2022	Due Within One Year
Equipment lease	\$ 10,993.58	\$ -	\$ 2,213.53	\$ 8,780.05	\$ 2,312.92

Principal and interest requirements for the lease are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,312.91	\$ 340.05	\$ 2,652.96
2024	2,416.76	236.20	2,652.96
2025	2,525.27	127.69	2,652.96
2026	1,525.11	22.45	1,547.56
Total	\$ 8,780.05	\$ 726.39	\$ 9,506.44

NOTE L – LONG-TERM DEBT

Housing

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, 2022 was \$908,900.

A summary of changes in mortgage payable as of June 30, 2022 is as follows:

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

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE L – LONG-TERM DEBT (CONT'D)

Discretely Presented Component Units

Legend Oaks, LLC

Legend Oaks, LLC long-term debt as of December 31, 2021 consists of:

Nebraska Department of Economic Development, HOME funds, in the original principal amount of \$392,941, collateralized by a security interest in Legend Oaks, LLC. Interest rate of 4% compounded annually. No payments are required until maturity date of January 1, 2026.

\$ 594,716.00

Legend Oaks II, LLC

Legend Oaks II, LLC long-term debt as of December 31, 2021 consists of:

Managing member loan, in the original principal amount of \$151,851, collateralized by a security interest in Legend Oaks, II. Interest rate is 2.37%. Payments are from available cash flow. Loan matures on November 5, 2029.

\$ 103,524.00

Managing member permanent loan, in the original principal amount of \$169,620, collateralized by a security interest in Legend Oaks II, LLC. Interest rate is 4%. Loan requires monthly principal and interest payments of \$810 and the loan is due November 10, 2030.

\$ 145,659.00
249,183.00

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

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE M – NET POSITION (CONT'D)

Housing

- Restricted net position of \$122,346.39 for replacement reserves.
- Restricted net position of \$2,459.76 for insurance reserves.
- Restricted net position of \$4,514.48 for residual receipts.
- Restricted net position of \$100,000 of net position that is legally restricted to guarantee the tax-credit project.
- Restricted net position of \$875,870.75 of net position restricted for the notes receivable related to various tax-credit projects as described in Note E.

Discretely Presented Component Units

- Restricted net position of \$139,822 for replacement reserves.
- Restricted net position of \$141,036 for insurance reserves
- Deficit unrestricted net position of \$1,526 which will be funded by future operations.

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, 2022 was \$424,771.38. Employer and employee contributions for the year ended June 30, 2022 were \$11,179.41 and \$17,722.39, respectively, based on wages of \$372,647.

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, 2022, 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, 2022, the Department of Housing and Urban Development was holding \$144,962 of budget authority in the Housing Choice Voucher program that is available for future housing assistance payments.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE R – PUBLIC HOUSING RAD CONVERSION

On December 1, 2021, the Housing Authority converted 42 units of Public Housing to HUD Project Based Rental Assistance. The program now receives monthly rental assistance payments based on a set contract rent per unit leased and no longer received either operating subsidy or capital funds starting in calendar year 2022.

NOTE S – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS

The condensed financial statement data for the blended components units is as follows:

Condensed Statement of Net Assets

	NAF Senior Housing, Inc.	Lexington Development Corporation
Current and Other Assets	\$ 89,507.72	\$ 212,547.09
Capital Assets	492,079.26	1,013,949.43
Total Assets	\$ 581,586.98	\$ 1,226,496.52
Current Liabilities	\$ 8,092.32	\$ 33,468.13
Noncurrent Liabilities	908,900.00	970.07
Total Liabilities	\$ 916,992.32	\$ 34,438.20
Net Position		
Net investment in capital assets	\$ (416,820.74)	\$ 1,012,632.42
Restricted	65,025.89	-
Unrestricted	16,389.51	179,425.90
Total Net Position	\$ (335,405.34)	\$ 1,192,058.32

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 – 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	\$ 48,009.17	\$ 292,541.07
HUD contributions	34,055.00	-
Other	1,930.00	10,474.00
Total Operating Revenue	83,994.17	303,015.07
Operating Expense		
Operating, Excluding Depreciation	64,135.08	136,217.85
Depreciation	20,450.12	65,542.32
Total Operating Expenses	84,585.20	201,760.17
Operating Income (Loss)	(591.03)	101,254.90
Nonoperating		
Revenues	4,778.39	12.56
Expenses	-	(65.91)
Net Loss Before Special Items and Transfers	4,187.36	101,201.55
Special items, net	(0.47)	(1,356.99)
Transfers	-	-
Change in Net Position	4,186.89	99,844.56
Net Position, Beginning Balance	(339,592.23)	1,092,213.76
Net Position, Ending Balance	\$ (335,405.34)	\$ 1,192,058.32

Condensed Statement of Cash Flows

	NAF Senior Housing, Inc.	Lexington Development Corporation
Net Cash Provided (Used) By:		
Operating Activities	\$ 30,531.44	\$ 175,343.49
Noncapital Financing Activities	(21,051.73)	10,874.35
Capital and Related Financing Activities	(7,744.67)	(19,553.82)
Investing Activities	13.39	12.56
	1,748.43	166,676.58
Cash and Cash Equivalents, Beginning	76,623.21	40,473.07
Cash and Cash Equivalents, Ending	\$ 78,371.64	\$ 207,149.65

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 5 – CONDENSED FINANCIAL STATEMENT DATA FOR COMPONENT UNITS (CONT'D)

The condensed financial statement data for the discretely presented components unit is as follows:

Condensed Statement of Net Position

		Discretely Presented Component Units		
Current and Other Assets	\$	379,999.00		
Capital Assets		3,019,280.00		
Total Assets	\$	<u>3,399,279.00</u>		
Current Liabilities	\$	104,633.00		
Long-Term Liabilities		839,933.00		
Total Liabilities		<u>944,566.00</u>		
Net Position				
Net investment in capital assets		2,175,381.00		
Restricted		280,858.00		
Unrestricted		(1,526.00)		
	\$	<u>2,454,713.00</u>		

Changes in Net Position

		Discretely Presented Component Units		
Operating Revenues				
Rental Income	\$	216,177.00		
Other income		68.00		
Total Operating Revenue		<u>216,245.00</u>		
Operating Expense				
Operating, Excluding Depreciation		175,869.00		
Depreciation		187,279.00		
Total Operating Expenses		<u>363,148.00</u>		
Operating Income (Loss)		(146,903.00)		
Nonoperating				
Revenues		5,667.00		
Expenses		(32,627.00)		
Total Nonoperating Change in Net Position		<u>(26,960.00)</u>		
Net Position, Beginning Balance		2,628,576.00		
Net Position, Ending Balance	\$	<u>2,454,713.00</u>		

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Condensed Statement of Cash Flows

		Discretely Presented Component Units
		<u>Units</u>
Net Cash Provided (Used) By:		
Operating Activities	\$	29,159.00
Noncapital Financing Activities		-
Capital and Related Financing Activities		(50,372.00)
Investing Activities		-
		<u>(21,213.00)</u>
Cash and Cash Equivalents, Beginning		<u>384,356.00</u>
Cash and Cash Equivalents, Ending	\$	<u><u>363,143.00</u></u>

NOTE T – SPECIAL ITEMS

The Authority incurred expenses of \$47,323 for consulting and legal expenses related to the Public Housing units Section 18 disposition and conversion to a HUD Project Based Rental Assistance program.

The Authority had insurance proceeds of \$9,323 from a car running into a rental unit for which it incurred related repair costs of \$10,680.

NOTE U – CHANGE IN ACCOUNTING PRINCIPLE

The Authority implemented GASB Statement No. 87, Leases, during the fiscal year. As a result, an adjustment to beginning net position of \$233.60 was recorded.

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SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF NET POSITION
June 30, 2022

ASSETS	Public Housing	Eastlawn	Housing Choice Voucher	Section 8 New Construction
CURRENT ASSETS:				
Cash and cash equivalents	\$ -	\$ 568,629.35	\$ 78,893.50	\$ 700,709.62
Accounts receivable, net	-	483.00	-	-
Accounts receivable, net - discretely presented component units	-	-	-	-
Due from other governments	-	43,045.00	10,215.64	-
Accrued interest receivable	-	-	-	20.55
Prepaid insurance	-	5,025.45	439.69	5,617.21
Interfund receivable	-	166.20	225.25	140,414.63
Restricted:				
Cash and cash equivalents	-	16,008.00	-	14,609.00
Notes receivable, current portion - discretely presented component units	-	-	-	4,045.81
TOTAL CURRENT ASSETS	<u>-</u>	<u>633,357.00</u>	<u>89,774.08</u>	<u>865,416.82</u>
NONCURRENT ASSETS:				
Restricted:				
Cash and cash equivalents	-	64,294.74	-	-
Investments	-	-	-	100,000.00
Notes receivable, less current portion - discretely presented component units	-	-	-	139,642.24
Accrued interest receivable - discretely presented component units	-	-	-	314.94
Capital Assets, non-depreciable	-	16,144.49	-	96,722.82
Capital Assets, depreciable, net	-	485,703.75	-	175,457.79
Capital Assets, right to use lease asset	-	3,087.47	441.07	3,087.47
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>569,230.45</u>	<u>441.07</u>	<u>515,225.26</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,202,587.45</u>	<u>\$ 90,215.15</u>	<u>\$ 1,380,642.08</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	\$ -	\$ 5,803.84	\$ 366.47	\$ 11,946.09
Accrued salaries and wages payable	-	8,164.58	5,108.08	11,897.79
Accrued compensated absences	-	550.28	352.41	726.20
Due to other governments	-	-	-	-
Interfund payable	-	8,013.05	10,655.17	6,180.77
Unearned revenue	-	2,885.00	-	2,864.00
Lease payable, current portion	-	809.52	115.65	809.52
Trust and deposit liabilities	-	16,008.00	-	14,609.00
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>42,234.27</u>	<u>16,597.78</u>	<u>49,033.37</u>
NONCURRENT LIABILITIES				
Lease payable, less current portion	-	2,263.50	323.35	2,263.50
Mortgage payable	-	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>2,263.50</u>	<u>323.35</u>	<u>2,263.50</u>
TOTAL LIABILITIES	<u>-</u>	<u>44,497.77</u>	<u>16,921.13</u>	<u>51,296.87</u>
NET POSITION				
Net investment in capital assets	-	501,862.69	2.07	272,195.06
Restricted	-	64,294.74	-	244,002.99
Unrestricted	-	591,932.25	73,291.95	813,147.16
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 1,158,089.68</u>	<u>\$ 73,294.02</u>	<u>\$ 1,329,345.21</u>

Pioneer Homes	Management Fund	Lexington Development Corporation	NAF Senior Housing, Inc.	Totals
\$ 73,634.35	\$ 111,981.50	\$ 189,399.65	\$ 8,921.75	\$ 1,732,169.72
1,402.99	-	1,450.34	-	3,336.33
-	1,857.80	-	-	1,857.80
-	-	-	-	53,260.64
-	-	-	-	20.55
766.25	298.02	3,947.10	1,453.91	17,547.63
-	4,445.15	-	9,682.17	154,933.40
6,905.00	-	17,750.00	4,424.00	59,696.00
-	-	-	-	4,045.81
<u>82,708.59</u>	<u>118,582.47</u>	<u>212,547.09</u>	<u>24,481.83</u>	<u>2,026,867.88</u>
-	-	-	65,025.89	129,320.63
-	121,932.00	-	-	221,932.00
-	718,136.94	-	-	857,779.18
-	13,730.82	-	-	14,045.76
51,916.00	-	205,189.00	26,944.00	396,916.31
307,383.70	-	807,437.22	465,135.26	2,241,117.72
352.85	529.28	1,323.21	-	8,821.35
<u>359,652.55</u>	<u>854,329.04</u>	<u>1,013,949.43</u>	<u>557,105.15</u>	<u>3,869,932.95</u>
\$ <u>442,361.14</u>	\$ <u>972,911.51</u>	\$ <u>1,226,496.52</u>	\$ <u>581,586.98</u>	\$ <u>5,896,800.83</u>
\$ 1,238.29	\$ 287.99	\$ 1,352.06	\$ 2,395.84	\$ 23,390.58
2,676.98	4,086.71	11,894.99	-	43,829.13
232.54	47.78	385.47	-	2,294.68
-	-	-	14.48	14.48
121,793.41	7,985.33	305.67	-	154,933.40
196.25	-	1,433.00	1,258.00	8,636.25
92.52	138.77	346.94	-	2,312.92
6,905.00	-	17,750.00	4,424.00	59,696.00
<u>133,134.99</u>	<u>12,546.58</u>	<u>33,468.13</u>	<u>8,092.32</u>	<u>295,107.44</u>
258.68	388.03	970.07	-	6,467.13
-	-	-	908,900.00	908,900.00
<u>258.68</u>	<u>388.03</u>	<u>970.07</u>	<u>908,900.00</u>	<u>915,367.13</u>
<u>133,393.67</u>	<u>12,934.61</u>	<u>34,438.20</u>	<u>916,992.32</u>	<u>1,210,474.57</u>
359,301.35	2.48	1,012,632.42	(416,820.74)	1,729,134.03
-	731,867.76	-	65,025.89	1,105,191.38
(50,333.88)	228,106.66	179,425.90	16,389.51	1,852,000.85
\$ <u>308,967.47</u>	\$ <u>959,976.90</u>	\$ <u>1,192,058.32</u>	\$ <u>(335,405.34)</u>	\$ <u>4,686,326.26</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2022

	Public Housing	Eastlawn	Housing Choice Voucher	Section 8 New Construction
OPERATING REVENUES				
Rental income	\$ 86,312.55	\$ 111,464.82	\$ -	\$ 163,018.63
HUD contributions	-	43,045.00	553,633.64	244,517.00
Other income	6,920.99	12,485.10	4,855.00	5,283.55
TOTAL OPERATING REVENUES	93,233.54	166,994.92	558,488.64	412,819.18
OPERATING EXPENSES				
Administrative	46,562.61	76,877.41	73,440.18	114,008.70
Utilities	12,811.23	28,008.71	-	34,693.92
Ordinary maintenance and operations	41,195.84	56,958.98	186.48	86,755.45
General expense	11,074.07	25,022.67	6,218.68	32,759.25
Housing assistance payments	-	-	487,487.21	-
Depreciation	37,846.03	56,509.51	120.29	43,605.32
TOTAL OPERATING EXPENSES	149,489.78	243,377.28	567,452.84	311,822.64
OPERATING INCOME (LOSS)	(56,256.24)	(76,382.36)	(8,964.20)	100,996.54
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	65,059.00	-	-	-
HUD CARES Act	-	-	-	9,393.00
HUD capital grants	105,884.00	-	-	-
Interest income	57.99	25.95	11.10	6,192.10
Interest expense	-	(153.80)	(21.97)	(153.80)
TOTAL NONOPERATING REVENUES (EXPENSES)	171,000.99	(127.85)	(10.87)	15,431.30
INCOME (LOSS) BEFORE SPECIAL ITEMS AND TRANSFERS	114,744.75	(76,510.21)	(8,975.07)	116,427.84
SPECIAL ITEMS				
Section 18 disposition/RAD conversion costs	(36,735.10)	(10,588.00)	-	-
Excess residual receipts due to HUD	-	-	-	-
Insurance proceeds	-	-	-	-
Casualty loss expenses	-	-	-	-
TRANSFERS				
Transfers in	-	1,245,106.13	-	-
Transfers out	(1,245,106.13)	-	-	(83,592.87)
INCREASE (DECREASE) IN NET POSITION	(1,167,096.48)	1,158,007.92	(8,975.07)	32,834.97
NET POSITION:				
Net position, beginning balance	1,167,096.48	-	82,257.41	1,296,428.48
Prior period adjustment - GASB 87 implementation	-	81.76	11.68	81.76
Beginning balance, restated	1,167,096.48	81.76	82,269.09	1,296,510.24
TOTAL NET POSITION - ENDING BALANCE	\$ -	\$ 1,158,089.68	\$ 73,294.02	\$ 1,329,345.21

Pioneer Homes	Management Fund	Lexington Development Corporation	NAF Senior Housing, Inc.	Totals
\$ 59,152.00	\$ -	\$ 292,541.07	\$ 48,009.17	\$ 760,498.24
-	-	-	34,055.00	875,250.64
<u>1,752.99</u>	<u>55,642.96</u>	<u>10,474.00</u>	<u>1,930.00</u>	<u>99,344.59</u>
60,904.99	55,642.96	303,015.07	83,994.17	1,735,093.47
23,215.88	37,664.47	58,223.36	21,640.56	451,633.17
261.89	-	1,156.17	21,418.10	98,350.02
28,506.35	17,560.78	51,917.81	14,539.15	297,620.84
5,737.43	3,164.03	24,920.51	6,537.27	115,433.91
-	-	-	-	487,487.21
<u>15,435.70</u>	<u>144.35</u>	<u>65,542.32</u>	<u>20,450.12</u>	<u>239,653.64</u>
<u>73,157.25</u>	<u>58,533.63</u>	<u>201,760.17</u>	<u>84,585.20</u>	<u>1,690,178.79</u>
<u>(12,252.26)</u>	<u>(2,890.67)</u>	<u>101,254.90</u>	<u>(591.03)</u>	<u>44,914.68</u>
-	-	-	-	65,059.00
-	-	-	4,765.00	14,158.00
-	-	-	-	105,884.00
18.88	27,307.73	12.56	13.39	33,639.70
<u>(17.58)</u>	<u>(26.37)</u>	<u>(65.91)</u>	<u>-</u>	<u>(439.43)</u>
<u>1.30</u>	<u>27,281.36</u>	<u>(53.35)</u>	<u>4,778.39</u>	<u>218,301.27</u>
(12,250.96)	24,390.69	101,201.55	4,187.36	263,215.95
-	-	-	-	(47,323.10)
-	-	-	(0.47)	(0.47)
-	-	9,323.01	-	9,323.01
-	-	(10,680.00)	-	(10,680.00)
-	83,592.87	-	-	1,328,699.00
-	-	-	-	(1,328,699.00)
<u>(12,250.96)</u>	<u>107,983.56</u>	<u>99,844.56</u>	<u>4,186.89</u>	<u>214,535.39</u>
321,209.09	851,979.32	1,092,178.72	(339,592.23)	4,471,557.27
9.34	14.02	35.04	-	233.60
<u>321,218.43</u>	<u>851,993.34</u>	<u>1,092,213.76</u>	<u>(339,592.23)</u>	<u>4,471,790.87</u>
\$ <u>308,967.47</u>	\$ <u>959,976.90</u>	\$ <u>1,192,058.32</u>	\$ <u>(335,405.34)</u>	\$ <u>4,686,326.26</u>

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended June 30, 2022

	Public Housing	Eastlawn	Housing Choice Voucher	Section 8 New Construction
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tenant receipts	\$ 90,684.45	\$ 120,447.70	\$ -	\$ 168,468.03
HUD receipts	-	-	547,010.00	244,517.00
Other receipts	-	699.00	4,855.00	6,228.05
Trust and deposits	(2,077.00)	(1,654.61)	-	1,531.00
Cash payments for goods and services	(61,223.31)	(85,030.24)	(507,456.23)	(121,170.58)
Cash payments to employees for services	(70,064.94)	(85,434.57)	(58,016.64)	(151,619.88)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(42,680.80)	(50,972.72)	(13,607.87)	147,953.62
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
HUD operating subsidy	53,205.00	11,854.00	-	-
HUD CARES Act	-	-	-	9,393.00
HUD capital grants	-	305,884.00	-	-
Section 18 disposition/RAD conversion payments	(37,971.60)	(10,588.00)	-	-
Principal received on notes receivable	-	-	-	3,887.42
Transfers in (out)	(426,426.69)	426,426.69	-	(83,592.87)
Net change in interfund borrowing	59,830.58	(18,722.67)	2,456.83	50,118.76
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(351,362.71)	714,854.02	2,456.83	(20,193.69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases and construction of capital assets	(4,412.47)	(14,046.63)	-	(2,735.94)
Insurance proceeds	-	-	-	-
Casualty loss payments	-	-	-	-
Lease principal payments	-	(774.73)	(110.68)	(774.73)
Interest paid	-	(153.80)	(21.97)	(153.80)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,412.47)	(14,975.16)	(132.65)	(3,664.47)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net (deposits) withdrawals to investments	-	-	-	-
Interest received	57.99	25.95	11.10	6,199.93
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	57.99	25.95	11.10	6,199.93
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS-BEGINNING	(398,397.99)	648,932.09	(11,272.59)	130,295.39
CASH AND CASH EQUIVALENTS-ENDING	\$ -	\$ 648,932.09	\$ 78,893.50	\$ 715,318.62

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (56,256.24)	\$ (76,382.36)	\$ (8,964.20)	\$ 100,996.54
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	37,846.03	56,509.51	120.29	43,605.32
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,210.45	(324.75)	-	2,823.47
(Increase) decrease in due from other governments	-	(43,045.00)	(6,623.64)	-
(Increase) decrease in prepaid expenses	3,260.69	(3,479.21)	101.75	(657.87)
Increase (decrease) in accounts payable	(10,587.75)	5,803.84	130.86	2,506.33
Increase (decrease) in accrued salaries and benefits	(12,317.44)	8,164.58	1,274.66	(5,821.37)
Increase (decrease) in accrued compensated absences	-	550.28	352.41	726.20
Increase (decrease) in trust and deposit liabilities	(2,077.00)	(1,654.61)	-	1,531.00
Increase (decrease) in unearned revenue	(3,759.54)	2,885.00	-	2,244.00
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (42,680.80)	\$ (50,972.72)	\$ (13,607.87)	\$ 147,953.62

Pioneer Homes	Management Fund	Lexington Development Corporation	NAF Senior Housing, Inc.	Totals
\$ 57,938.25	\$ -	\$ 297,117.79	\$ 50,371.17	\$ 785,027.39
-	-	-	44,564.00	836,091.00
-	55,579.75	-	-	67,361.80
805.00	-	1,962.00	332.00	898.39
(21,999.60)	(6,709.06)	(42,137.09)	(64,735.73)	(910,461.84)
<u>(34,071.76)</u>	<u>(52,027.29)</u>	<u>(81,599.21)</u>	<u>-</u>	<u>(532,834.29)</u>
2,671.89	(3,156.60)	175,343.49	30,531.44	246,082.45
-	-	-	-	65,059.00
-	-	-	4,765.00	14,158.00
-	-	-	-	305,884.00
-	-	-	-	(48,559.60)
-	40,942.09	-	-	44,829.51
-	83,592.87	-	-	-
<u>(10,030.52)</u>	<u>(68,710.60)</u>	<u>10,874.35</u>	<u>(25,816.73)</u>	<u>-</u>
(10,030.52)	55,824.36	10,874.35	(21,051.73)	381,370.91
(14,839.49)	-	(17,798.89)	(7,744.67)	(61,578.09)
-	-	9,323.01	-	9,323.01
-	-	(10,680.00)	-	(10,680.00)
(88.54)	(132.81)	(332.03)	-	(2,213.52)
<u>(17.58)</u>	<u>(26.37)</u>	<u>(65.91)</u>	<u>-</u>	<u>(439.43)</u>
(14,945.61)	(159.18)	(19,553.82)	(7,744.67)	(65,588.03)
-	10.00	-	-	10.00
<u>18.88</u>	<u>6.11</u>	<u>12.56</u>	<u>13.39</u>	<u>6,345.91</u>
<u>18.88</u>	<u>16.11</u>	<u>12.56</u>	<u>13.39</u>	<u>6,355.91</u>
(22,285.36)	52,524.69	166,676.58	1,748.43	568,221.24
<u>102,824.71</u>	<u>59,456.81</u>	<u>40,473.07</u>	<u>76,623.21</u>	<u>1,352,965.11</u>
<u>\$ 80,539.35</u>	<u>\$ 111,981.50</u>	<u>\$ 207,149.65</u>	<u>\$ 78,371.64</u>	<u>\$ 1,921,186.35</u>

\$ (12,252.26)	\$ (2,890.67)	\$ 101,254.90	\$ (591.03)	\$ 44,914.68
15,435.70	144.35	65,542.32	20,450.12	239,653.64
(1,402.99)	(63.21)	34.81	-	2,277.78
-	-	-	10,509.00	(39,159.64)
(104.73)	(2.34)	(975.78)	292.78	(1,564.71)
25.34	152.32	(135.05)	(893.43)	(2,997.54)
797.04	(544.83)	6,796.82	-	(1,650.54)
232.54	47.78	385.47	-	2,294.68
805.00	-	1,962.00	332.00	898.39
<u>(863.75)</u>	<u>-</u>	<u>478.00</u>	<u>432.00</u>	<u>1,415.71</u>
<u>\$ 2,671.89</u>	<u>\$ (3,156.60)</u>	<u>\$ 175,343.49</u>	<u>\$ 30,531.44</u>	<u>\$ 246,082.45</u>

Lexington Housing Authority (NE010)
Lexington, NE

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$568,629	\$198,321	\$700,708	\$185,618	\$78,893	\$64,359	\$1,796,528		\$1,796,528
113 Cash - Other Restricted		\$64,295	\$65,026				\$280,858	\$410,179		\$410,179
114 Cash - Tenant Security Deposits		\$16,008	\$22,174	\$14,609	\$6,905		\$17,926	\$77,622		\$77,622
100 Total Cash	\$0	\$648,932	\$285,521	\$715,317	\$192,523	\$78,893	\$363,143	\$2,284,329	\$0	\$2,284,329
122 Accounts Receivable - HUD Other Projects		\$43,045				\$10,215		\$53,260		\$53,260
125 Accounts Receivable - Miscellaneous					\$1,858		\$8,870	\$10,728		\$10,728
126 Accounts Receivable - Tenants		\$1,316	\$5,474		\$1,403			\$8,193		\$8,193
126.1 Allowance for Doubtful Accounts - Tenants		-\$833	-\$4,024		\$0			-\$4,857		-\$4,857
127 Notes, Loans, & Mortgages Receivable - Current				\$4,046				\$4,046		\$4,046
129 Accrued Interest Receivable				\$21				\$21		\$21
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$43,528	\$1,450	\$4,067	\$3,261	\$10,215	\$8,870	\$71,391	\$0	\$71,391
132 Investments - Restricted				\$100,000				\$100,000		\$100,000
142 Prepaid Expenses and Other Assets		\$5,026	\$5,401	\$5,617	\$1,063	\$440		\$17,547		\$17,547
144 Inter Program Due From		\$166	\$9,682	\$140,416	\$4,445	\$225		\$154,934	-\$154,934	\$0
150 Total Current Assets	\$0	\$697,652	\$302,054	\$965,417	\$201,292	\$89,773	\$372,013	\$2,628,201	-\$154,934	\$2,473,267
161 Land		\$16,144	\$232,133	\$96,723	\$51,916		\$50,006	\$446,922		\$446,922
162 Buildings		\$3,292,088	\$3,322,016	\$1,883,188	\$516,746		\$4,727,841	\$13,741,879		\$13,741,879
163 Furniture, Equipment & Machinery - Dwellings		\$72,489	\$27,616	\$37,896	\$1,179		\$560,586	\$699,766		\$699,766
164 Furniture, Equipment & Machinery - Administration		\$170,763	\$25,242	\$96,026	\$2,308	\$2,910		\$297,249		\$297,249
165 Leasehold Improvements		\$4,210	\$1,804	\$4,210	\$1,203	\$601		\$12,028		\$12,028
166 Accumulated Depreciation		-\$3,050,759	-\$2,102,783	-\$1,842,775	-\$213,169	-\$3,070	-\$2,319,153	-\$9,531,709		-\$9,531,709
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$504,935	\$1,506,028	\$275,268	\$360,183	\$441	\$3,019,280	\$5,666,135	\$0	\$5,666,135
171 Notes, Loans and Mortgages Receivable - Non-Current				\$139,642	\$718,137			\$857,779		\$857,779
174 Other Assets				\$315	\$13,730		\$7,986	\$22,031		\$22,031
176 Investments in Joint Ventures				\$121,932				\$121,932		\$121,932
180 Total Non-Current Assets	\$0	\$504,935	\$1,506,028	\$415,225	\$1,213,982	\$441	\$3,027,266	\$6,667,877	\$0	\$6,667,877
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,202,587	\$1,808,082	\$1,380,642	\$1,415,274	\$90,214	\$3,399,279	\$9,296,078	-\$154,934	\$9,141,144
312 Accounts Payable <= 90 Days		\$3,015	\$1,846	\$2,476	\$1,526	\$366	\$40,642	\$49,871		\$49,871
321 Accrued Wage/Payroll Taxes Payable		\$8,165	\$11,895	\$11,898	\$6,764	\$5,108		\$43,830		\$43,830
322 Accrued Compensated Absences - Current Portion		\$550	\$385	\$726	\$281	\$352		\$2,294		\$2,294
325 Accrued Interest Payable							\$26,578	\$26,578		\$26,578
331 Accounts Payable - HUD PHA Programs			\$14					\$14		\$14
333 Accounts Payable - Other Government							\$15,521	\$15,521		\$15,521
341 Tenant Security Deposits		\$16,008	\$22,174	\$14,609	\$6,905		\$17,926	\$77,622		\$77,622
342 Unearned Revenue		\$2,855	\$2,691	\$2,864	\$196			\$8,636		\$8,636
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$810	\$347	\$810	\$231	\$116	\$3,966	\$6,280		\$6,280
346 Accrued Liabilities - Other		\$2,787	\$1,902	\$9,469				\$14,158		\$14,158
347 Inter Program - Due To		\$8,013	\$305	\$6,181	\$129,780	\$10,655		\$154,934	-\$154,934	\$0
310 Total Current Liabilities	\$0	\$42,233	\$41,559	\$49,033	\$145,683	\$16,597	\$104,633	\$399,738	-\$154,934	\$244,804
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$2,264	\$909,870	\$2,264	\$647	\$323	\$839,933	\$1,755,301		\$1,755,301
350 Total Non-Current Liabilities	\$0	\$2,264	\$909,870	\$2,264	\$647	\$323	\$839,933	\$1,755,301	\$0	\$1,755,301
300 Total Liabilities	\$0	\$44,497	\$951,429	\$51,297	\$146,330	\$16,920	\$944,566	\$2,155,039	-\$154,934	\$2,000,105
508.4 Net Investment in Capital Assets		\$501,863	\$595,812	\$272,195	\$359,304	\$2	\$2,175,381	\$3,904,557		\$3,904,557
511.4 Restricted Net Position		\$64,295	\$65,026	\$244,003	\$731,867		\$280,858	\$1,386,049		\$1,386,049
512.4 Unrestricted Net Position	\$0	\$591,932	\$195,815	\$813,147	\$177,773	\$73,292	-\$1,526	\$1,850,433		\$1,850,433
513 Total Equity - Net Assets / Position	\$0	\$1,158,090	\$856,653	\$1,329,345	\$1,268,944	\$73,294	\$2,454,713	\$7,141,039	\$0	\$7,141,039
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$1,202,587	\$1,808,082	\$1,380,642	\$1,415,274	\$90,214	\$3,399,279	\$9,296,078	-\$154,934	\$9,141,144

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$86,313	\$111,465	\$340,550	\$163,019	\$59,152		\$216,177	\$976,676		\$976,676
70400 Tenant Revenue - Other	\$6,921	\$11,786	\$11,344	\$4,837	\$1,753			\$36,641		\$36,641
70500 Total Tenant Revenue	\$93,234	\$123,251	\$351,894	\$167,856	\$60,905	\$0	\$216,177	\$1,013,317	\$0	\$1,013,317
70600 HUD PHA Operating Grants	\$170,943	\$43,045	\$38,820	\$253,910		\$553,633		\$1,060,351		\$1,060,351
71100 Investment Income - Unrestricted	\$58	\$23	\$14	\$117	\$27,327	\$11	\$231	\$27,781		\$27,781
71400 Fraud Recovery						\$4,856		\$4,856		\$4,856
71500 Other Revenue		\$699	\$1,060	\$446	\$55,643		\$68	\$57,916	-\$15,229	\$42,687
71600 Gain or Loss on Sale of Capital Assets							\$5,436	\$5,436		\$5,436
72000 Investment Income - Restricted		\$3	\$12	\$6,075			\$0	\$6,090		\$6,090
70000 Total Revenue	\$264,235	\$167,021	\$391,800	\$428,404	\$143,875	\$558,500	\$221,912	\$2,175,747	-\$15,229	\$2,160,518
91100 Administrative Salaries	\$27,212	\$43,170	\$33,771	\$78,005	\$34,665	\$45,233		\$262,056		\$262,056
91200 Auditing Fees		\$1,586	\$5,237	\$1,586	\$2,194	\$506		\$11,109		\$11,109
91300 Management Fee			\$5,100					\$5,100	-\$5,100	\$0
91400 Advertising and Marketing	\$954	\$1,594	\$1,392	\$3,249	\$24	\$424		\$7,637		\$7,637
91500 Employee Benefit contributions - Administrative	\$8,110	\$14,414	\$13,290	\$12,528	\$17,015	\$10,696		\$76,053		\$76,053
91600 Office Expenses	\$3,331	\$2,855	\$10,758	\$9,243	\$1,545	\$5,131		\$32,863		\$32,863
91700 Legal Expense		\$1,032	\$454	\$54				\$1,540		\$1,540
91900 Other	\$6,956	\$12,225	\$9,860	\$9,344	\$5,439	\$11,451	\$55,608	\$110,883	-\$6,132	\$104,751
91000 Total Operating - Administrative	\$46,563	\$76,876	\$79,862	\$114,009	\$60,882	\$73,441	\$55,608	\$507,241	-\$11,232	\$496,009
93100 Water	\$1,066	\$1,187	\$5,337	\$2,726	\$21			\$10,337		\$10,337
93200 Electricity	\$7,906	\$11,914	\$17,238	\$16,623	\$241			\$53,922		\$53,922
93300 Gas	\$3,250	\$13,817		\$13,559				\$30,626		\$30,626
93600 Sewer	\$589	\$1,091		\$1,786				\$3,466		\$3,466
93000 Total Utilities	\$12,811	\$28,009	\$22,575	\$34,694	\$262	\$0	\$0	\$98,351	\$0	\$98,351
94100 Ordinary Maintenance and Operations - Labor	\$17,277	\$20,986	\$26,449	\$40,125	\$21,083	\$34		\$125,954		\$125,954
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,366	\$9,681	\$3,876	\$12,890	\$3,404	\$146	\$39,144	\$75,507		\$75,507
94300 Ordinary Maintenance and Operations Contracts	\$12,404	\$19,167	\$25,738	\$27,278	\$11,922			\$96,509	-\$3,997	\$92,512
94500 Employee Benefit Contributions - Ordinary Maintenance	\$5,149	\$7,125	\$10,394	\$6,461	\$9,657	\$7		\$38,793		\$38,793
94000 Total Maintenance	\$41,196	\$56,959	\$66,457	\$86,754	\$46,066	\$187	\$39,144	\$336,763	-\$3,997	\$332,766
96110 Property Insurance	\$5,126	\$8,972	\$14,953	\$13,704	\$1,955			\$44,710		\$44,710
96120 Liability Insurance	\$645	\$903	\$2,450	\$3,019	\$1,006	\$671		\$8,694		\$8,694
96130 Workmen's Compensation	\$587	\$834	\$1,349	\$2,770	\$923	\$639		\$7,102		\$7,102
96140 All Other Insurance	\$823	\$497	\$1,417	\$843	\$106	\$104		\$3,790		\$3,790
96100 Total insurance Premiums	\$7,181	\$11,206	\$20,169	\$20,336	\$3,990	\$1,414	\$0	\$64,296	\$0	\$64,296
96200 Other General Expenses						\$1,089	\$81,798	\$82,887		\$82,887
96210 Compensated Absences		\$8,454	\$3,979	\$9,405	\$4,211	\$3,715		\$29,764		\$29,764
96400 Bad debt - Tenant Rents	\$3,893	\$5,363	\$7,310	\$3,019	\$700			\$20,285		\$20,285
96000 Total Other General Expenses	\$3,893	\$13,817	\$11,289	\$12,424	\$4,911	\$4,804	\$81,798	\$132,936	\$0	\$132,936
96710 Interest of Mortgage (or Bonds) Payable		\$154	\$66	\$154	\$44	\$22	\$31,946	\$32,386		\$32,386
96700 Total Interest Expense and Amortization Cost	\$0	\$154	\$66	\$154	\$44	\$22	\$31,946	\$32,386	\$0	\$32,386
96900 Total Operating Expenses	\$111,644	\$187,021	\$200,418	\$268,371	\$116,155	\$79,868	\$208,496	\$1,171,973	-\$15,229	\$1,156,744
97000 Excess of Operating Revenue over Operating Expenses	\$152,591	-\$20,000	\$191,382	\$160,033	\$27,720	\$478,632	\$13,416	\$1,003,774	\$0	\$1,003,774
97300 Housing Assistance Payments						\$487,487		\$487,487		\$487,487
97400 Depreciation Expense	\$37,846	\$56,510	\$85,992	\$43,605	\$15,580	\$120	\$187,279	\$426,932		\$426,932
90000 Total Expenses	\$149,490	\$243,531	\$286,410	\$311,976	\$131,735	\$567,475	\$395,775	\$2,086,392	-\$15,229	\$2,071,163
10010 Operating Transfer In	\$105,884							\$105,884	-\$105,884	\$0
10020 Operating transfer Out	-\$105,884							-\$105,884	\$105,884	\$0
10080 Special Items (Net Gain/Loss)	-\$36,735	-\$10,588	-\$1,358					-\$48,681		-\$48,681
10093 Transfers between Program and Project - In					\$83,593			\$83,593	-\$83,593	\$0

Lexington Housing Authority (NE010)
Lexington, NE

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
10094 Transfers between Project and Program - Out				-\$83,593				-\$83,593	\$83,593	\$0
10100 Total Other financing Sources (Uses)	-\$36,735	-\$10,588	-\$1,358	-\$83,593	\$83,593	\$0	\$0	-\$48,681	\$0	-\$48,681
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$78,010	-\$87,098	\$104,032	\$32,835	\$95,733	-\$8,975	-\$173,863	\$40,674	\$0	\$40,674
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,167,096	\$0	\$752,586	\$1,296,428	\$1,173,188	\$82,257	\$0	\$4,471,555		\$4,471,555
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,245,106	\$1,245,188	\$35	\$82	\$23	\$12	\$2,628,576	\$2,628,810		\$2,628,810
11170 Administrative Fee Equity						\$73,294		\$73,294		\$73,294
11190 Unit Months Available	245	343	600	576	96	1848	0	3708		3708
11210 Number of Unit Months Leased	225	302	527	517	92	1452	0	3115		3115
11270 Excess Cash	-\$9,303							-\$9,303		-\$9,303
11620 Building Purchases	\$4,412							\$4,412		\$4,412

Lexington Housing Authority (NE010)

Lexington, NE

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

Project: NE01000001 EASTLAWN

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$86,313		\$86,313
70400 Tenant Revenue - Other	\$6,921		\$6,921
70500 Total Tenant Revenue	\$93,234	\$0	\$93,234
70600 HUD PHA Operating Grants	\$65,059	\$105,884	\$170,943
71100 Investment Income - Unrestricted	\$58		\$58
70000 Total Revenue	\$158,351	\$105,884	\$264,235
91100 Administrative Salaries	\$27,212		\$27,212
91400 Advertising and Marketing	\$954		\$954
91500 Employee Benefit contributions - Administrative	\$8,110		\$8,110
91600 Office Expenses	\$3,331		\$3,331
91900 Other	\$6,956		\$6,956
91000 Total Operating - Administrative	\$46,563	\$0	\$46,563
93100 Water	\$1,066		\$1,066
93200 Electricity	\$7,906		\$7,906
93300 Gas	\$3,250		\$3,250
93600 Sewer	\$589		\$589
93000 Total Utilities	\$12,811	\$0	\$12,811
94100 Ordinary Maintenance and Operations - Labor	\$17,277		\$17,277
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,366		\$6,366
94300 Ordinary Maintenance and Operations Contracts	\$12,404		\$12,404
94500 Employee Benefit Contributions - Ordinary Maintenance	\$5,149		\$5,149
94000 Total Maintenance	\$41,196	\$0	\$41,196
96110 Property Insurance	\$5,126		\$5,126
96120 Liability Insurance	\$645		\$645
96130 Workmen's Compensation	\$587		\$587
96140 All Other Insurance	\$823		\$823
96100 Total insurance Premiums	\$7,181	\$0	\$7,181
96400 Bad debt - Tenant Rents	\$3,893		\$3,893
96000 Total Other General Expenses	\$3,893	\$0	\$3,893
96900 Total Operating Expenses	\$111,644	\$0	\$111,644
97000 Excess of Operating Revenue over Operating Expenses	\$46,707	\$105,884	\$152,591
97400 Depreciation Expense	\$37,846		\$37,846
90000 Total Expenses	\$149,490	\$0	\$149,490
10010 Operating Transfer In	\$105,884		\$105,884
10020 Operating transfer Out		-\$105,884	-\$105,884
10080 Special Items (Net Gain/Loss)	-\$36,735		-\$36,735
10100 Total Other financing Sources (Uses)	\$69,149	-\$105,884	-\$36,735
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$78,010	\$0	\$78,010
11030 Beginning Equity	\$1,167,096	\$0	\$1,167,096
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,245,106	\$0	-\$1,245,106
11190 Unit Months Available	245		245
11210 Number of Unit Months Leased	225		225
11270 Excess Cash	-\$9,303		-\$9,303
11620 Building Purchases	\$4,412	\$0	\$4,412

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2022

Federal Grantor	Assistance Listing	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Public Housing:		
Operating subsidy - Public Housing	14.850	\$ 65,059.00
	Total Public and Indian Housing Program	<u>65,059.00</u>
Section 8 New Construction and Substantial Rehabilitation		
East Lawn Addition	14.182	244,517.00
COVID 19 Supplemental Payments	14.182	9,393.00
	Total Section 8 New Construction and Substantial Rehabilitation	<u>253,910.00</u>
Section 8 Housing Assistance Payments Program		
Eastlawn	14.195	43,045.00
	Total Section 8 Housing Assistance Payments Program	<u>43,045.00</u>
	Total Section 8 Project Based Cluster	<u>296,955.00</u>
Housing Voucher Cluster		
Housing Choice Voucher	14.871	\$ 553,633.64
	Total Housing Voucher Cluster	<u>553,633.64</u>
Capital Funds		
Capital Funds	14.872	105,884.00
Section 202 Capital Advance		
NAF Senior Housing, Inc.	14.157	942,955.00
COVID 19 Supplemental Payments	14.157	4,765.00
	Total Section 202 Capital Advance	<u>947,720.00</u>
	Total Federal Awards Expended	<u>\$ 1,969,251.64</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, 2022 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

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

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

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, 2022, and the related notes to the financial statements, which comprise the Housing Authority of the City of Lexington, Nebraska's basic financial statements, and have issued our report thereon dated January 12, 2023.

Report on 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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be a material weakness.

Report on 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's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the City of Lexington, Nebraska's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Housing Authority of the City of Lexington, Nebraska's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
January 12, 2023

Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Lexington, Nebraska's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Lexington, Nebraska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the City of Lexington, Nebraska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Lexington, Nebraska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Lexington, Nebraska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Lexington, Nebraska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Lexington, Nebraska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the City of Lexington, Nebraska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of Lexington, Nebraska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Niewedde & Wiens, CPAs

York, Nebraska
January 12, 2023

HOUSING AUTHORITY OF THE CITY OF LEXINGTON



609 East 3rd Street
Lexington, NE 68850

(308) 324-4633
(308) 324-4360 FAX

STATUS OF PRIOR YEAR AUDIT FINDINGS

The audit report for the year ended June 30, 2021 contained one finding and no questioned costs. The status of that finding is as follows:

Section II

Finding 2021-001 – Repeated as Finding 2022-001.

Section III

None

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

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, 2022.

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, 2022. The material weakness is reported as Finding 2022-001.
- We noted no instances of noncompliance which is material to the financial statements for the fiscal year ended June 30, 2022.

Federal Awards:

- We issued an unmodified opinion on compliance for the major program for the fiscal year ended June 30, 2022.
- 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, 2022.
- 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, 2022, the Housing Authority of the City of Lexington, Nebraska did not qualify as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section II - Financial Statement Findings:

Finding 2022-001: Application of Generally Accepted Accounting Principles
Material Weakness
Repeat Finding, Prior Year Finding 2021-001.

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 instance of where those principles were not followed:

- The Authority incurred \$47,323 in 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 but were incorrectly reported as administrative operating expenses.

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 that are out of the ordinary and not related to routine operations.

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

The Housing Authority of the City of Lexington Nebraska

609 E 3rd Street
Lexington NE 68850
308.324.4633 Phone
308.324.4360 Fax
711 National Relay Number TTY
www.lexhousing.com

Derek Haines Executive Director

January 11, 2023

The Housing Authority of the City of Lexington Executive Director Derek Haines agrees with the finding as stated in the Year End June 30, 2022 Audit.

Finding 2022-001: Application of Generally Accepted Accounting Principles.

The Authority incurred \$47,323 in legal and consulting expenses related to the Section 18 disposition and the Project Based Rental Assistance conversion that should have been classified as a special item but were incorrectly reported as operating expenses.

Effective upon notification of the finding the Authority will more closely review the transactions and ensure these transactions are reported as required. The authority will make concerted efforts to be aware of unique transactions that are out of the ordinary and not related to routine operations. The Authority will seek additional training to help prevent issues such as this going forward.

Lexington Housing Authority



Derek Haines
Executive Director
derek@lexhousing.com



AGREED-UPON PROCEDURE

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

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedure described in the second paragraph of this report on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Housing Authority of the City of Lexington, Nebraska is responsible for the accuracy and completeness of the electronic submission.

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 to determine whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Additionally, the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown 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 American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *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 whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. 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 to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Housing Authority of the City of Lexington, Nebraska as of and for the year ended June 30, 2022, and have issued our reports thereon dated January 12, 2023. 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 supplementary information dated January 12, 2023, 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 reporting package required by the OMB Uniform Guidance, which includes the auditor's reports, 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 reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Niewedde & Wiens, CPAs

York, Nebraska
January 12, 2023