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November 9, 2021

Board of Commissioners
Brazil Housing Authority
122 West Jackson Street
Brazil, IN 47834

We have reviewed the audit report of Brazil Housing Authority, which was opined upon by Audit Solutions, LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Brazil Housing Authority as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**HOUSING AUTHORITY OF THE CITY OF BRAZIL
BRAZIL, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2020

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Brazil
Brazil, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Brazil (Authority), Indiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as described in the table of contents and the Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, is 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*, I have also issued my report dated June 25, 2021, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

June 25, 2021

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2020

As management of the Housing Authority of the City of Brazil, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director, Housing Authority of the City of Brazil.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as Net Assets or Equity.

Statement of Revenue, Expenses, and Change in Net Position

This statement reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Analysis of the Housing Authority

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority own's (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of the City of Brazil:

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Analysis of the Housing Authority – (Continued)

Low Income Public Housing (LIPH)

The Housing Authority has 288 units at 4 sites in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities for all units. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy.

The basic concept of the Calculation of Operating Subsidy is that the Authority has an allowable and an allowable utility expense level. HUD funds the difference between allowable costs as incurred for all leased units and the actual tenant revenue generated.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to manage the Housing Choice Voucher Program. The Authority pays a Housing Assistance Payments to Landlords for Low Income tenants.

The Housing Assistance Payment matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

Capital Fund Program

These grant programs are award by HUD on an annual basis. The purpose of these grants is to improve the sites and units of the Authority requisitions funds from HUD as needed to meet funds the Authority expends funds.

State and Local Grants (Kruzan Street Rental Properties)

The Housing Authority was given two properties (516 and 522 W. Kruzan St., Brazil IN) by the City of Brazil in January 2011. The two homes were newly constructed under the Neighborhood Stabilization Program (NSP).

The Housing Authority assumed all rights and responsibilities of these properties and must ensure the units are rented to families that meet the income qualifications of NSP Round 1 (at or below fifty percent of the area median income). The Authority also agrees to:

- (1) ensure units meet standards set forth in 24CFR 92.251;
- (2) ensure that families who rent the units meet the affordability requirements;
- (3) comply with NSP published rent limits; and
- (4) comply with annual reporting requirements.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position (Statement of Net Position)

Total Net Position for FY 2020 was \$4,179,749 and for FY 2019 the amount was \$4,159,202. This represents an overall increase of \$20,547, or 0.5%. Details are as follows:

Cash, including short term investments, increased by \$85,436 from FY 2019 to FY 2020 or 10.9%. The change in the Authority's cash balance is due primarily to the results of current year operations and an increase in unexpended Housing Assistance Payments advances from HUD awarded from CARES Act funding.

Capital Assets decreased to \$4,942,829 in FY 2020 from \$5,043,821 in FY 2019, or by \$100,992, or 2.0%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased \$26,630. Unearned revenue increased for HUD advances for Housing Assistance Payments from CARES Act funding.

Non-Current Liabilities decreased \$62,220. The Authority made debt payments for financing energy improvements.

The table below illustrates our analysis:

	2020	2019	Net Change	Percent Variance
Cash and Investments	\$ 781,444	\$ 696,008	\$ 85,436	10.9%
Other Current Assets	65,045	64,532	513	0.8%
Capital Assets	<u>4,942,829</u>	<u>5,043,821</u>	<u>(100,992)</u>	<u>-2.0%</u>
Total Assets	<u>5,789,318</u>	<u>5,804,361</u>	<u>(15,043)</u>	<u>-0.3%</u>
Current Liabilities	234,475	207,845	26,630	11.4%
Non Current Liabilities	<u>1,375,094</u>	<u>1,437,314</u>	<u>(62,220)</u>	<u>-4.5%</u>
Total Liabilities	<u>1,609,569</u>	<u>1,645,159</u>	<u>(35,590)</u>	<u>-2.2%</u>
Net Assets in Capital Assets	3,505,515	3,550,051	(44,536)	-1.3%
Restricted Net Assets	16,227	0	16,227	100.0%
Unrestricted Net Assets	<u>658,007</u>	<u>609,151</u>	<u>48,856</u>	<u>7.4%</u>
Total Net Position	<u>4,179,749</u>	<u>4,159,202</u>	<u>20,547</u>	<u>0.5%</u>
Total Liabilities, Deferred Inflow, & Net Position	<u>\$ 5,789,318</u>	<u>\$ 5,804,361</u>	<u>\$ (15,043)</u>	<u>-0.3%</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

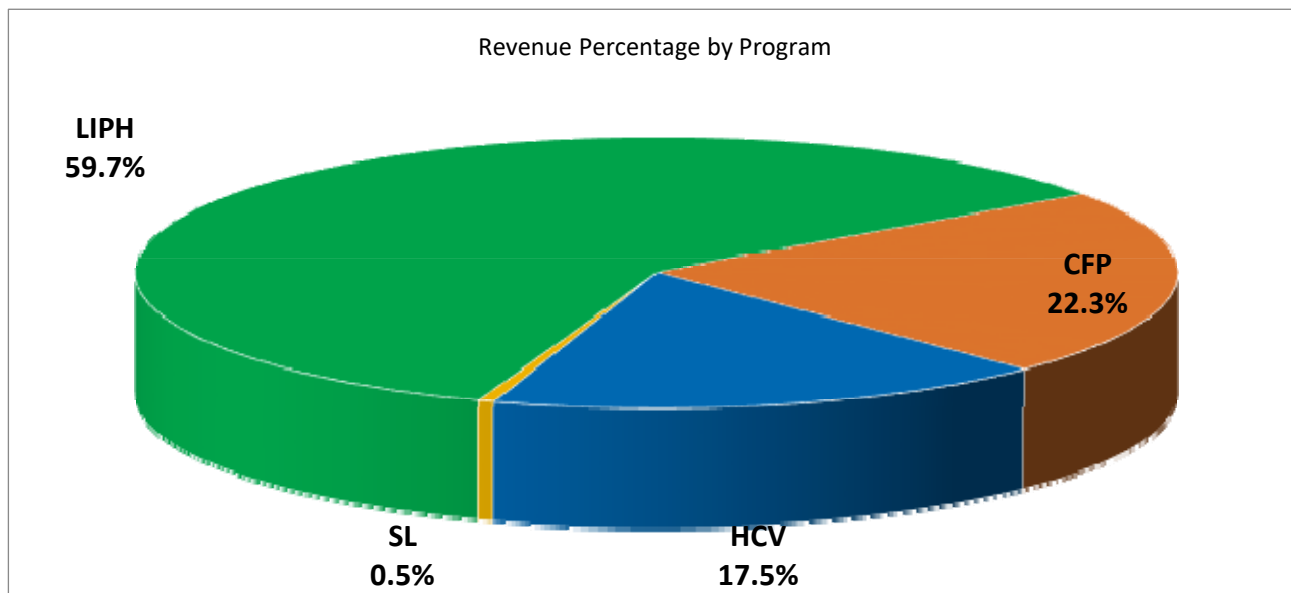
Condensed Comparative Financial Statements – (Continued)

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the operating revenues generated from these programs during Fiscal Year 2020 were as follows:

Program	Revenues Generated
Low Income Public Housing (LIPH)	\$ 1,588,041
Capital Fund Program (CFP)	592,659
Section 8 Housing Choice Vouchers (HCV)	464,056
State and Local (SL)	<u>13,111</u>
 Total Revenue	 <u><u>\$ 2,657,867</u></u>

The diagram below illustrates the percentage of revenues generated by the programs as presented on the previous page for Fiscal Year Ending December 31, 2020:



Total revenues for FY 2020 were \$2,657,867, as compared to \$2,277,378 of total revenues for FY 2019. Comparatively, revenues increased by \$380,489 or 16.7% from FY 2019. In FY 2020, Capital Funding revenues increased for an increase in capital improvement expenditures.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Condensed Comparative Financial Statements – (Continued)

Analysis of Entity Wide Revenues (Statement of Activities) – (Continued)

	2020	2019	Net Change	Percentage Change
Total Tenant Revenue	\$ 904,576	\$ 933,804	\$ (29,228)	-3.1%
HUD Grants	1,721,403	1,296,172	425,231	32.8%
Other Revenue	31,888	47,402	(15,514)	-32.7%
Total Revenue	\$ 2,657,867	\$ 2,277,378	\$ 380,489	16.7%

Analysis of Entity Wide Expenses

Total Expenses for FY 2020 were \$2,637,320, as compared to \$2,543,705 for FY 2019. This reflects an increase of \$93,615, or 3.7%.

Tenant Expenses increased by of \$49,516, or 70.8%. HUD provided additional funding during fiscal year 2020 through the CARES Act to Housing Authorities to fund expenses related to the COVID-19 pandemic.

Utilities Expenses increased by of \$21,099, or 8.1%. The expenses paid for water and sewer increased as compared to the prior year. The utility contract for monitoring and verification of the energy performance contract increased as compared to the prior year.

Maintenance Expenses decreased by \$8,027, or 1.5%. Maintenance expenses primarily decreased due to a decrease in maintenance materials.

Protective services Expenses, increased by \$20,363 or 162.4%. The Authority increase patrol services during the fiscal year 2020.

General Expenses, including insurance increased by \$20,955, or 9.6%. General expenses increased because of an increase in bad debt expenses for tenant receivables and an increase in insurance expenses.

Casualty losses decreased by \$27,264 to \$0. The Authority completed paying for repairs to fire damages at Meridian Towers during the fiscal. The Expenses were offset by insurance proceeds received.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

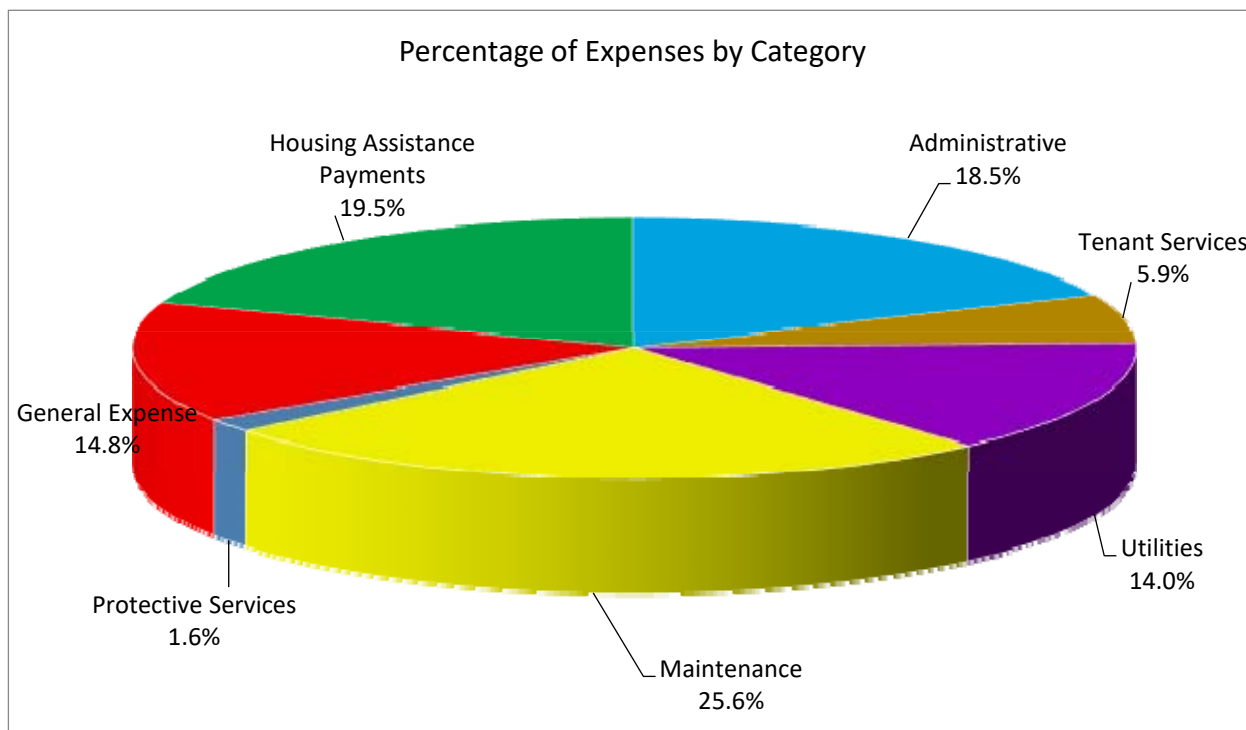
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Condensed Comparative Financial Statements – (Continued)

Analysis of Entity Wide Expenses – (Continued)

The table below illustrates our analysis:

	2020	2019	Net Change	Percent Variances
Administrative	\$ 372,095	\$ 373,377	\$ (1,282)	-0.3%
Tenant Services	119,469	69,953	49,516	70.8%
Utilities	281,168	260,069	21,099	8.1%
Maintenance	514,100	522,127	(8,027)	-1.5%
Protective Services	32,900	12,537	20,363	162.4%
General Expense	239,150	218,195	20,955	9.6%
Casualty Losses	-	27,264	(27,264)	-100.0%
Housing Assistance Payments	392,213	389,715	2,498	0.6%
Depreciation Expense	627,745	609,970	17,775	2.9%
Interest Expense	58,480	60,498	(2,018)	-3.3%
Total Expenses	\$ 2,637,320	\$ 2,543,705	\$ 93,615	3.7%



HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
December 31, 2020

Analysis of Capital Asset Activity

The table below illustrates the changes in Capital Assets during the fiscal year:

	2020	2019	Net Change	Percent Variance
Land	\$ 198,125	\$ 198,125	\$ -	0.0%
Buildings	17,902,744	17,463,307	439,437	2.5%
Furniture, Equip., & Machinery	1,658,937	1,600,209	58,728	3.7%
Construction in Process	6,600	20,120	(13,520)	-67.2%
Total Capital Assets	19,766,406	19,281,761	484,645	2.5%
Accumulated Depreciation	14,823,577	14,237,940	585,637	4.1%
Net Capital Assets	\$ 4,942,829	\$ 5,043,821	\$ (100,992)	-2.0%

During FY 2020, Total Capital Assets increased by \$484,645. The increase to Total Capital Assets included roof repairs and replacements, flooring repairs, door locks, common area painting, appliance repairs, computer and office furniture purchases. After applying the depreciation expense for the year in the amount of \$627,745, Net Capital Assets decreased \$100,992, or 2.0%.

Additional information on capital assets of the Authority may be found in the notes to the financial statements accompanying the audit report.

Special Conditions and Economic Factors

The spread of a novel strain of coronavirus (COVID-19) in the during fiscal year 2020 significantly disrupted the normal business activities of the Housing Authority. The Authority received additional funding from HUD during the fiscal year to offset expenses. The Authority expects to return to normal business activities mid to late fiscal year 2021.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

STATEMENT OF NET POSITION
December 31, 2020

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 331,198
Cash - restricted	87,558
Investments	362,688
Receivables - net of allowances	31,365
Inventory - net of allowances	7,490
Prepaid expenses	<u>26,190</u>
Total Current Assets	<u>846,489</u>
Non-current Assets:	
Capital assets:	
Land and construction in progress	204,725
Other capital assets, net of depreciation	<u>4,738,104</u>
Total capital assets - net	<u>4,942,829</u>
Total Non-current Assets	<u>4,942,829</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 5,789,318</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

STATEMENT OF NET POSITION - (Continued)
December 31, 2020

LIABILITIES

Current Liabilities:

Accounts payable	\$	85,900
Accrued salaries and benefits		1,734
Tenant security deposit liability		47,710
Accrued interest payable		3,444
Current portion of long term debt		62,220
Unearned revenues		<u>33,467</u>

Total Current Liabilities 234,475

Non-current Liabilities:

Long-term debt, net of current portion		<u>1,375,094</u>
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Total Non-current Liabilities 1,375,094

Total Liabilities 1,609,569

NET POSITION

Net investment in capital assets		3,505,515
Restricted		16,227
Unrestricted		<u>658,007</u>

Total Net Position 4,179,749

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 5,789,318

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

OPERATING REVENUES	
Tenant revenue	\$ 904,576
Governmental grants and subsidy	1,223,744
Miscellaneous	<u>23,897</u>
Total operating revenue	<u>2,152,217</u>
OPERATING EXPENSES	
Administrative	372,095
Tenant services	119,469
Utilities	281,168
Ordinary maintenance and operations	514,100
Protective services	32,900
Insurance	115,874
General	123,276
Housing assistance payment	392,213
Depreciation expense	<u>627,745</u>
Total operating expenses	<u>2,578,840</u>
Operating income (loss)	<u>(426,623)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	4,958
Gain (loss) on disposal of capital assets	3,033
Interest expense	<u>(58,480)</u>
Net non-operating revenues (expenses)	<u>(50,489)</u>
Income (loss) before contributions and transfers	<u>(477,112)</u>
Capital contributions	<u>497,659</u>
Change in net position	20,547
Total net position - beginning of year	<u>4,159,202</u>
Total net position - end of year	<u>\$ 4,179,749</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$	866,349
Received from governmental grants and subsidy		1,243,775
Received from other operating activities		40,750
Payments for goods and services		(892,892)
Payments to employees		(575,998)
Payment in lieu of taxes		(60,238)
Payment for housing assistance		<u>(392,213)</u>

Net cash provided by (used in) operating activities 229,533

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions		489,732
Proceeds from sale of capital assets		5,199
Purchases of capital assets		(528,919)
Principal paid on capital debt		(56,456)
Interest paid on capital debt		<u>(58,611)</u>

Net cash provided by (used in) capital and related financing activities (149,055)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments		(4,288)
Receipts of interest and dividends		<u>4,958</u>

Net cash provided by (used in) investing activities 670

Net increase (decrease) in cash and cash equivalents 81,148
Cash and cash equivalents at beginning of year 337,608

Cash and cash equivalents at end of year \$ 418,756

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2020

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (426,623)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	627,745
Change in assets and liabilities:	
Receivables, net	638
Inventories, net	449
Prepaid expenses	(1,505)
Accounts and other payables	5,620
Tenant security deposit	(111)
Unearned revenues	23,991
Accrued expenses	<u>(671)</u>
Net cash provided by (used) by operating activities	\$ <u><u>229,533</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Brazil (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Section 8 Housing Choice Vouchers - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

State & Local – The Authority manages two properties received from the City of Brazil in January 2011. The two homes were constructed under the Neighborhood Stabilization Program (NSP). The Authority assumed all rights and responsibilities of these properties and must ensure the units are rented to families that meet the income qualifications of NSP round 1 (at or below 50% of area median income).

Public Housing and HCV CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during the period the program is impacted by the pandemic.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1E. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

1F. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of tenant accounts receivable, HUD, fraud recovery and miscellaneous receivables.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity - (Continued)

Fixed Assets - (Continued)

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-40 years
Furniture, equipment and machinery - dwelling	10 years
Furniture, equipment and machinery - administrative	5-10 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Public and Indian Housing and State & Local program and HAP and HCV-CARES fund under HCV and HCV-CARES Act program respectively.

Compensated Absences

The Authority's policies regarding vacation time does not permit employees to carry forward unused vacation leave. As such, no liability is recorded at year end.

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Restricted/Unrestricted Net Position

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

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1G. Revenues, Expenditures, and Expenses - (Continued)

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
State & Local	Housing Authority
Public Housing CARES Act	U.S. Department of Housing and Urban Development
HCV CARES Act	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Section 8 Housing Choice Vouchers	Housing assistance payment
Public Housing and HCV CARES Act	COVID related expenses

For the year ended December 31, 2020, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of December 31, 2020, the Authority had the following cash deposits:

Cash deposits	\$ 418,556
Petty cash	200
Certificate of deposit	<u>362,688</u>
Total	<u>\$ 781,444</u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2020:

Cash and cash equivalents	\$ 331,198
Restricted assets	87,558
Investments	<u>362,688</u>
Total	<u>\$ 781,444</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's bank balances of \$455,933 were entirely covered by FDIC insurance and by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's investment balance of \$362,688 was entirely covered by FDIC and PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash and Investments - (Continued)

Deposits – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2020, the concentration of the Authority’s investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 180,381	4/8/2021
Certificate of Deposit	28,717	6/16/2023
Certificate of Deposit	<u>153,590</u>	1/17/2021
Total	<u>\$ 362,688</u>	

3B. Restricted Assets

Restricted assets at December 31, 2020 consist of the following:

<u>Type of Restricted Assets</u>	Cash		Accrued Interest	Total
	Including Time Deposits	Investments		
HAP	\$ 16,227	\$ ----	\$ ----	\$ 16,227
HCV-CARES	23,621	----	----	23,621
Security deposit	<u>47,710</u>	----	----	<u>47,710</u>
Total	<u>\$ 87,558</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 87,558</u>

3C. Accounts Receivable - Current

Receivables at December 31, 2020 consist of the following:

Accounts receivable – tenants	\$ 28,653	
Less: Allowance for doubtful account	<u>(973)</u>	
Tenants - net of allowance		\$ 27,680
Accounts receivable – fraud recovery	8,973	
Less: Allowance for doubtful account	<u>(8,973)</u>	
Fraud recovery – net of allowance		-0-
Miscellaneous – other	14,022	
Less: Allowance for doubtful account - other	<u>(14,022)</u>	
Miscellaneous – net of allowance		-0-
HUD		<u>3,685</u>
Total		<u>\$ 31,365</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3D. Inventory

Inventory at December 31, 2020 comprised of the following:

Inventories	\$	8,482
Less: Allowance for obsolete inventories		<u>(992)</u>
Total	\$	<u><u>7,490</u></u>

3E. Capital Assets

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	(Retirement)	Reclass/ Transfers in (out)	Balance December 31, 2020
Non-depreciable assets:					
Land	\$ 198,125	\$ -	\$ -	\$ -	\$ 198,125
Construction in progress	<u>20,120</u>	<u>6,600</u>	<u>-</u>	<u>(20,120)</u>	<u>6,600</u>
Total non-depreciable assets	<u>218,245</u>	<u>6,600</u>	<u>-</u>	<u>(20,120)</u>	<u>204,725</u>
Depreciable assets:					
Building	17,463,307	419,317	-	20,120	17,902,744
Equipment - dwelling	966,563	71,742	(20,135)	-	1,018,170
Equipment - administration	<u>633,646</u>	<u>31,260</u>	<u>(24,139)</u>	<u>-</u>	<u>640,767</u>
Total depreciable assets	19,063,516	522,319	(44,274)	20,120	19,561,681
Accumulated depreciation	<u>(14,237,940)</u>	<u>(627,745)</u>	<u>42,108</u>	<u>-</u>	<u>(14,823,577)</u>
Total depreciable assets, net	<u>4,825,576</u>	<u>(105,426)</u>	<u>(2,166)</u>	<u>20,120</u>	<u>4,738,104</u>
Capital assets, net	<u>\$ 5,043,821</u>	<u>\$ (98,826)</u>	<u>\$ (2,166)</u>	<u>\$ -</u>	<u>\$ 4,942,829</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 582,272
Public Housing Capital Fund	39,465
HCV	175
State & Local	<u>5,833</u>
Total depreciation expense	<u>\$ 627,745</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3F. Accounts Payable

Accounts payable at December 31, 2020 consist of the following:

Vendors & contractors	\$	15,849
Accrued liabilities		17,061
PILOT		<u>52,990</u>
Total	\$	<u>85,900</u>

3G. Non-Current Liabilities

Non-current liabilities at December 31, 2020 consist of the following:

Energy Performance Contract	\$	<u>1,375,094</u>
-----------------------------	----	------------------

The following is the summary of changes in non-current liabilities:

	<u>Balance</u> <u>Jan 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec 31, 2020</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Energy Performance Contract	\$ <u>1,437,314</u>	\$ <u>---</u>	\$ <u>62,220</u>	\$ <u>1,375,094</u>	\$ <u>62,220</u>

The Authority received HUD approval for an Energy Performance Contract (EPC) in September 2016 in the amount of \$1,591,510 at an interest rate of 3.84%. Balance as of December 31, 2020 is \$1,437,314 (including current portion of \$62,220). Interest expense for FY 2020 was \$58,480. Payments are made using utility savings generated by energy-saving projects completed in 2016. Projects include: low-flow commodes, high efficiency boilers, installation of LED lighting, and updated PTAC units. Utility savings are guaranteed by the Energy Performance Contractor, Johnson Controls, Inc. The payments are to be made on a semi-annual basis. The annual debt service requirements to maturity for long-term debts as of December 31, 2020 are as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 62,220	\$ 52,846	\$ 115,066
2022	68,463	50,147	118,610
2023	74,548	47,858	122,406
2024	81,486	44,320	125,806
2025-2029	498,912	177,226	676,138
2030-2034	<u>651,685</u>	<u>101,691</u>	<u>753,376</u>
	\$ <u>1,437,314</u>	\$ <u>474,088</u>	\$ <u>1,911,402</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3H. Inter-program Transactions and Balances

Operating Transfers

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

	Transfers In	Transfers Out
Public and Indian Housing	\$ 70,000	\$ -
Public Housing Capital Fund	-	(70,000)
	\$ 70,000	\$ (70,000)

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. The following inter-program receivable/payable existed at December 31, 2020:

	Due From	Due To
Public and Indian Housing	\$ 3,590	\$ ---
Public Housing Cares Act	---	(3,590)
	\$ 3,590	\$ (3,590)

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan (401a) with Billings & Company. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 7.5% and employees 5.5% of covered wages. Benefits are fully vested at the end of 5 years of service.

The following information related to the defined contribution plan at December 31, 2020:

Total payroll	\$	424,298
Total payroll for eligible participants	\$	354,107
Employer contributions made	\$	26,558

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4B. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Housing Authority Property Insurance, A Mutual Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Eastern Alliance Insurance Group. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$10,000 deductible.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4C. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4D. Commitments - Construction

At December 31, 2020, the Authority had the following pending Capital Fund project in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CARES – PH	\$ 93,322	\$ 64,749
CARES – HCV	37,956	14,335
CFP 501-19	536,851	464,974
CFP 501-20	569,587	166,742

4E. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation and HAP expense and includes investment income, gain or loss on disposal of capital assets, interest expense and capital contributions in operating activities, which differs from the presentation of basic financial statements.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4F. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes.

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

Management evaluated the activity of the Authority through June 25, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor	Federal CFDA #	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 606,329
Public and Indian Housing - Cares Act	14.850	64,749
Public Housing Capital Fund	14.872	592,659
Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	443,331
Section 8 Housing Choice Vouchers - Cares Act	14.871	<u>14,335</u>
Total Expenditures of Federal Awards		\$ <u><u>1,721,403</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Brazil, Indiana (Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$287,395		\$19,930	\$23,873		\$331,198		\$331,198
113 Cash - Other Restricted				\$16,227	\$23,621	\$39,848		\$39,848
114 Cash - Tenant Security Deposits	\$47,310		\$400			\$47,710		\$47,710
100 Total Cash	\$334,705	\$0	\$20,330	\$40,100	\$23,621	\$418,756	\$0	\$418,756
122 Accounts Receivable - HUD Other Projects	\$95	\$3,590				\$3,685		\$3,685
125 Accounts Receivable - Miscellaneous			\$14,022			\$14,022		\$14,022
126 Accounts Receivable - Tenants	\$28,653		\$0			\$28,653		\$28,653
126.1 Allowance for Doubtful Accounts -Tenants	-\$973		-\$14,022			-\$14,995		-\$14,995
128 Fraud Recovery				\$8,973		\$8,973		\$8,973
128.1 Allowance for Doubtful Accounts - Fraud				-\$8,973		-\$8,973		-\$8,973
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$27,775	\$3,590	\$0	\$0	\$0	\$31,365	\$0	\$31,365
131 Investments - Unrestricted	\$362,688					\$362,688		\$362,688
142 Prepaid Expenses and Other Assets	\$25,583		\$410	\$197		\$26,190		\$26,190
143 Inventories	\$8,482					\$8,482		\$8,482
143.1 Allowance for Obsolete Inventories	-\$992					-\$992		-\$992
144 Inter Program Due From	\$3,590					\$3,590	-\$3,590	\$0
150 Total Current Assets	\$761,831	\$3,590	\$20,740	\$40,297	\$23,621	\$850,079	-\$3,590	\$846,489
161 Land	\$173,525		\$24,600			\$198,125		\$198,125
162 Buildings	\$17,677,346		\$225,398			\$17,902,744		\$17,902,744
163 Furniture, Equipment & Machinery - Dwellings	\$1,018,170					\$1,018,170		\$1,018,170
164 Furniture, Equipment & Machinery - Administration	\$636,974			\$3,793		\$640,767		\$640,767
166 Accumulated Depreciation	-\$14,766,536		-\$56,866	-\$175		-\$14,823,577		-\$14,823,577
167 Construction in Progress	\$6,600					\$6,600		\$6,600
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,746,079	\$0	\$193,132	\$3,618	\$0	\$4,942,829	\$0	\$4,942,829
180 Total Non-Current Assets	\$4,746,079	\$0	\$193,132	\$3,618	\$0	\$4,942,829	\$0	\$4,942,829
290 Total Assets and Deferred Outflow of Resources	\$5,507,910	\$3,590	\$213,872	\$43,915	\$23,621	\$5,792,908	-\$3,590	\$5,789,318

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$15,849					\$15,849		\$15,849
321 Accrued Wage/Payroll Taxes Payable	\$1,734					\$1,734		\$1,734
325 Accrued Interest Payable	\$3,444					\$3,444		\$3,444
333 Accounts Payable - Other Government	\$52,990					\$52,990		\$52,990
341 Tenant Security Deposits	\$47,310		\$400			\$47,710		\$47,710
342 Unearned Revenue	\$9,846				\$23,621	\$33,467		\$33,467
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$62,220					\$62,220		\$62,220
346 Accrued Liabilities - Other	\$17,061					\$17,061		\$17,061
347 Inter Program - Due To		\$3,590				\$3,590	-\$3,590	\$0
310 Total Current Liabilities	\$210,454	\$3,590	\$400	\$0	\$23,621	\$238,065	-\$3,590	\$234,475
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,375,094					\$1,375,094		\$1,375,094
350 Total Non-Current Liabilities	\$1,375,094	\$0	\$0	\$0	\$0	\$1,375,094	\$0	\$1,375,094
300 Total Liabilities	\$1,585,548	\$3,590	\$400	\$0	\$23,621	\$1,613,159	-\$3,590	\$1,609,569
508.4 Net Investment in Capital Assets	\$3,308,765		\$193,132	\$3,618	\$0	\$3,505,515		\$3,505,515
511.4 Restricted Net Position				\$16,227		\$16,227		\$16,227
512.4 Unrestricted Net Position	\$613,597	\$0	\$20,340	\$24,070	\$0	\$658,007		\$658,007
513 Total Equity - Net Assets / Position	\$3,922,362	\$0	\$213,472	\$43,915	\$0	\$4,179,749	\$0	\$4,179,749
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,507,910	\$3,590	\$213,872	\$43,915	\$23,621	\$5,792,908	-\$3,590	\$5,789,318

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$781,625		\$12,600			\$794,225		\$794,225
70400 Tenant Revenue - Other	\$110,351					\$110,351		\$110,351
70500 Total Tenant Revenue	\$891,976	\$0	\$12,600	\$0	\$0	\$904,576	\$0	\$904,576
70600 HUD PHA Operating Grants	\$701,329	\$64,749		\$443,331	\$14,335	\$1,223,744		\$1,223,744
70610 Capital Grants	\$497,659					\$497,659		\$497,659
71100 Investment Income - Unrestricted	\$4,947		\$11			\$4,958		\$4,958
71400 Fraud Recovery				\$5,836		\$5,836		\$5,836
71500 Other Revenue	\$17,007		\$500	\$554		\$18,061		\$18,061
71600 Gain or Loss on Sale of Capital Assets	\$3,033					\$3,033		\$3,033
70000 Total Revenue	\$2,115,951	\$64,749	\$13,111	\$449,721	\$14,335	\$2,657,867	\$0	\$2,657,867
91100 Administrative Salaries	\$182,007			\$17,729		\$199,736		\$199,736
91200 Auditing Fees	\$5,951			\$500		\$6,451		\$6,451
91400 Advertising and Marketing			\$100			\$100		\$100
91500 Employee Benefit contributions - Administrative	\$85,280			\$1,574		\$86,854		\$86,854
91600 Office Expenses	\$13,500		\$574	\$2,701		\$16,775		\$16,775
91700 Legal Expense	\$760					\$760		\$760
91800 Travel	\$348					\$348		\$348
91900 Other	\$48,169		\$1,456	\$11,446		\$61,071		\$61,071
91000 Total Operating - Administrative	\$336,015	\$0	\$2,130	\$33,950	\$0	\$372,095	\$0	\$372,095
92400 Tenant Services - Other	\$70,879	\$44,572			\$4,018	\$119,469		\$119,469
92500 Total Tenant Services	\$70,879	\$44,572	\$0	\$0	\$4,018	\$119,469	\$0	\$119,469
93100 Water	\$28,302					\$28,302		\$28,302
93200 Electricity	\$147,491					\$147,491		\$147,491
93300 Gas	\$14,967					\$14,967		\$14,967
93600 Sewer	\$62,328					\$62,328		\$62,328
93800 Other Utilities Expense	\$28,080					\$28,080		\$28,080
93000 Total Utilities	\$281,168	\$0	\$0	\$0	\$0	\$281,168	\$0	\$281,168

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$181,731					\$181,731		\$181,731
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,583					\$65,583		\$65,583
94300 Ordinary Maintenance and Operations Contracts	\$183,339		\$2,996			\$186,335		\$186,335
94500 Employee Benefit Contributions - Ordinary Maintenance	\$80,451					\$80,451		\$80,451
94000 Total Maintenance	\$511,104	\$0	\$2,996	\$0	\$0	\$514,100	\$0	\$514,100
95200 Protective Services - Other Contract Costs	\$32,900					\$32,900		\$32,900
95000 Total Protective Services	\$32,900	\$0	\$0	\$0	\$0	\$32,900	\$0	\$32,900
96110 Property Insurance	\$90,822		\$1,852			\$92,674		\$92,674
96120 Liability Insurance	\$14,264			\$212		\$14,476		\$14,476
96130 Workmen's Compensation	\$5,602			\$187		\$5,789		\$5,789
96140 All Other Insurance	\$2,388		\$508	\$39		\$2,935		\$2,935
96100 Total insurance Premiums	\$113,076	\$0	\$2,360	\$438	\$0	\$115,874	\$0	\$115,874
96210 Compensated Absences	\$28,145			\$636		\$28,781		\$28,781
96300 Payments in Lieu of Taxes	\$54,612					\$54,612		\$54,612
96400 Bad debt - Tenant Rents	\$25,861					\$25,861		\$25,861
96600 Bad debt - Other			\$14,022			\$14,022		\$14,022
96000 Total Other General Expenses	\$108,618	\$0	\$14,022	\$636	\$0	\$123,276	\$0	\$123,276
96720 Interest on Notes Payable (Short and Long Term)	\$58,480					\$58,480		\$58,480
96700 Total Interest Expense and Amortization Cost	\$58,480	\$0	\$0	\$0	\$0	\$58,480	\$0	\$58,480
96900 Total Operating Expenses	\$1,512,240	\$44,572	\$21,508	\$35,024	\$4,018	\$1,617,362	\$0	\$1,617,362
97000 Excess of Operating Revenue over Operating Expenses	\$603,711	\$20,177	-\$8,397	\$414,697	\$10,317	\$1,040,505	\$0	\$1,040,505

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
97300 Housing Assistance Payments				\$385,201	\$6,524	\$391,725		\$391,725
97350 HAP Portability-In				\$488		\$488		\$488
97400 Depreciation Expense	\$621,737		\$5,833	\$175		\$627,745		\$627,745
90000 Total Expenses	\$2,133,977	\$44,572	\$27,341	\$420,888	\$10,542	\$2,637,320	\$0	\$2,637,320
10010 Operating Transfer In	\$70,000					\$70,000	-\$70,000	\$0
10020 Operating transfer Out	-\$70,000					-\$70,000	\$70,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$18,026	\$20,177	-\$14,230	\$28,833	\$3,793	\$20,547	\$0	\$20,547
11020 Required Annual Debt Principal Payments	\$56,456	\$0	\$0	\$0	\$0	\$56,456		\$56,456
11030 Beginning Equity	\$3,920,211	\$0	\$227,702	\$11,289	\$0	\$4,159,202		\$4,159,202
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$20,177	-\$20,177		\$3,793	-\$3,793	\$0		\$0
11170 Administrative Fee Equity				\$27,688		\$27,688		\$27,688
11180 Housing Assistance Payments Equity				\$16,227		\$16,227		\$16,227
11190 Unit Months Available	3456		24	1380		4860		4860
11210 Number of Unit Months Leased	3367		24	929		4320		4320
11270 Excess Cash	\$394,368					\$394,368		\$394,368
11620 Building Purchases	\$425,917					\$425,917		\$425,917
11630 Furniture & Equipment - Dwelling Purchases	\$71,742					\$71,742		\$71,742
11640 Furniture & Equipment - Administrative Purchases	\$27,467					\$27,467		\$27,467

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the City of Brazil
Brazil, Indiana

I 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 business-type activities of the Housing Authority of the City of Brazil (Authority), Indiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority’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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Audit Solutions, LLC

Chesterfield, Missouri

June 25, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of Brazil
Brazil, Indiana

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Brazil (Authority), Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2020. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

My responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Brazil, Indiana, 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 December 31, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Audit Solutions, LLC

Chesterfield, Missouri

June 25, 2021

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Brazil
Brazil, Indiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Brazil and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

I 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 results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2020 and have issued my report thereon dated June 25, 2021. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated June 25, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. I have not performed any additional procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

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

Audit Solutions, LLC

Chesterfield, Missouri
June 25, 2021

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

AGREED UPON PROCEDURES
December 31, 2020

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
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	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF BRAZIL
Brazil, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.871 Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2020 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended December 31, 2020 disclosed no Federal Awards audit finding and questioned costs.