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August 5, 2022

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, 2021 to December 31, 2021. 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, 2021, 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 black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy 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, 2021**

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

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# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *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 Authority'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*

My 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 opinions. 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 generally accepted auditing standards 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 statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 Authority'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### ***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 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. 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 accompanying Financial Data Schedule, PHA's Statement of Certification of Actual Modernization Cost and the 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 my opinion, the accompanying Financial Data Schedule, PHA's Statement of Certification of Actual Modernization Cost and the 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*, I have also issued my report dated July 28, 2022, 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 solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

***Audit Solutions, LLC***

Chesterfield, Missouri

July 28, 2022

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
December 31, 2021

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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, 2021. 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, 2021

---

**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 and requisitions funds from HUD as needed to meet funds expended by the Authority.

**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, 2021

**Condensed Comparative Financial Statements**

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

**Total Net Position** for FY 2021 was \$3,839,921 and for FY 2020 the amount was \$4,179,749. This represents an overall decrease of \$339,828, or 8.8%. Details are as follows:

**Cash, including short term investments**, decreased by \$80,850 from FY 2020 to FY 2021 or 10.3%. The Authority received cash in the prior year for HUD CARES Act. The Authority had a net operating loss in the Public Housing program caused primarily by an increase in tenant collection losses and increases in operating expenses due to the pandemic.

**Other Current Assets** decreased by \$23,871 from FY 2020 to FY 2021 or 36.7%. Accounts receivable decreased for uncollectible receivable balances write off.

**Capital Assets** decreased to \$4,607,046 in FY 2021 from \$4,942,829 in FY 2020, or by \$335,783, or 7.3%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** decreased \$32,213. Unearned revenue decreased for use of prior year HUD CARES Act funding advances for Housing Assistance Payments. Accounts payable and accrued liabilities decreased for the timing of payments to vendors.

**Non-Current Liabilities** decreased \$68,463. The Authority made debt payments for financing energy improvements.

The table below illustrates our analysis:

	2021	2020	Net Change	Percent Variance
Cash and Investments	\$ 700,594	\$ 781,444	\$ (80,850)	-10.3%
Other Current Assets	41,174	65,045	(23,871)	-36.7%
Capital Assets	4,607,046	4,942,829	(335,783)	-7.3%
<b>Total Assets</b>	<b>5,348,814</b>	<b>5,789,318</b>	<b>(440,504)</b>	<b>-8.2%</b>
Current Liabilities	202,262	234,475	(32,213)	-13.7%
Non Current Liabilities	1,306,631	1,375,094	(68,463)	-5.2%
<b>Total Liabilities</b>	<b>1,508,893</b>	<b>1,609,569</b>	<b>(100,676)</b>	<b>-6.7%</b>
Net Assets in Capital Assets	3,231,952	3,505,515	(273,563)	-8.5%
Restricted Net Assets	2,020	16,227	(14,207)	-87.6%
Unrestricted Net Assets	605,949	658,007	(52,058)	-8.6%
<b>Total Net Position</b>	<b>3,839,921</b>	<b>4,179,749</b>	<b>(339,828)</b>	<b>-8.8%</b>
<b>Total Liabilities, Deferred Inflow, &amp; Net Position</b>	<b>\$ 5,348,814</b>	<b>\$ 5,789,318</b>	<b>\$ (440,504)</b>	<b>-8.2%</b>

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)**  
December 31, 2021

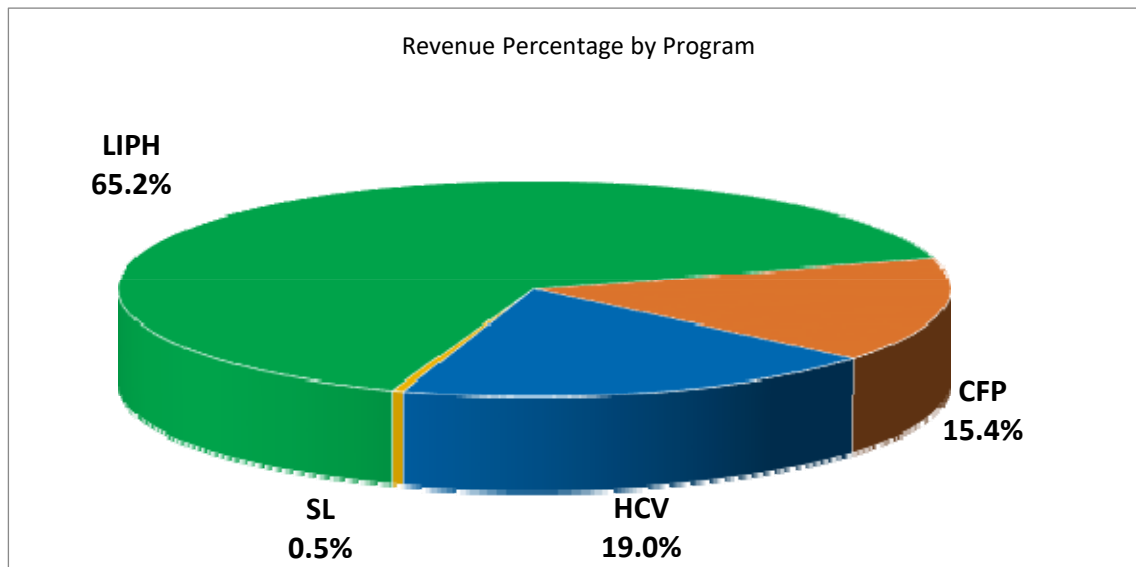
**Condensed Comparative Financial Statements – (Continued)**

**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 2021 were as follows:

<b>Program</b>	<b>Revenues Generated</b>
Low Income Public Housing (LIPH)	\$ 1,605,299
Capital Fund Program (CFP)	378,334
Section 8 Housing Choice Vouchers (HCV)	466,572
State and Local (SL)	11,126
<b>Total Revenue</b>	<b>\$ 2,461,331</b>

The diagram below illustrates the percentage of revenues generated by the programs as presented on the previous page for Fiscal Year Ending December 31, 2021:



Total revenues for FY 2021 were \$2,461,331 as compared to \$2,657,867 of total revenues for FY 2020. Comparatively, revenues decreased by \$196,536 or 7.4% from FY 2020. Capital revenue decreased as compared to FY 2020 due to a decrease in capital expenditures as compared to the prior fiscal year. Capital funding is utilized as funds are available and based on the progress of capital improvement projects.

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)**  
December 31, 2021

**Condensed Comparative Financial Statements – (Continued)**

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

	2021	2020	Net Change	Percentage Change
Total Tenant Revenue	\$ 858,060	\$ 904,576	\$ (46,516)	-5.1%
HUD Grants	1,540,571	1,721,403	(180,832)	-10.5%
Other Revenue	62,700	31,888	30,812	96.6%
Total Revenue	<u>\$ 2,461,331</u>	<u>\$ 2,657,867</u>	<u>\$ (196,536)</u>	<u>-7.4%</u>

**Analysis of Entity Wide Expenses**

**Total Expenses** for FY 2021 were \$2,801,159, as compared to \$2,637,320 for FY 2020. This reflects an increase of \$163,839, or 6.2%.

**Administrative Expenses** increased by of \$35,668, or 9.6%. Employee benefit costs increased as compared to the prior fiscal year. Other administrative expenses increased from the prior fiscal year.

**Tenant Services Expenses** decreased by \$37,419, or 31.3%. Tenant expenses decreased due to a decrease in available CARES Act funding from HUD for COVID-19 related expenses.

**Utilities Expenses** decreased by of \$16,102, or 5.7%. Utility contract expenses for monitoring and verification of the energy performance contract decreased as compared to the prior year. Increased in electric and gas expenses were offset by decreases in water and sewer expenses.

**Maintenance Expenses** increased by \$74,355, or 14.5%. Maintenance expenses increased in all categories as compared to the prior year, primarily in contracts costs and employee benefit expenses. Maintenance expenses are predominantly related to the maintaining of Authority owned properties.

**Protective Services Expenses**, increased by \$1,540 or 4.7%. Patrol services expenses increased from the prior fiscal year.

**General Expenses**, including insurance increased by \$34,711, or 14.5%. General expenses increased because of an increase in bad debt expenses for tenant receivables and an increase in insurance expenses.

**Casualty losses** increased by \$31,649. The Authority completed paying for repairs to fire damaged units during the fiscal. The expenses were offset by insurance proceeds received.

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

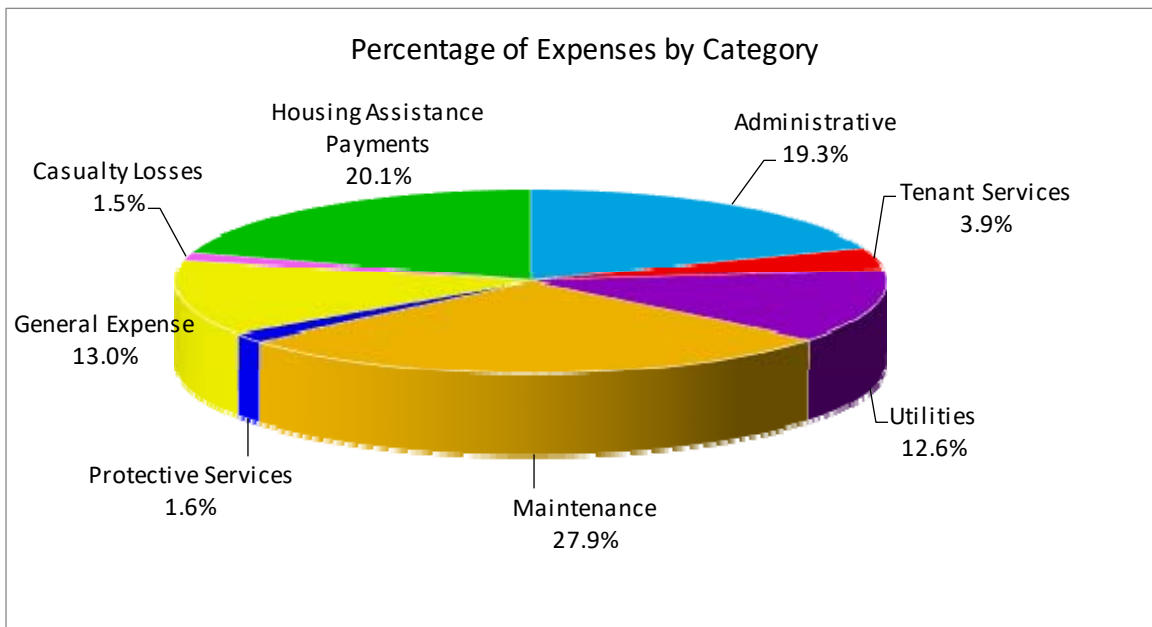
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)**  
December 31, 2021

**Condensed Comparative Financial Statements – (Continued)**

**Analysis of Entity Wide Expenses – (Continued)**

The table below illustrates our analysis:

	2021	2020	Net Change	Percent Variances
Administrative	\$ 407,763	\$ 372,095	\$ 35,668	9.6%
Tenant Services	82,050	119,469	(37,419)	-31.3%
Utilities	265,066	281,168	(16,102)	-5.7%
Maintenance	588,455	514,100	74,355	14.5%
Protective Services	34,440	32,900	1,540	4.7%
General Expense	273,861	239,150	34,711	14.5%
Casualty Losses	31,649	-	31,649	100.0%
Housing Assistance Payments	424,706	392,213	32,493	8.3%
Depreciation Expense	636,924	627,745	9,179	1.5%
Interest Expense	56,245	58,480	(2,235)	-3.8%
<b>Total Expenses</b>	<b>\$ 2,801,159</b>	<b>\$ 2,637,320</b>	<b>\$ 163,839</b>	<b>6.2%</b>



HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)**  
December 31, 2021

**Analysis of Capital Asset Activity**

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

	2021	2020	Net Change	Percent Variance
Land	\$ 198,125	\$ 198,125	\$ -	0.0%
Buildings	18,070,528	17,902,744	167,784	0.9%
Furniture, Equip., & Machinery	1,693,488	1,658,937	34,551	2.1%
Construction in Process	84,578	6,600	77,978	1181.5%
<b>Total Capital Assets</b>	<b>20,046,719</b>	<b>19,766,406</b>	<b>280,313</b>	<b>1.4%</b>
Accumulated Depreciation	15,439,673	14,823,577	616,096	4.2%
<b>Net Capital Assets</b>	<b>\$ 4,607,046</b>	<b>\$ 4,942,829</b>	<b>\$ (335,783)</b>	<b>-6.8%</b>

During FY 2021, total Capital Assets decreased by \$335,783. The increase to Total Capital Assets included HVAC systems upgrades, flooring repairs and replacement, door locks, common area painting, appliance replacements, software upgrade and other office and maintenance equipment purchases. After applying the depreciation expense for the year in the amount of \$636,924, net Capital Assets decreased \$335,783, or 6.8%.

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 effects of the coronavirus (COVID-19) pandemic disruptions to the Authority's normal business activities continued through the greater part of fiscal year 2021. The Authority expended the remaining additional HUD funding awarded in fiscal year 2020 during fiscal year ending 2021.

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**STATEMENT OF NET POSITION**  
December 31, 2021

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$	284,217
Cash - restricted		52,420
Investments		363,957
Receivables - net of allowances		5,815
Inventory - net of allowances		6,564
Prepaid expenses		<u>28,795</u>

Total Current Assets 741,768

Non-current Assets:

Capital assets:

Land and construction in progress		282,703
Other capital assets, net of depreciation		<u>4,324,343</u>

Total capital assets - net 4,607,046

Total Non-current Assets 4,607,046

Total Assets \$ 5,348,814

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**STATEMENT OF NET POSITION - (Continued)**  
December 31, 2021

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**LIABILITIES**

Current Liabilities:

Accounts payable	\$	65,155
Tenant security deposit liability		50,400
Accrued interest payable		3,300
Current portion of long term debt		68,463
Unearned revenues		<u>14,944</u>

Total Current Liabilities 202,262

Non-current Liabilities:

Long-term debt, net of current portion		<u>1,306,631</u>
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Total Non-current Liabilities 1,306,631

Total Liabilities 1,508,893

**NET POSITION**

Net investment in capital assets		3,231,952
Restricted		2,020
Unrestricted		<u>605,949</u>

Total Net Position 3,839,921

Total Liabilities and Net Position \$ 5,348,814

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, 2021

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**OPERATING REVENUES**

Tenant revenue	\$ 858,060
Governmental grants and subsidy	1,281,276
Miscellaneous	<u>51,458</u>
 Total operating revenue	 <u>2,190,794</u>

**OPERATING EXPENSES**

Administrative	407,763
Tenant services	82,050
Utilities	265,066
Ordinary maintenance and operations	588,455
Protective services	34,440
Insurance	133,784
General	140,077
Non routine maintenance	31,649
Housing assistance payment	424,706
Depreciation expense	<u>636,924</u>
 Total operating expenses	 <u>2,744,914</u>

Operating income (loss) (554,120)

**NON-OPERATING REVENUES (EXPENSES)**

Investment income	1,947
Gain (loss) on disposal of capital assets	9,295
Interest expense	<u>(56,245)</u>

Net non-operating revenues (expenses) (45,003)

Income (loss) before contributions and transfers (599,123)

Capital contributions 259,295

Change in net position (339,828)

Total net position - beginning of year 4,179,749

Total net position - end of year \$ 3,839,921

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, 2021

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from tenants	\$	832,800
Received from governmental grants and subsidy		1,261,245
Received from other operating activities		51,458
Payments for goods and services		(956,069)
Payments to employees		(643,470)
Payment in lieu of taxes		(52,990)
Payment for housing assistance		<u>(424,706)</u>

Net cash provided by (used in) operating activities 68,268

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital contributions		259,390
Proceeds from sale of capital assets		19,000
Purchases of capital assets		(310,846)
Principal paid on capital debt		(62,220)
Interest paid on capital debt		<u>(56,389)</u>

Net cash provided by (used in) capital and related financing activities (151,065)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds (payments) from sale (purchase) of investments		(1,269)
Receipts of interest and dividends		<u>1,947</u>

Net cash provided by (used in) investing activities 678

Net increase (decrease) in cash and cash equivalents (82,119)  
Cash and cash equivalents at beginning of year 418,756

Cash and cash equivalents at end of year \$ 336,637

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, 2021

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**Reconciliation of operating income (loss) to net cash provided (used) by operating activities**

Operating income (loss)	\$	(554,120)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		636,924
Change in assets and liabilities:		
Receivables, net		25,455
Inventories, net		926
Prepaid expenses		(2,605)
Accounts and other payables		(14,141)
Tenant security deposit		2,690
Unearned revenues		(18,523)
Accrued expenses		<u>(8,338)</u>
Net cash provided by (used) by operating activities	\$	<u><u>68,268</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, 2021

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**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, 2021

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**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, 2021

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**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, 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, 2021

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**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 under HCV 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, 2021

**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 State & Local	U.S. Department of Housing and Urban Development 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, 2021, 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, 2021

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**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, 2021, the Authority had the following cash deposits:

Cash deposits	\$ 336,437
Petty cash	200
Certificate of deposit	<u>363,957</u>
Total	<u>\$ 700,594</u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2021:

Cash and cash equivalents	\$ 284,217
Restricted assets	52,420
Investments	<u>363,957</u>
Total	<u>\$ 700,594</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, 2021, the Authority's bank balances of \$378,687 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, 2021, the Authority's investment balance of \$363,957 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, 2021

**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, 2021, 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	\$ 181,432	3/3/2022
Certificate of Deposit	28,536	6/16/2023
Certificate of Deposit	<u>153,989</u>	1/17/2022
Total	<u>\$ 363,957</u>	

**3B. Restricted Assets**

Restricted assets at December 31, 2021 consist of the following:

<u>Type of Restricted Assets</u>	Cash		Accrued Interest	Total
	Including Time Deposits	Investments		
HAP	\$ 2,020	\$ ----	\$ ----	\$ 2,020
Security deposit	50,400	----	----	50,400
Total	<u>\$ 52,420</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 52,420</u>

**3C. Accounts Receivable - Current**

Receivables at December 31, 2021 consist of the following:

Accounts receivable – tenants	\$ 29,863	
Less: Allowance for doubtful account	<u>(24,048)</u>	
Tenants - net of allowance		\$ 5,815
Accounts receivable – fraud recovery	5,919	
Less: Allowance for doubtful account	<u>(5,919)</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		<u>-0-</u>
Total		<u>\$ 5,815</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2021

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

**3D. Inventory**

Inventory at December 31, 2021 comprised of the following:

Inventories	\$	7,434
Less: Allowance for obsolete inventories		<u>(870)</u>
Total	\$	<u><u>6,564</u></u>

**3E. Capital Assets**

A summary of capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Balance December 31, 2021</u>
<b>Non-depreciable assets:</b>				
Land	\$ 198,125	\$ -	\$ -	\$ 198,125
Construction in progress	<u>6,600</u>	<u>77,978</u>	<u>-</u>	<u>84,578</u>
<b>Total non-depreciable assets</b>	<u>204,725</u>	<u>77,978</u>	<u>-</u>	<u>282,703</u>
<b>Depreciable assets:</b>				
Building	17,902,744	167,784	-	18,070,528
Equipment - dwelling	1,018,170	39,750	(8,966)	1,048,954
Equipment - administration	<u>640,767</u>	<u>25,334</u>	<u>(21,567)</u>	<u>644,534</u>
<b>Total depreciable assets</b>	19,561,681	232,868	(30,533)	19,764,016
<b>Accumulated depreciation</b>	<u>(14,823,577)</u>	<u>(636,924)</u>	<u>20,828</u>	<u>(15,439,673)</u>
<b>Total depreciable assets, net</b>	<u>4,738,104</u>	<u>(404,056)</u>	<u>(9,705)</u>	<u>4,324,343</u>
<b>Capital assets, net</b>	\$ <u><u>4,942,829</u></u>	\$ <u><u>(326,078)</u></u>	\$ <u><u>(9,705)</u></u>	\$ <u><u>4,607,046</u></u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 594,623
Public Housing Capital Fund	35,771
Housing Choice Vouchers	696
State & Local	<u>5,834</u>
Total depreciation expense	\$ <u><u>636,924</u></u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2021

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

**3F. Accounts Payable**

Accounts payable at December 31, 2021 consist of the following:

Vendors & contractors	\$	2,353
Accrued utilities		10,457
PILOT		<u>52,345</u>
Total	\$	<u>65,155</u>

**3G. Non-Current Liabilities**

Non-current liabilities at December 31, 2021 consist of the following:

Energy Performance Contract	\$	<u>1,306,631</u>
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The following is the summary of changes in non-current liabilities:

	<u>Balance</u> <u>Jan 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Energy Performance Contract	\$ <u>1,375,094</u>	\$ <u>---</u>	\$ <u>68,463</u>	\$ <u>1,306,631</u>	\$ <u>68,463</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, 2021 is \$1,375,094 (including current portion of \$68,463). Interest expense for FY 2021 was \$56,245. 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, 2021 are as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 68,463	\$ 46,603	\$ 115,066
2023	74,548	44,062	118,610
2024	81,486	40,920	122,406
2025	88,815	36,991	125,806
2026-2030	530,326	145,812	676,138
2031-2034	<u>531,456</u>	<u>221,920</u>	<u>753,376</u>
	\$ <u>1,375,094</u>	\$ <u>536,308</u>	\$ <u>1,911,402</u>

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)  
December 31, 2021

**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.

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 93,839	\$ -
Public Housing Capital Fund	-	(93,839)
	<u>\$ 93,839</u>	<u>\$ (93,839)</u>

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. No inter-program receivable/payable existed at December 31, 2021.

**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, 2021:

Total payroll	\$	450,007
Total payroll for eligible participants	\$	384,457
Employer contributions made	\$	28,841

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2021

**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, 2021, the Authority had the following pending Capital Fund project in progress:

	<b>Funds Approved</b>	<b>Funds Expended - Project to Date</b>
CARES – PH	\$ 93,322	\$ 93,322
CARES – HCV	37,956	37,956
CFP 501-20	569,587	260,788
CFP 501-21	602,675	212,411

**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 casualty losses, 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, 2021

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**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 July 28, 2022 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 2022 federal budget.

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST**  
December 31, 2021

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1. Actual Capital Fund Program costs are as follows:

	<u>501-19</u>
Funds approved	\$ 536,851
Funds expended	<u>536,851</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 536,851
Funds expended	<u>536,851</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated December 14, 2021 submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2021.

3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2021

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Public and Indian Housing	14.850	\$ 673,337
Public and Indian Housing - Cares Act	14.850	28,573
Public Housing Capital Fund	14.872	378,334
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	436,706
Section 8 Housing Choice Vouchers - Cares Act	14.871	<u>23,621</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ <u><u>1,540,571</u></u></b>

**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, 2021. 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, 2021

	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	\$221,302		\$20,203	\$42,712		\$284,217		\$284,217
113 Cash - Other Restricted				\$2,020		\$2,020		\$2,020
114 Cash - Tenant Security Deposits	\$50,000		\$400			\$50,400		\$50,400
100 Total Cash	\$271,302		\$20,603	\$44,732		\$336,637		\$336,637
125 Accounts Receivable - Miscellaneous			\$14,022			\$14,022		\$14,022
126 Accounts Receivable - Tenants	\$29,826		\$37			\$29,863		\$29,863
126.1 Allowance for Doubtful Accounts - Tenants	-\$24,011		-\$37			-\$24,048		-\$24,048
126.2 Allowance for Doubtful Accounts - Other			-\$14,022			-\$14,022		-\$14,022
128 Fraud Recovery				\$5,919		\$5,919		\$5,919
128.1 Allowance for Doubtful Accounts - Fraud				-\$5,919		-\$5,919		-\$5,919
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,815					\$5,815		\$5,815
131 Investments - Unrestricted	\$363,957					\$363,957		\$363,957
142 Prepaid Expenses and Other Assets	\$28,071		\$399	\$325		\$28,795		\$28,795
143 Inventories	\$7,434					\$7,434		\$7,434
143.1 Allowance for Obsolete Inventories	-\$870					-\$870		-\$870
150 Total Current Assets	\$675,709		\$21,002	\$45,057		\$741,768		\$741,768
161 Land	\$173,525		\$24,600			\$198,125		\$198,125
162 Buildings	\$17,845,130		\$225,398			\$18,070,528		\$18,070,528
163 Furniture, Equipment & Machinery - Dwellings	\$1,048,954					\$1,048,954		\$1,048,954
164 Furniture, Equipment & Machinery - Administration	\$639,508			\$5,026		\$644,534		\$644,534
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$15,376,102		-\$62,700	-\$871		-\$15,439,673		-\$15,439,673
167 Construction in Progress	\$84,578					\$84,578		\$84,578
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,415,593		\$187,298	\$4,155		\$4,607,046		\$4,607,046
180 Total Non-Current Assets	\$4,415,593		\$187,298	\$4,155		\$4,607,046		\$4,607,046
290 Total Assets	\$5,091,302		\$208,300	\$49,212		\$5,348,814		\$5,348,814

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended December 31, 2021

	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	\$2,353					\$2,353		\$2,353
325 Accrued Interest Payable	\$3,300					\$3,300		\$3,300
333 Accounts Payable - Other Government	\$52,345					\$52,345		\$52,345
341 Tenant Security Deposits	\$50,000		\$400			\$50,400		\$50,400
342 Unearned Revenue	\$14,944					\$14,944		\$14,944
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$68,463					\$68,463		\$68,463
346 Accrued Liabilities - Other	\$10,457					\$10,457		\$10,457
310 Total Current Liabilities	\$201,862		\$400			\$202,262		\$202,262
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,306,631					\$1,306,631		\$1,306,631
350 Total Non-Current Liabilities	\$1,306,631					\$1,306,631		
300 Total Liabilities	\$1,508,493		\$400			\$1,508,893		
508.4 Net Investment in Capital Assets	\$3,040,499		\$187,298	\$4,155		\$3,231,952		\$3,231,952
511.4 Restricted Net Position				\$2,020		\$2,020		\$2,020
512.4 Unrestricted Net Position	\$542,310		\$20,602	\$43,037		\$605,949		\$605,949
513 Total Equity - Net Assets / Position	\$3,582,809		\$207,900	\$49,212		\$3,839,921		\$3,839,921
600 Total Liabilities and Equity - Net	\$5,091,302		\$208,300	\$49,212		\$5,348,814		\$5,348,814

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended December 31, 2021

	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	\$759,900		\$11,100			\$771,000		\$771,000
70400 Tenant Revenue - Other	\$87,045		\$15			\$87,060		\$87,060
70500 Total Tenant Revenue	\$846,945		\$11,115			\$858,060		\$858,060
70600 HUD PHA Operating Grants	\$792,376	\$28,573		\$436,706	\$23,621	\$1,281,276		\$1,281,276
70610 Capital Grants	\$259,295					\$259,295		\$259,295
71100 Investment Income - Unrestricted	\$1,936		\$11			\$1,947		\$1,947
71400 Fraud Recovery				\$6,245		\$6,245		\$6,245
71500 Other Revenue	\$45,213					\$45,213		\$45,213
71600 Gain or Loss on Sale of Capital Assets	\$9,295					\$9,295		\$9,295
70000 Total Revenue	\$1,955,060	\$28,573	\$11,126	\$442,951	\$23,621	\$2,461,331		\$2,461,331
91100 Administrative Salaries	\$189,645			\$9,890	\$7,418	\$206,953		\$206,953
91200 Auditing Fees	\$4,724			\$3,056		\$7,780		\$7,780
91400 Advertising and Marketing			\$72			\$72		\$72
91500 Employee Benefit contributions - Administrative	\$102,245			\$1,123		\$103,368		\$103,368
91600 Office Expenses	\$14,022		\$567	\$2,384		\$16,973		\$16,973
91700 Legal Expense	\$702					\$702		\$702
91900 Other	\$61,087	\$763	\$1,687	\$8,378		\$71,915		\$71,915
91000 Total Operating - Administrative	\$372,425	\$763	\$2,326	\$24,831	\$7,418	\$407,763		\$407,763
92400 Tenant Services - Other	\$80,200				\$1,850	\$82,050		\$82,050
92500 Total Tenant Services	\$80,200				\$1,850	\$82,050		\$82,050
93100 Water	\$22,489		\$58			\$22,547		\$22,547
93200 Electricity	\$167,030		\$400			\$167,430		\$167,430
93300 Gas	\$18,772					\$18,772		\$18,772
93600 Sewer	\$46,582					\$46,582		\$46,582
93800 Other Utilities Expense	\$9,735					\$9,735		\$9,735
93000 Total Utilities	\$264,608		\$458			\$265,066		\$265,066

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended December 31, 2021

	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	\$190,005					\$190,005		\$190,005
94200 Ordinary Maintenance and Operations - Materials and Other	\$78,280					\$78,280		\$78,280
94300 Ordinary Maintenance and Operations Contracts	\$205,905		\$5,674			\$211,579		\$211,579
94500 Employee Benefit Contributions - Ordinary Maintenance	\$108,591					\$108,591		\$108,591
94000 Total Maintenance	\$582,781		\$5,674			\$588,455		\$588,455
95200 Protective Services - Other Contract Costs	\$34,440					\$34,440		\$34,440
95000 Total Protective Services	\$34,440					\$34,440		\$34,440
96110 Property Insurance	\$106,488		\$2,173			\$108,661		\$108,661
96120 Liability Insurance	\$15,260			\$569		\$15,829		\$15,829
96130 Workmen's Compensation	\$6,542			\$263		\$6,805		\$6,805
96140 All Other Insurance	\$2,256		\$233			\$2,489		\$2,489
96100 Total insurance Premiums	\$130,546		\$2,406	\$832		\$133,784		\$133,784
96210 Compensated Absences	\$31,877			\$942		\$32,819		\$32,819
96300 Payments in Lieu of Taxes	\$52,345					\$52,345		\$52,345
96400 Bad debt - Tenant Rents	\$54,913					\$54,913		\$54,913
96000 Total Other General Expenses	\$139,135			\$942		\$140,077		\$140,077
96720 Interest on Notes Payable (Short and Long Term)	\$56,245					\$56,245		\$56,245
96700 Total Interest Expense and Amortization Cost	\$56,245					\$56,245		\$56,245
96900 Total Operating Expenses	\$1,660,380	\$763	\$10,864	\$26,605	\$9,268	\$1,707,880		\$1,707,880

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended December 31, 2021

	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
97000 Excess of Operating Revenue over Operating Expenses	\$294,680	\$27,810	\$262	\$416,346	\$14,353	\$753,451		\$753,451
97200 Casualty Losses - Non-capitalized	\$31,649					\$31,649		\$31,649
97300 Housing Assistance Payments				\$411,586	\$13,120	\$424,706		\$424,706
97400 Depreciation Expense	\$630,394		\$5,834	\$696		\$636,924		\$636,924
90000 Total Expenses	\$2,322,423	\$763	\$16,698	\$438,887	\$22,388	\$2,801,159		\$2,801,159
10010 Operating Transfer In	\$93,839					\$93,839	-\$93,839	
10020 Operating transfer Out	-\$93,839					-\$93,839	\$93,839	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$367,363	\$27,810	-\$5,572	\$4,064	\$1,233	-\$339,828		-\$339,828
11020 Required Annual Debt Principal Payments	\$62,220					\$62,220		\$62,220
11030 Beginning Equity	\$3,922,362		\$213,472	\$43,915		\$4,179,749		\$4,179,749
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$27,810	-\$27,810		\$1,233	-\$1,233			
11170 Administrative Fee Equity				\$47,192		\$47,192		\$47,192
11180 Housing Assistance Payments Equity				\$2,020		\$2,020		\$2,020
11190 Unit Months Available	3433		24	1380		4837		4837
11210 Number of Unit Months Leased	3350		21	934		4305		4305
11270 Excess Cash	\$302,947					\$302,947		\$302,947
11620 Building Purchases	\$245,762					\$245,762		\$245,762
11630 Furniture & Equipment - Dwelling Purchases	\$39,750					\$39,750		\$39,750
11640 Furniture & Equipment - Administrative Purchases	\$24,101					\$24,101		\$24,101



# Audit Solutions, LLC.

Certified Public Accountant

## 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated July 28, 2022.

### **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

July 28, 2022



# Audit Solutions, LLC.

Certified Public Accountant

## **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**

#### ***Opinion on Each Major Federal Program***

I have audited Housing Authority of the City of Brazil (Authority), Indiana'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 Authority's major federal programs for the year ended December 31, 2021. 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.

In my opinion, the Authority 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, 2021.

#### ***Basis for Opinion on Each Major Federal Program***

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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority'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 Authority's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

My 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 Authority's compliance based on my 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 generally accepted auditing standards, *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 Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Authority'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 Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My 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.

*Audit Solutions, LLC*

Chesterfield, Missouri  
July 28, 2022



# Audit Solutions, LLC.

Certified Public Accountant

## 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, 2021 and have issued my report thereon dated July 28, 2022. 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 July 28, 2022, 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  
July 28, 2022

HOUSING AUTHORITY OF THE CITY OF BRAZIL  
Brazil, Indiana

**AGREED UPON PROCEDURES**

December 31, 2021

<b>Procedure</b>	<b>UFRS Rule Information</b>	<b>Hard Copy Document(s)</b>	<b>Agrees</b>
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, 2021

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**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, 2021 disclosed no Financial Statement audit finding.

**Section III - Federal Award Findings and Questioned Costs**

The current audit report for the year ended December 31, 2021 disclosed no Federal Awards audit finding and questioned costs.