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Trainer Biographies

Michael Petro, Vice President of Finance & Senior Associate for Nan McKay and Associates

Mr. Michael Petro, is the Vice President of Finance and a Senior Associate for NMA. He has been with the company since January 2019. Previously, Michael worked briefly for BDO when Casterline Associates, the firm he helped build and manage, combined with BDO's existing housing practice in March 2018. Michael has specialized in LIPH and HCV accounting since 1991 and is considered one of the public housing industry's leading experts in the areas of financial management and accounting for HUD's Public Housing and Housing Choice Voucher programs. He started in the affordable housing industry in the accounting department for a Connecticut PHA. Since then, Michael has worked with over 150 PHAs, ranging from less than 100 to 40,000 units.

Michael has personally trained over 3,500 PHA and HUD personnel and delivered over 120 workshops in 23 states. He is proficient in a number of HUD programs, including Public Housing, Housing Choice Voucher, Capital Fund grants (CFP), Moderate Rehabilitation (Mod Rehab) and New Construction, Rental Assistance Demonstration (RAD), Moving to Work (MTW), Homeownership Opportunities for People Everywhere (HOPE VI), Resident Opportunities and Self-Sufficiency (ROSS), Community Development Block Grants (CDBG), the Financial Data Schedule (FDS) and Public Housing Assessment System (PHAS), and various other programs and grants.

He has developed and administered numerous training sessions for these programs including RAD, CFP, HCV, and public housing, and helped train HUD personnel on VMS reporting and HUD regulations. Michael has a thorough knowledge of HUD's online systems (VMS, Two-Year Tool and FASS-PHA).

Raymond G. Adair, Senior Associate for Nan McKay and Associates

Mr. Raymond Adair, MBA, CGFM, served as the Vice President of Finance and a Senior Associate for NMA from 1994 to 2018. He now serves as a Senior Associate. He has been with the company for over 25 years. Mr. Adair is considered one of the public housing industry's leading experts in the areas of financial management and accounting for HUD's Public Housing and Housing Choice Voucher programs.

Over the years, Mr. Adair has trained hundreds of housing authority staff, executives, and commissioners in the proper application of HUD's fiscal requirements for the Housing Choice Voucher and Public Housing programs, as well as the proper application of governmental GAAP. He has also provided technical assistance, conducted fiscal reviews, and accounting and policy reviews for various housing authorities around the country. In addition, he has extensive knowledge of HUD fiscal requirements for various grant programs, HUD's online systems (VMS and FASS-PH), the use of fee-for-service, and the preparation of indirect cost allocation plans.

Mr. Adair has trained HUD Management staff on HCV financial management and reporting. Mr. Adair helped author HUD's handbook supplement "Changes in Financial Management and Reporting Requirements for Public Housing Agencies under the new Operating Fund Rule." In addition, Mr. Adair provided technical assistance under a contract with HUD for the implementation of asset management to various Public Housing Agencies (large and small). He also led a team of property management professionals who conducted reviews nationally for HUD on whether PHAs had implemented HUD's principles of asset management for the Public Housing Program.

Ronald Urlaub, CPA, President, Urlaub & Company

Ronald Urlaub, CPA, is the President of Urlaub & Co., PLLC., Certified Public Accountants, an accounting firm located in Ada, Oklahoma. The firm specializes in providing accounting services for housing agencies as well as other governmental and nonprofit entities. Over the last 18 years, services provided by Urlaub & Co., PLLC, include performing financial audits and attestation services, fraud investigations, development of accounting policies and procedures for PHAs, establishing quality control programs, and assisting PHAs in their conversion to the asset management model.

Mr. Urlaub graduated from East Central University in 1988. He is a frequent lecturer and trainer for numerous groups at the state, regional and national level, including the American Institute of Certified Public Accountants (AICPA), the AHACPA, state CPA societies, and State Auditor Offices. He has participated in several HUD contracts, including the development of the Changes in Financial Management and Reporting Handbook released by HUD, performed stop-loss submission reviews, and served as an instructor for HUD's sponsored asset management training seminars. Mr. Urlaub is a member of American Institute of Certified Public Accountants (AICPA), Oklahoma Society of Certified Public Accountants, Association of Government Accountants (AGA) and the Affordable Housing Association of Certified Public Accountants (AHACPA). Mr. Urlaub is also a contractor for Nan McKay and Associates, where he is a member of the Financial Services Consulting and Training team.

Maria Urlaub, CPA, Urlaub & Company

Maria graduated from East Central State University in May of 1997 with a Bachelor of Science degree in Business Administration with a GPA of 3.71. She has been with the firm since 1996. Her responsibilities include the preparation of monthly financial statements and Financial Data Schedules. She has developed and presented several presentations for conferences at the local, regional, and national level. She has also participated as a contractor for the HUD stop loss reviews. Maria assists with special projects including writing articles for the monthly newsletter. She has also been assigned as a staff auditor and has participated in audits including housing agencies and nonprofit clients. In 2008, Maria passed her CPA exam to practice public accounting.

CHAPTER 1 **Governmental GAAP Basics**

SECTION 1.1 WHAT IS GAAP?

GAAP is short for generally accepted accounting principles.

Generally accepted accounting principles help accounting professionals determine what transactions to record, when to record transactions, and what reporting format to use.

Two rule-setting boards establish GAAP:

- The Financial Accounting Standards Board (FASB) establishes accounting standards for the private sector (commercial entities and not-for-profits)
- The Governmental Accounting Standards Board (GASB) establishes accounting standards, known as GASB-GAAP, for governmental entities.

Both the FASB and the GASB are subject to oversight by the Financial Accounting Foundation (FAF), which selects the members of the FASB and the GASB and funds both organizations.

Prior to the formation of the GASB, governmental accounting standards were loosely defined and not uniformly followed.

The movement to establish accounting standards for government entities was actually initiated by forces in the private sector:

- To raise capital, government entities had to rely more and more on the issuance of debt
- The primary source of debt financing for governments is bonds
- To issue bonds, governments needed credit-rating agencies to evaluate their creditworthiness
 - Prior to the formation of the GASB, credit-rating agencies had no way of uniformly evaluating the creditworthiness of government entities
 - GASB accounting standards gave credit-rating agencies a uniform set of accounting rules by which to evaluate the creditworthiness of government entities

GASB-GAAP *does not apply* to the following entities:

- The federal government and its various agencies and departments
- Not-for-profit organizations (unless they are government not-for-profits)

GASB-GAAP *applies* to the following entities:

- State governments
- Local governments (e.g., cities, towns, counties, and villages)
- Public authorities (e.g., housing finance, water, and airport authorities)
- Governmental colleges and universities
- School districts
- Public employee retirement systems
- Public hospitals and other health-care providers
- Entities administering HUD housing programs

The requirement that entities must submit financial data to HUD in accordance with GASB-GAAP was finalized and published in the *Federal Register* on Sept. 1, 1998 (*Federal Register*, Vol. 63, No. 169.)

PHAs administering public housing, housing choice vouchers, other assisted housing, and multifamily insured housing programs must now submit financial data to HUD in accordance with GASB-GAAP.

Hierarchy of Governmental Accounting Standards

The American Institute of Certified Public Accountants (AICPA) established the level of authority for accounting principles for governments in its Statement of Auditing Standards No. 69 (SAS-69).

SAS-69 created four authority levels in the application of government accounting standards:

- Level A (the highest level)
 - GASB statements
 - GASB interpretations
 - AICPA and FASB pronouncements made applicable to state and local governments by the GASB
- Level B
 - GASB technical bulletins
 - AICPA industry audit and accounting guides (with approval by the GASB)
 - AICPA statements of position (with approval by the GASB)
- Level C
 - AICPA AcSEC (Accounting Standards Executive Committee) practice bulletins (with approval by the GASB)
- Level D
 - Implementation guides (Q&As) published by the GASB
 - Industry practices that are *widely recognized and prevalent in state and local governments*

GASB 20 requires that proprietary funds apply all applicable GASB statements and the following pronouncements issued on or before 11/30/89:

- FASB statements
- FASB interpretations
- APB opinions
- Accounting research bulletins

Resources

The following resources are available for guidance on how to apply GASB-GAAP standards:

- GASB website: www.gasb.org
- *Governmental Accounting and Auditing Disclosure Manual*
 - A publication updated annually by Allan B. Afterman and Rowan H. Jones (Warren, Gorham & Lamont)
 - Available at: www.riahome.com
- *Governmental Accounting, Auditing, and Financial Reporting* (commonly referred to as the “Blue Book”)
 - A publication updated annually by Michele Mark Levine and Todd Buikema (Government Finance Officers Association)
 - Available for purchase at: <https://www.gfoa.org/blue-book>
- *Governmental GAAP Guide*
 - A publication updated annually by Eric S. Berman
 - Available for purchase at: <https://www.cchcpelink.com/book/governmental-gaap-guide-2021-10016980-0013/18288/>
- *HUD PHA GAAP Conversion Guide*
 - A 2000 guide developed by HUD to assist PHAs in the process of converting to GAAP.
 - Available at: www.hud.gov/sites/documents/DOC_26235.PDF
- HUD’s Real Estate Assessment Center (REAC) website: www.hud.gov/program_offices/public_indian_housing/reac/
- *PHA GAAP Flyer*
 - A HUD online newsletter on various accounting topics applicable to PHAs.
 - Available at: www.hud.gov/program_offices/public_indian_housing/reac/products/fass/pha_flyers
- *Wiley GAAP for Governments*
 - A publication updated annually by Warren Ruppel (John Wiley & Sons, Inc.)
 - Available at: www.wiley.com

SECTION 1.2 UNDERSTANDING THE KEY CONCEPTS OF GOVERNMENTAL ACCOUNTING

There are three key concepts that differentiate accounting and financial reporting for governments from accounting and financial reporting for private entities:

- Use of fund accounting
- Basis of accounting that is used
- Measurement focus used by a fund

Fund Accounting

Fund is defined as a separate entity for accounting and financial reporting purposes, or a self-balancing set of accounts that record assets, liabilities, and operating activities.

This means that a balance sheet (Statement of Net Position) and an operating statement (Statement of Revenues, Expenses, and changes in Net Position) can be prepared for each fund.

This *does not* mean that a fund's financial statements include all of the accounts for assets and liabilities that would be found on a private entity's financial statements.

The accounts included on a fund's financial statements are based on the type of fund. (Fund types will be explained later in this section.)

Funds are used in governmental accounting for the following reasons:

- Governmental entities traditionally have numerous programs and funding sources that must be accounted for effectively and efficiently
- Before accounting systems were automated, governmental entities commonly had to maintain separate bank accounts, to account for the receipt and use of resources for various programs
- By using funds, government entities can track programs and funding sources without having separate bank accounts for each one

In the context of a PHA, the PHA will typically establish a “fund” for each type of program and business activity they operate in order to separately account and report on each program and activity.

Determining the Number of Funds to Establish

Neither the GASB nor HUD requires that a PHA establish a particular number of funds. The number of funds to establish is entirely up to each PHA.

In making a decision to establish a fund, for either current or new programs, a PHA should keep the following in mind:

- Establish a separate fund for any program that is legally required to have one
- Establish only the number of funds that are needed to maintain financial control
- Remember that program control may be achieved better by expanding general ledger account codes than by adding new funds

The Basis of Accounting Used by Governments

Basis of accounting refers to when revenues, expenditures, expenses, and transfers are recognized and reported in financial statements.

There are essentially two bases of accounting used by governmental entities:

- The full accrual basis, which is used with the economic resources measurement focus
- The modified accrual basis, which is used with the current financial resources measurement focus

In governmental accounting, the basis of accounting used depends on fund type. (Fund types will be explained in detail later in this section.)

Under the **full accrual basis of accounting**:

- Transactions are recorded when they occur
 - Revenues are recorded when earned or when there is a right to receive them
 - Expenses are recorded when incurred – typically when the expenses relate to the earned revenue
- The receipt or disbursement of cash does not determine when transactions are recorded

Under the **modified accrual basis of accounting** (which is a hybrid of the cash and accrual bases):

- Revenues are recognized in the accounting period when they become susceptible to accrual
 - Revenues are considered to be susceptible to accrual when they are measurable and available to finance expenditures of the *current period* (generally within 60 days after year-end)
 - Revenues are available if they are collectible within the current accounting period, or soon enough after to pay liabilities of the current period
- Expenditures normally are recorded when they are incurred

For example, let's look at public housing rents:

- Under the full accrual basis of accounting, rental revenue is recognized at the time it is earned (when billed), regardless of when it is paid
- Under modified accrual, rental revenue is recognized when payment is received (i.e., the cash was received)

Under the modified accrual basis of accounting, some items are treated differently than they are under the accrual basis.

- Depreciation and amortization are not recognized
- There is no accrual for debt service on long-term obligations
 - Under the modified accrual basis of accounting, principal and interest are recognized as expenditures at the time they are paid
- Inventory can be expensed either when purchased (the purchase method) or when used (the consumption method)
- Insurance and similar services do not have to be amortized over fiscal years; they can be fully expensed in the period they are acquired
- There is no bad debt expense
- There is no gain or loss on the sale or disposition of a capitalized asset, since the total cost of a capital asset is expensed at the time of purchase

The Measurement Focus Used by Funds

Measurement focus determines *what* assets and liabilities are reported in the financial statements.

Two types of measurement focus are used in governmental accounting: flow of current financial resources and flow of economic resources.

The measurement focus of a fund contributes to the basis of accounting used.

The flow of current financial resources focus seeks to value and report fund balances as a measure of available, spendable or appropriable resources.

Only current assets and current liabilities are included on the balance sheet:

- No fixed assets are reported, and
- No non-current liabilities are reported.

The flow of economic resources focus seeks to determine the costs of services and the efficiency and effectiveness with which invested capital has been used:

- All assets and liabilities (current or non-current) are included on the balance sheet
- Net position is categorized as restricted, unrestricted and net investment in capital assets.
- Fixed assets are reported

Fund Types

In governmental accounting, funds are classified by activity type. Three activity classifications are used:

- Governmental Funds
- Proprietary Funds (also called business type)
- Fiduciary Funds

As mentioned earlier in this section, each of these fund types will now be explained in detail in the following pages.

Governmental Funds

The source, use and balance of the government's current financial resources and the related current liabilities are accounted for through the use of governmental funds.

Governmental funds seek to measure financial position and the changes in financial position, and often have a budgetary focus.

The main financial statement is the statements of revenues, expenditures, and changes in fund balance.

Government funds use the modified accrual basis of accounting and the flow of current financial resources measurement focus.

There are five governmental fund types:

- General fund
 - Normally the general fund is the primary operating fund of the government.
 - It should account for all activities of the government, unless there is a compelling reason to establish another fund type.
 - It is not uncommon for governmental entities to use the general fund as the central treasury fund, and establish other fund types to track specific transactions of various programs.

SECTION 1.2: Understanding the Key Concepts of Governmental Accounting

- Special Revenue Fund
 - A special revenue fund is used when there are legal restrictions on how a governmental entity can spend particular revenues.
 - If there is no legal requirement to establish a separate fund for a specific revenue collected, GAAP does not require the governmental entity to establish one.
- Capital Projects Fund
 - A capital projects fund is used to account for transactions related to acquisition or construction of major capital facilities.
- Debt Service Fund
 - A debt service fund is used to account for the accumulation of resources, and the payment of interest and principal on all general obligation debt.
 - If a government issues bonds, the bond indentures may require the establishment of a debt service fund.
- Permanent Fund
 - Permanent funds are used to report resources that are legally restricted to the extent that income, not principal, may be used for purposes that support the government's programs.

Proprietary Funds

Proprietary funds account for business-type activities, and use the full accrual basis of accounting and the flow of economic resources measurement focus.

There are two proprietary fund types:

- Enterprise Fund
 - An enterprise fund is used when there is intent to recover all costs and possibly make a profit.
 - This fund type is intended to cover activities conducted as they would be in a private business enterprise.
- Internal Service Fund
 - An internal service fund is used to account for goods and services provided by one department or agency to another, and not intended for the general public.
 - The establishment of an internal service fund is completely at the discretion of the government.
 - There are no circumstances under which GAAP requires this type of fund.

SECTION 1.2: Understanding the Key Concepts of Governmental Accounting

Fiduciary Funds

Governments establish fiduciary funds when they have a custodial responsibility for assets. Fiduciary funds use the full accrual basis of accounting and the flow of economic resources measurement focus.

There are four fiduciary fund types:

- Pension trust fund
 - A pension trust fund is used when a government manages pension or other long-term employee benefit plans.
- Agency Trust Fund
 - An agency trust fund is used when a government acts as an agent on behalf of another government agency, such as by collecting tax revenue for it.
- Private Purpose Trust Fund
 - A private purpose trust fund is used when funds are designated for the benefit of specific individuals, private organizations, or other governments.
- Investment Trust Fund
 - An investment trust fund is used to account for external investment pools.

Special Account Groups

Entities that choose to use any of the governmental fund models (general fund, special revenue fund, capital projects fund, debt service fund or permanent fund) also have the option of using two special account groups, as applicable:

- General Fixed Assets Account Group
- Long-term Debt Account Group

General Fixed Assets Account Group

This group is used when a government wishes to track assets even though they have been expensed at the fund level; it is not a fund.

Amounts recorded in the fixed assets account group are recorded on the combined balance sheet of a governmental reporting entity.

Normally, the fixed assets of governmental funds (other than those accounted for in proprietary funds or trust funds) are considered general fixed assets and are accounted for in the general fixed asset account group.

Fixed assets are not recorded at the fund level because governmental funds use the current financial resources measurement focus.

- Fixed assets are not considered to represent current financial resources available for expenditure under this measurement focus.
- They are considered a use of financial resources for which accountability should be maintained.
- They are considered assets of a governmental entity as a whole, not assets of individual funds.

The fixed assets account group allows a governmental entity to maintain accountability of its fixed assets.

Fixed assets are items that are capitalized by a governmental entity. The determination to capitalize an asset is based on the capitalization policy of a governmental entity.

Neither HUD nor the GASB mandates a dollar threshold for the capitalization of fixed assets.

SECTION 1.2: Understanding the Key Concepts of Governmental Accounting

Long-Term Debt Account Group

The long-term debt account group is a listing of the long-term debts of the various governmental funds and is not a fund.

This account group is used by a government that wants to track the principal balance of long-term debt, even though payments of principal and interest have been expensed at the fund level.

The following is a list of long-term liabilities incurred by governmental funds that are normally recorded in this account group:

- Demand bonds
- Advance refundings
- Bonds
- Special assessment debts
- Special termination benefits
- Capital leases
- Compensated absences
- Judgments and claims

In Summary

With regard to PHAs and how they report the HCV program, the two fund types that are used are:

- Governmental: Special Revenue Fund, which uses the modified accrual basis of accounting.
- Proprietary: Enterprise Fund, which uses the full accrual basis of accounting.

Of the two, the most common fund type used is the Enterprise Fund.

Those PHAs that use a special revenue fund to account for the HCV program are typically part of a larger primary government such as a city, county, or state.

Notes

SECTION 1.3 GASB – REPORTING MODEL

The GASB issued Statement No. 34 in June 1999, which redefined accounting and reporting requirements for state and local governments, and other special-purpose governments (including PHAs).

The purpose of GASB Statement No. 34 was to provide more understandable and useful financial reports than the previous model. It was fully required and implemented by 2004. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was issued in June of 2011, introducing two financial reporting categories, deferred outflows of resources and deferred inflows of resources, based on guidance brought forth in Concepts Statement No. 4, *Elements of Financial Statements*. This statement also amended GASB Statement No. 34 in the reporting requirements related to net assets (equity portion of the previously reported Statement of Net Assets). This GASB Statement is effective for governments, including PHAs, for fiscal years ending December 31, 2012 and later.

There are unique features of the various GASB statements that impact how a PHA's financial statements are presented.

The following is a discussion of each of these features.

Unique Feature 1: Two Levels of External Financial Reports

GASB 34 creates two levels of external financial reports:

- Level 1 – Fund Financial Statements
- Level 2 – Government-Wide Financial Statements

Level 1 - Fund Financial Statements

Most PHAs are probably familiar with this reporting model, since this is the model they have been using. There is a fund balance sheet and fund income statement.

The basis of accounting used will depend on the fund type (i.e., governmental funds will report using the modified accrual basis of accounting and enterprise funds will report using the full accrual basis of accounting).

One of the differences at this level of reporting is that the governmental entity will only include *major funds*.

A major fund satisfies both of the following criteria:

- Total assets, liabilities, revenues, or expenses of the fund are equal to or greater than 10% of the total for these items for all funds of the same type (governmental or enterprise)
- Total assets, liabilities, revenues, or expenses of the fund are equal to or greater than 5% of the total for those items for all funds combined (governmental and enterprise)

Level 2 - Government-Wide Financial Statements

As well as individual fund financial statements, the activities of the PHA will also be combined into an “entity-wide” financial statement.

This means that revenues and expenses that are reported individually in funds at Level 1 could be combined into activity categories, which could lump together several funds.

For entity-wide financial statements the basis of accounting **must be full accrual**.

PHAs that are already using the enterprise model under GAAP accounting will have no conversion issues when reporting using the GASB 34 model.

There is a balance sheet, income statement and statement of cash flows at this level.

- **Note:** The statement of cash flows will be a required part of the audit report and submitted as part of the attached financial reports during the audited submission to REAC.
- However, PHAs will not be preparing a statement of cash flows at the FDS reporting level.

The activities of the government will be separated into governmental and business type activities on the Statement of Net Activities and the Statement of Activities.

Unique Feature 2: Capitalization of Infrastructure Assets

GASB 34 requires the capitalization of infrastructure assets, which includes things like bridges, roads, water & sewer plants, sidewalks, etc.

In the past, governments expended these items. This change probably will not impact Housing Choice Voucher-only PHAs.

Unique Feature 3: MD&A

GASB 34 requires the inclusion of a document called “Management’s Discussion and Analysis” (MD&A)

MD&A is “a narrative which should provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions.”

At a minimum, the GASB requires the MD&A to include:

- A brief overview of the financial statements
- Condensed financial information comparing the current year with the prior year
- An analysis of the entities' overall financial position
- A description of significant capital assets and long-term debt activity during the year
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect

The MD&A is a required component of a PHA's audited submission to REAC. PHAs should not include non-required information in the MD&A. (See GASB 37 for clarifications the GASB made to the requirements of the MD&A.)

The MD&A should not attempt to predict the future; it should be based on events that have already occurred and decisions that have already been made as of the date of the auditor's report.

The GASB encourages the use of charts, graphs, and tables to make the MD&A easier for readers to comprehend.

The MD&A should be compiled by PHA management, not the PHA’s auditor.

REAC is not currently planning to provide a template, as the GASB discourages such a practice. However, a PHA can find samples of MD&As in:

- Private company financial reports
- Accounting publications
- State and local government financial reports

(See Exhibit 1.3-3 on page 1.3-11 for a sample MD&A for a housing authority.)

Unique Feature 4: Balance Sheet at Entity-Wide Level

GASB Statement No. 34 prescribed how the balance sheet should look at the entity-wide reporting level (See Exhibit 1.3-1 for an example of the format REAC will use.). Per GASB Statement No. 34, the balance sheet presented was titled “Statement of Net Assets.” Equity accounts were labeled net assets.

GASB Statement No. 63 changed not only the presentation of the balance sheet, now titled the Statement of Net Position, but the naming of the individual equity accounts. These changes can be summarized in the following table:

GASB Statement No. 34 terminology	GASB Statement No. 63 terminology
“Net Assets”	“Net Position”
“Unrestricted Net Assets”	“Unrestricted Net Position”
“Restricted Net Assets”	“Restricted Net Position”
The phrase “Investment in Capital Assets, net of related debt”	“Net Investment in Capital Assets”
“Statement of Net Assets”	“Statement of Net Position”

The basic purpose of the issuance of GASB Statement No. 63 was to lay the groundwork and reporting model for the future identification of these new financial elements. The focus of this reporting model is the identification and reporting of resources.

A resource, as defined by Concept Statement No. 4, is an item that can be drawn on to provide services to the citizenry. With this concept of resources being the focus, GASB Statement No. 63 introduced two new financial elements to the Statement of Financial Position, what was formerly the balance sheet or Statement of Net Assets:

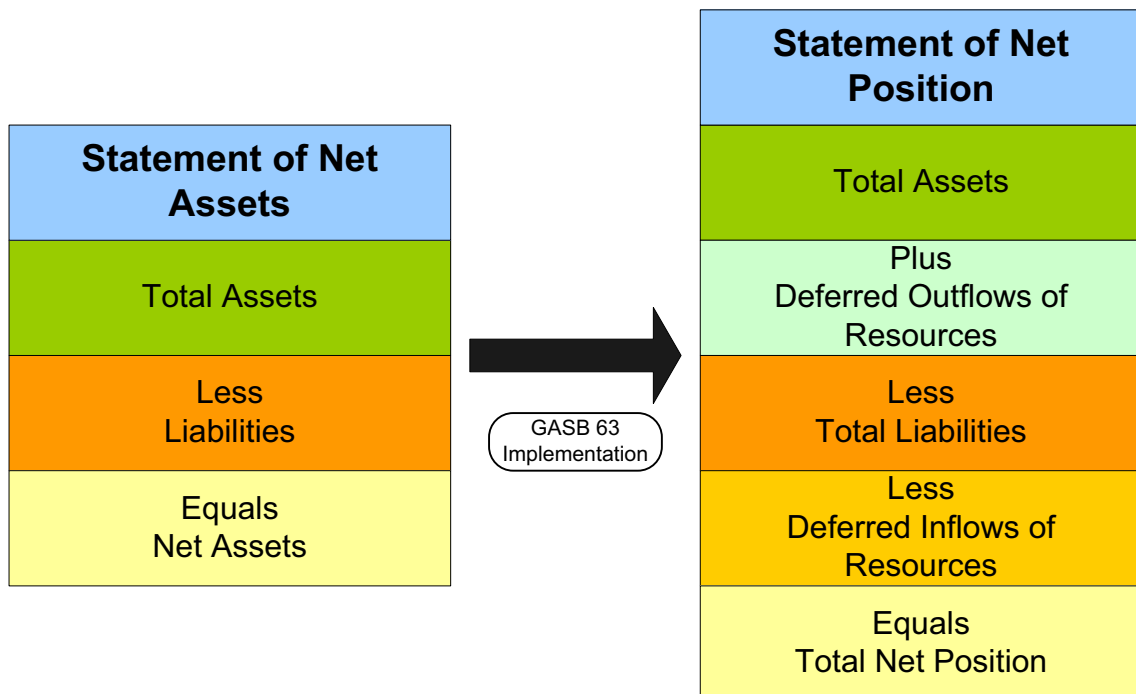
- Deferred outflows of resources
- Deferred inflows of resources

Deferred outflows of resources is defined by Concepts Statement No. 4 as a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources is defined by Concepts Statement No. 4 as an acquisition of net assets by the government that is applicable to a future reporting period.

The statement also changed deferred revenue to unearned revenue. Although the name changed, the use of this account did not change. It still represents revenue received before it has been earned.

With this in mind, the Statement of Net Position changed the format from the Statement of Net Assets as follows:



SECTION 1.3: GASB – Reporting Model

The July 2013 FASS-PH system release added the following line items to the FDS:

- 200-Deferred Outflow of Resources
- 290-Total Assets and Deferred Outflow of Resources
- 400-Deferred Inflow of Resources
- 508.4-Net Investment of Capital Assets
- 511.4-Restricted Net Position
- 512.4-Unrestricted Net Position

It also changed the title of FDS Line Item 342 from deferred revenue to unearned revenue.

Note: GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued in March of 2012 and is effective for fiscal years ending December 31, 2013. This statement clarifies a bit further as to exactly what items should be classified as a deferred outflow or inflow of resources.

Unique Feature 5: Income Statement at Entity-Wide Level

GASB 34 and 63 prescribes how the income statement should look at the entity-wide reporting level. (See Exhibits 1.3-2 and 1.3-3 for examples of the format REAC will use.)

The income statement at the entity-wide level is called the “Statement of Activities,” and focuses on the net cost of activities.

- Remember that activities may combine the income and expenses of several funds, depending on how activities are defined by the governmental entity.
- For REAC submission purposes, PHAs will be submitting financial data primarily on a fund basis that has been converted to the GASB 34 and 63 model.
- The entity-wide statement of net assets and statement of activities are created in the REAC system as a report by consolidating the PHA’s individual FDS program data.

For reporting by special-purpose governments engaged only in business-type activities:

- Paragraph 138 of GASB 34 provides that special-purpose governmental agencies engaged only in business-type activities should only present the financial statements required for enterprise funds.
- Housing authorities, for the majority of the time, are considered as a business-type activity.
- The required financial statements include:
 - Statement of Net Position (GASB 63 change)
 - Statement of Revenues, Expenses, and Changes in Net Position (GASB 63 change)
 - Statement of Cash Flows (Direct Method)
 - Notes to the Financial Statements
 - MD&A, and other Required Supplementary Information (RSI) if applicable.

Exhibit 1.3-1 Sample Statement of Net Position

Anywhere Housing Authority

Statement of Net Position

Proprietary Fund

December 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents:

Unrestricted	\$ 441,889
--------------	------------

Restricted	621,647
------------	---------

Investments	231,113
-------------	---------

Accounts Receivable (Net of Allowance)	2,197
--	-------

Prepaid Items	5,755
---------------	-------

Total Current Assets	1,302,601
-----------------------------	-----------

Noncurrent Assets:

Capital Assets

Land & Construction in Progress	-
---------------------------------	---

Other Capital Assets, Net of Depreciation	5,700
---	-------

Total Capital Assets	5,700
----------------------	-------

Total Noncurrent Assets	5,700
--------------------------------	-------

Total Assets	1,308,301
---------------------	-----------

LIABILITIES

Current Liabilities:

Accounts Payable	19,880
------------------	--------

Accounts Payable - Other Government	8,751
-------------------------------------	-------

Wages/Payroll Payable	37,380
-----------------------	--------

Deferred Revenue	218
------------------	-----

Accrued Employee Leave (current)	22,172
----------------------------------	--------

Other	20,768
-------	--------

Total Current Liabilities	109,169
----------------------------------	---------

Noncurrent Liabilities:

Accrued Employee Leave (net of current)	34,762
---	--------

Other	83,071
-------	--------

Total Noncurrent Liabilities	117,833
-------------------------------------	---------

Total Liabilities	227,002
--------------------------	---------

NET POSITION

Investment in Net Capital Assets	5,700
----------------------------------	-------

Restricted for-Housing Assistance Payments	517,808
--	---------

Unrestricted	557,791
--------------	---------

Total Net Position	\$ 1,081,299
---------------------------	--------------

Exhibit 1.3-2 Sample Statement of Revenues, Expenses, and Changes in Net Position

Anywhere Housing Authority

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the year ended December 31, 2020

OPERATING REVENUES

Operating Grants	7,114,941
Other Revenue	465,474
Total Operating Revenues	<u>7,580,415</u>

OPERATING EXPENSES

Administrative	629,877
Tenant Services	92,594
Maintenance	3,833
Insurance/General	71,393
Housing Assistance Payments	7,262,007
Depreciation	1,036
Total Operating Expenses	<u>8,060,740</u>

Net Operating Income (Loss)	<u>(480,325)</u>
------------------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Interest Income	3,593
Net Nonoperating Revenues (Expenses)	<u>3,593</u>

Change in Net Position	(476,732)
-------------------------------	-----------

Net Position-Beginning of Year	1,558,031
--------------------------------	-----------

Net Position-End of Year	<u><u>\$ 1,081,299</u></u>
--------------------------	----------------------------

*Anywhere Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2020*

Introduction

This Management's Discussion and Analysis (MD&A) of the Anywhere Housing Authority (Authority) provides an introduction and overview to the financial statements of the Anywhere Housing Authority for the fiscal year ended December 31, 2020. The Anywhere Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2020, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Anywhere Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has three individual programs. These include the Housing Choice Voucher Program, the FUP Program, and the HCRI (Housing Cost Reduction Initiative) Program.

- The Housing Choice Voucher Program provides rental assistance to aid low income families afford decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Authority currently has 1,190 units available. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.
- The FUP Program provides assistance with rent to families in jeopardy of losing their children due to a lack of adequate housing.
- HCRI (Housing Cost Reduction Initiative) Program provides down payment grants and foreclosure assistance for low to moderate income families.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2020, to determine the net change in Net Position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2020.

Financial Highlights

The Anywhere Housing Authority's Net Position decreased from \$1,558,031 to \$1,081,299, a decrease of \$476,732 or 31%. Total assets also decreased by \$450,392 or 26%.

Total revenue decreased from \$8,172,337 to \$7,584,008, a decrease of \$588,239 or 7%.

Total expenses increased by \$251,714, from \$7,809,026 to \$8,060,740 for the current year. This represents an increase of 3%.

*Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020*

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2020, and December 31, 2019.

Summary Statement of Net Position

Category	FYE 2020	FYE 2019	Change \$	Change %
Current Assets	\$ 1,302,601	\$ 1,751,956	\$ (449,355)	-26%
Noncurrent Assets	\$ 5,700	\$ 6,737	\$ (1,037)	-15%
Total Assets	\$ 1,308,301	\$ 1,758,693	\$ (450,392)	-26%
Current Liabilities	\$ 109,169	\$ 110,414	\$ (1,245)	-1%
Noncurrent Liabilities	\$ 117,833	\$ 90,248	\$ 27,585	31%
Total Liabilities	\$ 227,002	\$ 200,662	\$ 26,340	13%
Unrestricted	\$ 557,791	\$ 563,828	\$ (6,037)	-1%
Restricted	\$ 517,808	\$ 987,466	\$ (469,658)	-48%
Net Investment in Capital Assets	\$ 5,700	\$ 6,737	\$ (1,037)	-15%
Total Net Position	\$ 1,081,299	\$ 1,558,031	\$ (476,732)	-31%

Current Assets

Current assets decreased by \$449,355 due primarily to the use of restricted cash and investment balances from the previous year. Restricted cash decreased from \$1,084,340 to \$621,647, a decrease of \$462,693. This was due to the reduced funding for the 2020 calendar year from HUD. The 2020 calendar year's funding was reduced by a mandatory offset of available HAP equity in the amount of \$447,507.

Noncurrent Liabilities

Noncurrent liabilities increased by \$27,585 due primarily to higher accrued leave balances. The portion of this balance classified as noncurrent increased by \$22,013 from the previous fiscal year.

Net Position

The net position of the Authority decreased by \$476,732 from the previous fiscal year. As discussed in the earlier current assets section, the decrease was due in large part to the reduction of funding provided by HUD for HAP payments in the 2020 calendar year.

The Authority's unrestricted component of Net Position changed from \$563,828 to \$557,791, a change of \$6,037, or 1% for the current year. The primary reason for the decrease was due to excess operating expenditures over operating revenues for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020

Individual program balances that comprise the unrestricted component of net position are as follows:

Housing Choice Voucher Program	
- Administrative Fee Reserve	\$ 453,818
State/Local	<u>103,973</u>
Total Unrestricted	<u>\$ 557,791</u>

The Authority's restricted component of Net Position decreased from \$987,466 to \$517,808, a decrease of \$469,658 from the previous fiscal year. This decrease was due primarily to the result of the Housing Choice Voucher Program's HAP costs exceeding the HAP funding by \$502,250 for the current year.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

Category	FYE 2020	FYE 2019	Change \$	Change %
HUD Operating Grants	\$ 7,075,653	\$ 7,873,385	\$ (797,732)	-10%
Other Government Grants	\$ 39,288	\$ 70,217	\$ (30,929)	-44%
Interest Income	\$ 3,593	\$ 4,526	\$ (933)	-21%
Fraud Recovery	\$ 7,832	\$ 7,811	\$ 21	0%
Other Revenue	\$ 457,642	\$ 216,398	\$ 241,244	111%
Total Revenue	\$ 7,584,008	\$ 8,172,337	\$ (588,329)	-7%
Administration	\$ 629,877	\$ 738,987	\$ (109,110)	-15%
Tenant Services	\$ 92,594	\$ 72,747	\$ 19,847	27%
Ordinary Maintenance	\$ 3,833	\$ 604	\$ 3,229	535%
General Expense	\$ 71,393	\$ 41,717	\$ 29,676	71%
Housing Assistance Payments	\$ 7,262,007	\$ 6,952,856	\$ 309,151	4%
Depreciation	\$ 1,036	\$ 2,115	\$ (1,079)	-51%
Total Expenses	\$ 8,060,740	\$ 7,809,026	\$ 251,714	3%
Increase (Decrease) in Net Position	\$ (476,732)	\$ 363,311	\$ (840,043)	-231%
Net Position, Beginning Year	\$ 1,558,031	\$ 1,194,720	\$ 363,311	30%
Net Position, End of Year	\$ 1,081,299	\$ 1,558,031	\$ (476,732)	-31%

Results of Operations

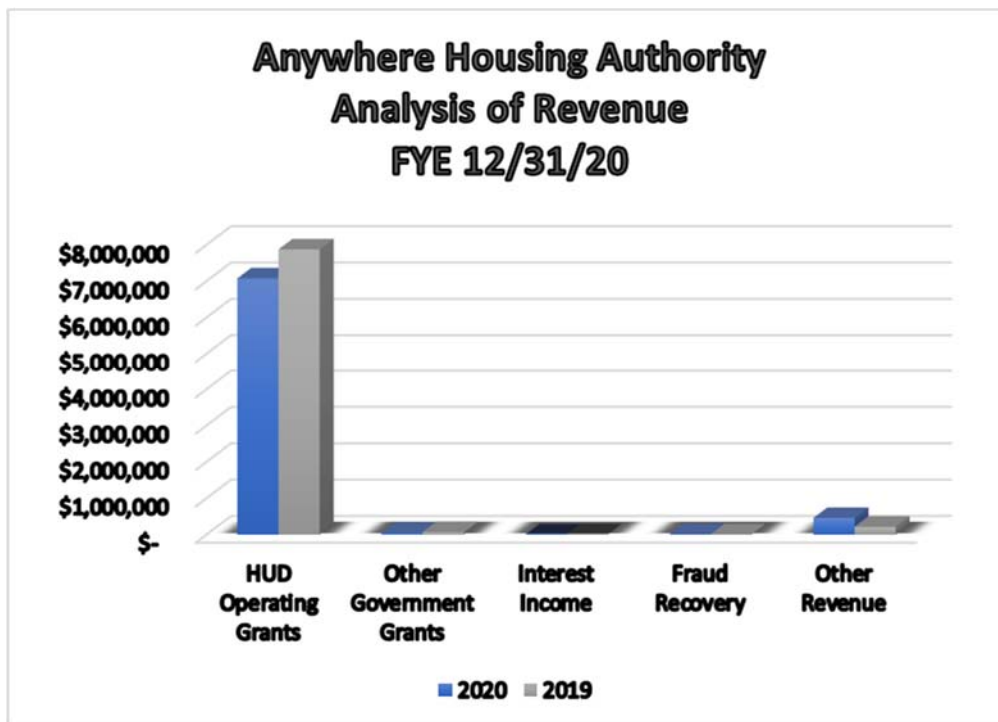
Revenues of the Authority are generated principally Federal and State funding grant income. The Authority's revenue decreased by \$588,329 compared to the previous fiscal year. The decrease in revenue was primarily a decrease of HUD operating funding as a result of the offset to available RNP balances mandated by the 2020 Appropriations Act and lower administrative fee funding levels. Other revenue increased due to a higher number of portability-in units administered in the current year.

*Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020*

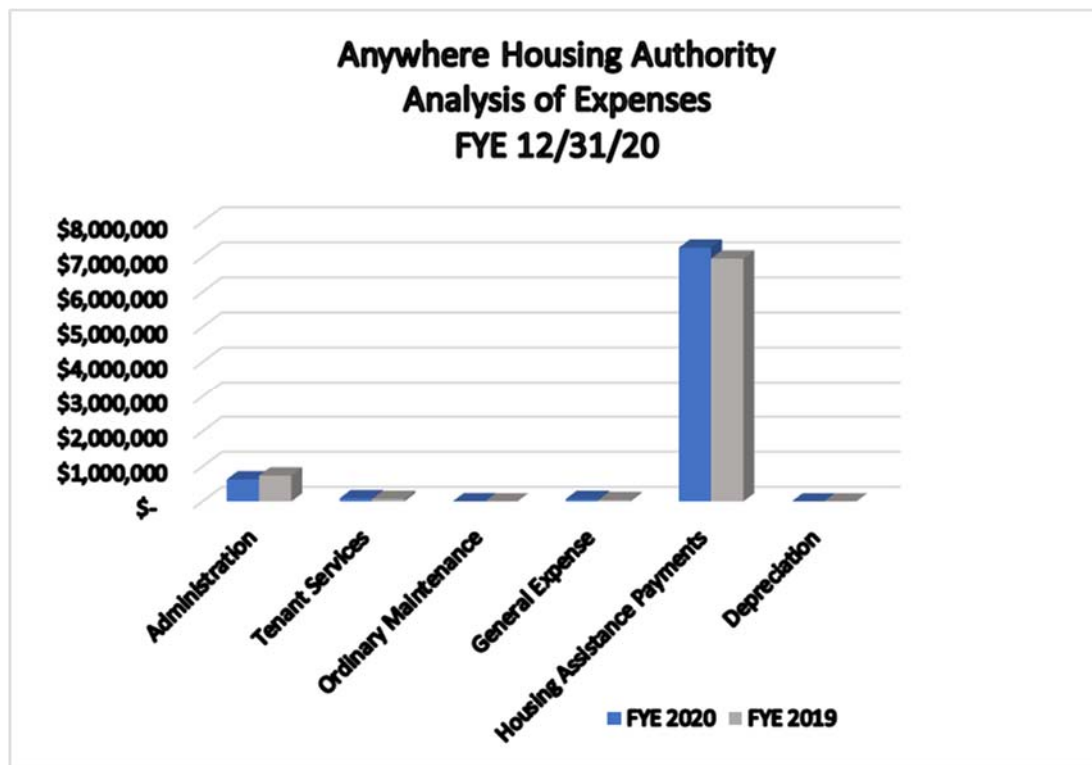
Total expenses increased by \$251,714. Significant variances include the following:

- Administration costs decreased by \$109,110 due primarily to a reduction of staffing and benefit costs. Administrative salary and benefit cost decreased by \$118,638 from the previous year.
- Housing Assistance Payments increased by \$309,151. This was due to an increase in portability-in units leased as compared to the previous year. Leased units from portability-in units increased from 179 in 2019 to 2020 573 in 2020. The increased costs associated with these units totaled \$238,839.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



*Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020*



Capital Assets

As of December 31, 2020, the Anywhere Housing Authority's net investment in capital assets was \$5,700. This investment includes building improvements and equipment.

Category	FYE 2020	FYE 2019	Change \$	Change %
Land	\$ -	\$ -	\$ -	
Buildings	\$ 15,546	\$ 15,546	\$ -	0%
Equipment	\$ 96,524	\$ 96,524	\$ -	0%
Construction in Progress	\$ -	\$ -	\$ -	
Accumulated Depreciation	\$ (106,370)	\$ (105,333)	\$ (1,037)	1%
Total Net Fixed Assets	\$ 5,700	\$ 6,737	\$ (1,037)	-15%

*Anywhere Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2020*

Long-Term Debt Activity

The Authority classifies a portion of the employee's leave as long term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$34,762, a net increase of \$22,013 from the previous year. The Authority also classifies a portion of the FSS escrow balance as long-term. The balance at December 31, 2020 was \$83,071, a net increase of \$5,572 from the previous year.

Subsequent Event

The amount of funding for the 2021 calendar year funding for the Housing Choice Voucher Program has not been finalized by HUD. Projections discussed for the year have included the proration of administrative fees being funded at 81% and HAP funding at 99%. These funding levels will result in lower revenues and a decreased level of services that can be supported in the upcoming fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Anywhere Housing Authority
Executive Director
100 Main Street
Anywhere, USA

Unique Feature 6: Statement of Cash Flows

GASB 34 prescribes how the statement of cash flows must be completed. Traditionally, the indirect method has been used by governments, but GASB 34 requires that it be prepared using the direct method.

(See Exhibit 1.3-4 for an example of a statement of cash flows for the Anywhere Housing Authority.)

The statement of cash flows is divided into five sections:

- Cash Flows from Operating Activities, which contains items such as:
 - Cash receipts from customers (e.g., tenants, governments and others)
 - Cash receipts from interfund services
 - Other operating cash receipts, if any
 - Cash payments to employees for services
 - Cash payments to suppliers of goods or services (i.e., vendors and contractors)
 - Cash payments for interfund services used
- Cash Flows from Noncapital Financing Activities - subsidies and transfers from (or to) other funds and state government will be shown in this section
- Cash Flows from Capital and Related Financing Activities, which contains items such as:
 - Proceeds from the issuance of capital debt
 - Capital contributions
 - Acquisitions of capital assets
 - Proceeds from the sale of capital assets
 - Principal and interest paid on capital debt

SECTION 1.3: GASB – Reporting Model

- Cash Flows from Investing Activities, which contains items such as:
 - Loans to other funds
 - Loans to other governments
 - Interest and dividends
 - Purchase of investments
- Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
 - When the direct method is used there must also be a reconciliation between the net cash flows provided or used by operations with net operating income.

Exhibit 1.3-4 Sample Statement of Cash Flows

Anywhere Housing Authority Statement of Cash Flows Proprietary Fund Type For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Grantor	\$ 7,114,225
Cash Received from Misc. Sources	493,792
Cash Payments for Housing Assistance	(7,275,810)
Cash Payments to Employees for Services	(364,125)
Cash Payments to Vendors	<u>(406,484)</u>

Net Cash Used by Operating Activities (438,402)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(207,330)
Interest Received	<u>3,593</u>

Net Cash Used by Investing Activities (203,737)

CASH FLOW FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Property and Equipment Purchased	<u>-</u>
----------------------------------	----------

Net Cash Used by Capital and Related Financing Activities -

Net Increase (Decrease) in Cash (642,139)

Cash and Cash Equivalent-Beginning of Year 1,705,675

Cash and Cash Equivalent-End of Year \$ 1,063,536

Reconciliation to Cash Accounts

Cash Equivalents-Unrestricted 441,889

Cash Equivalents-Restricted 621,647

Total Cash Equivalents \$ 1,063,536

Anywhere Housing Authority Statement of Cash Flows-cont. Proprietary Fund Type For the Year Ended December 31, 2020

RECONCILIATION OF NET OPERATING INCOME (LOSS)

TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Net Operating Income (Loss)	\$ (480,325)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	1,036
Increase in Accounts Receivable	(18,851)
Increase in Prepaid Expenses	(5,755)
Decrease in Accounts Payable	(7,403)
Increase in Wages Payable	16,787
Increase in Accrued Employee's Leave	31,383
Increase in Other Liabilities	<u>24,726</u>

Net Cash Used by Operating Activities \$ (438,402)

The notes to the financial statements are an integral part of this statement.

CHAPTER 2 **The HUD Chart of Accounts & Key Accounting Transactions in the HCV Program**

Introduction

The HUD chart of accounts was modified in 1999 to accommodate the requirement to report financial data in accordance with GAAP and again in 2008 to accommodate the conversion of the public housing program to asset management. Although the majority of the changes made in 2008 impact the public housing program, some did impact the HCV program.

The original regulatory chart of accounts was printed in HUD Guidebook 7510.01, *Public and Indian Housing Low-Rent Technical Accounting Guide*.

The current GAAP chart of accounts is found in REAC publication *Financial Data Schedule Line Definition Guide*.

PHAs are not required to use the HUD chart of accounts, but it is recommended, as it will make it easier to enter year-end financial information into the correct FDS line number.

The FDS Line Definition Guide uses the following account formats:

- Balance sheet accounts are three-digit numbers with a possible one-digit extension, or use a details link to add additional detail.
 - Example, one-digit extension: 126.1
 - Example, details: 125-030
- Income statement accounts are five-digit numbers with a possible details link.
 - Example: 70600
 - Example, details: 70600-010

Although many of the new FDS line items were added to accommodate reporting in the public housing program under asset management, some of the new line items added will also be used in the HCV program. These include:

- More detail in the administrative expense category
- Greater detail when reporting insurance expense

PHAs may obtain a copy of the *Financial Data Schedule Line Definition Guide* by going to the REAC home page and then to Library.

A copy of the *Financial Data Schedule Line Definition Guide* can be found on page 2.15-3.

Looking Ahead

The next section will review some key information about using various FDS line items and provide examples of selected accounting entries. The focus will not be to review every FDS line item in the *FDS Line Definition Guide* but to focus only on those that are used to record HCV program activity as well as some key accounting concepts that are important for the proper use of selected FDS line items. In addition, where HCV program requirements make it necessary to discuss specific HUD guidance for proper program accounting, we will also review how the FDS line items should be used when making accounting entries. For the purpose of our discussion, the use of the term FDS line items or account will mean the same thing, especially where a PHA has adopted the FDS line items as their general ledger main account structure.

SECTION 2.1 CURRENT ASSETS

In the context of the HCV Program, current assets can be defined as resources expected to be realized or consumed within the PHA's operating cycle, which is typically twelve months. Some of the common current assets found in the HCV Program include:

- Cash
- Investments
- Accounts receivable from other PHAs, local governments, or HUD
- Fraud recovery receivables

We will now take a closer look at some of these.

Notes

SECTION 2.2 RESTRICTED CASH VS. UNRESTRICTED CASH

Restricted cash can generally be defined as cash that is only allowed to be expended for specific purposes. The restriction on the use of the cash must be by someone (an outside entity) other than the PHA. In the case of the HCV program, it is typically Congress or HUD that has placed the restriction on the funds the PHA has received. Examples of restricted cash in the HCV program include: excess HAP funds received and FSS escrow proceeds. Cash reserved by the PHA's Board of Directors or cash set-aside for self-insurance would not be considered restricted for FDS reporting purposes. In the HCV program the typical FDS lines (accounts) that would be used to record restricted cash are:

FDS Line Item	Account Description	Typical Use
113	Cash—other restricted	Excess advances of HAP funds, special grant funds and FSS escrow amounts that have not been invested.
115	Cash—restricted for payment of current liability	Cash being made available to fund a payout of a FSS escrow account to a participant who has completed the program.

Unrestricted cash on the other hand is cash that is available for any program purpose. In the case of the HCV program, this means the cash could be used for the payment of eligible operating expenses (direct and indirect) as well as HAPs.

PHAs should be advised that unrestricted cash in the HCV program does not carry the same meaning that a local entity of government (a state, county, or city) would place on the term. Although we use the terminology unrestricted cash in the HCV program, other than in a very specific circumstance, unrestricted cash in the HCV program can not be used to fund non-HCV program activities of the PHA.

In the HCV program the typical FDS line (account) that would be used to record unrestricted cash is:

FDS Line Item	Account Description	Typical Use
111	Cash—unrestricted	Excess cash accumulated due to the PHA earning more in non-HAP revenue (fees and other) than administrative expenses.

SECTION 2.3 ACCOUNTS RECEIVABLE, ALLOWANCE FOR DOUBTFUL ACCOUNTS, & BAD DEBT EXPENSE

Accounts receivable in the HCV program represent money owed to the PHA, typically from:

- HUD
- Tenants for unreported income and landlords who were overpaid (fraud which will be covered separately)
- Other federal agencies and state and local governments
- Other PHAs under portability (discussed later in a separate section)
- Interest income on investments (discussed later in a separate section)

Accounts receivable are generally considered to be a current asset in that they are expected to be collected within the PHA's operating cycle which is twelve months. PHAs should keep in mind that if they go uncollected the PHA is forgoing cash it could have to pay its obligations.

In the HCV program the FDS line items that would typically be used to book accounts receivable are:

FDS Line Item	Account Description	Typical Use
121	Accounts receivable–PHA projects	Record amounts owed to the PHA under portability provisions of the HCV program.
122	Accounts receivable–HUD other projects	Record amounts due the PHA from HUD. In the HCV program the PHA may end the year with an AR-HUD for HAP and/or admin fees.
124	Accounts receivable–other government	Record amounts due the HCV program from other federal agencies or state and local governments. In some cases PHAs that are not a department or division of a local government may receive commitments from the local entity of government to support the HCV program.
125	Accounts receivable–miscellaneous	Record any type of accounts receivable not classified above.

In addition, not all accounts receivable will actually be collected. GAAP requires that an estimation of uncollectible accounts receivable be made and recorded as an allowance for doubtful accounts under both the full accrual and modified accrual bases of accounting¹. Waiting until an account is written off to recognize an uncollectible loss is not in compliance with GAAP. GAAP requires receivables be recorded at the gross amount and be offset by the portion estimated to be uncollectible. The way in which the uncollectible loss is recorded is based on whether the PHA is using the full accrual basis of accounting or the modified accrual basis of accounting.

Regardless of which basis of accounting the PHA is using, an allowance account will be used in order to report accounts receivable, net of estimated uncollectible amounts. It will be up to the PHA to determine the best method to use in estimating uncollectible amounts. Statement of Financial Accounting Standards (SFAS) No. 5, Accounting for Contingencies, provides guidance on how to make an estimate of uncollectible amounts. Common methods used include:

- Aging of accounts receivable
- Historical information about amounts that go uncollected once booked as a receivable

¹. Remember those PHAs that are treating the HCV program as an Enterprise Fund (the majority) will be using the full accrual basis of accounting and those treating it as a Special Revenue Fund will be using the modified accrual basis of accounting.

SECTION 2.3: Accounts Receivable, Allowance for Doubtful Accounts, & Bad Debt Expense

To accommodate the allowance for doubtful accounts and bad debt expense in the HCV program the following FDS line items have been provided:

FDS Line Item	Account Description	Typical Use
126.2	Allowance for doubtful accounts—other	Record the allowance for doubtful accounts for the following accounts receivable FDS line items: 121, 122, 124, and 125. For FDS reporting, this is a required field if the PHA has entered an amount on 121, 122, 124, or 125.
96600	Bad debt—other	Record bad debt expense related to FDS line items 121, 122, 124, & 125—used only if the PHA is treating the HCV program as an Enterprise Fund.

If the PHA uses the historical method to establish an estimate of uncollectible amounts, it will need to review its past history of collections in order to arrive at a reasonable estimate of the percentage of accounts that are not collected for a period of time. As an example, assume the following historical data about miscellaneous receivables booked and collected in the HCV program:

	Year 1	Year 2	Year 3
Portability amounts booked:	\$5,000	\$4,950	\$4,900
Portability amounts collected:	\$4,800	\$4,850	\$4,750

From this data the percent of miscellaneous receivables uncollected for each year can be calculated as follows:

Year 1 bad debt percent:	$1.00 - (\$4,800/\$5,000) = 4\%$
Year 2 bad debt percent:	$1.00 - (\$4,850/\$4,950) = 2\%$
Year 3 bad debt percent:	$1.00 - (\$4,750/\$4,900) = 3\%$

The average uncollected percent of miscellaneous accounts receivable (bad debt percent) over the past three years is 3%, calculated as follows: $(4\% + 2\% + 3\%) / 3 = 3\%$. Put another way, what we are saying is that historical information is showing that for every \$1 the PHA books as a miscellaneous receivable, 3 cents out of every dollar is not collected.

Recording Uncollectible Amounts—Full Accrual

Using the information from above, if the PHA was treating the HCV program as an Enterprise Fund and it was going to book a Repayment Agreement of \$5,000, 3% of this amount or \$150 would be considered uncollectible. The following journal entries would be used to record this activity:

FDS Line Item	Debit	Credit
96600 – Bad debt–other	\$150	
126.2 – Allowance for doubtful accounts–other		\$150
125 – Accounts receivable–miscellaneous	\$5,000	
71500 – Other revenue		\$5,000

Remember that under GAAP, the recognition of bad debt expense is typically recorded when it is known, not necessarily when bad debt is removed from the accounting records (written off). Writing off bad debts is a separate accounting activity from recording bad debt.

Later if the PHA determined that \$2,000 of a miscellaneous receivable was no longer collectable, the journal entry to write off the amount would be as follows:

FDS Line Item	Debit	Credit
126.2 – Allowance for doubtful accounts–other	\$2,000	
125 – Accounts receivable–miscellaneous		\$2,000

If after writing off this amount, the PHA later collected it, the journal entry to record this activity would be as follows.

FDS Line Item	Debit	Credit
125 – Accounts receivable –miscellaneous	\$2,000	
126.2 – Allowance for doubtful accounts–other		\$2,000
111 – Cash unrestricted	\$2,000	
125 – Accounts receivable –miscellaneous		\$2,000

Recording Uncollectible Amounts—Modified Accrual

For those PHAs treating the HCV program as a Special Revenue fund, as revenues are billed or accrued, the total amount of the billings including the accrual is debited to accounts receivable. The portion of the accounts receivable expected to be collected is credited to revenues, and the portion of the accounts receivable not expected to be collected is credited to the allowance for doubtful accounts. The net revenue approach is necessary because governmental funds account for expenditures, not expenses (i.e., there is no bad debt expense); and the amounts of receivables that are uncollectible do not constitute an expenditure. Therefore, they are treated as a deduction from revenue.

The following are examples of journal entries to book uncollectible amounts using the modified accrual basis of accounting.

The PHA books a miscellaneous receivable in the amount of \$5,000.

FDS Line Item	Debit	Credit
125 – Accounts receivable–miscellaneous	\$5,000	
71500 – Other revenue		\$5,000

The PHA later determines that of this amount \$150 (3%) will not be collected.

FDS Line Item	Debit	Credit
71500 – Other revenue	\$150	
126.2 – Allowance for doubtful accounts–other		\$150

Notice that when using the modified accrual basis of accounting there is no bad debt expense. The amount deemed to be uncollectable is debited against revenue with a corresponding credit to allowance for doubtful accounts.

The PHA now decides to actually write-off an accounts receivable in the amount of \$2,000.

FDS Line Item	Debit	Credit
126.2 – Allowance for doubtful accounts–other	\$2,000	
125 – Accounts receivable–miscellaneous		\$2,000

The PHA now collects amounts that were previously written off.

FDS Line Item	Debit	Credit
111 – Cash unrestricted	\$2,000	
126.2 – Allowance for doubtful accounts–other		\$2,000

Writing Off Accounts Receivable in the HCV Program—Policy Issues

HUD has not provided guidance with regard to writing off accounts receivable in the HCV program. However, HUD does give clear guidance with regard to fraud collections, and also gives much more guidance when it comes to writing off accounts receivable in the public housing program.

The PHA needs to first evaluate the following issues before actually writing off an account receivable in the HCV program. These issues will impact the PHA's collection actions and the accounting entries that must be made once the write-off is actually done.

- Did the PHA perfect its position that a landlord or tenant owed it amounts by obtaining a signed repayment agreement?
 - If a PHA secures a signed repayment agreement, typically this becomes proof that the amounts are owed and it is much easier for the PHA to initiate legal collection procedures against the tenant or landlord.
 - With a signed repayment agreement, the PHA can normally perfect its case in small claims court or (if the amount is over the small claims threshold) it can be used to support its claims in other legal proceedings.
 - If the PHA did not obtain a signed repayment agreement, it may be more difficult to prevail in legal proceedings.
- Was the receivable the result of fraud?
 - If so, the PHA should follow the guidance HUD has provided with regard to fraud receivables found in Notice PIH 2006-3 and at 24 CFR 792.

SECTION 2.3: Accounts Receivable, Allowance for Doubtful Accounts, & Bad Debt Expense

- Were the receivable amounts booked on the HCV program balance sheet?
 - Under the old HUD regulatory method of accounting, PHAs typically did not book an accounts receivable for the amounts owed.
 - They normally recognized any payments received towards a repayment agreement as current period income and would credit either “Other Income” (which HUD recaptured at year-end) or the HAP account, which would give the amounts back to HUD by virtue of the credit entry to the HAP account.
 - Under GAAP, PHAs are required to recognize accounts receivable when known. This means that when they perfect the amount owed, they will book an accounts receivable at that time. The allowance account may also have to be adjusted.
- Keep in mind that other than amounts considered fraud recoveries where the PHA can keep 50% of what is collected, all other collected amounts will be credited as a revenue item that eventually is closed into “HAP Equity.”
 - Under GAAP the repayment amount must be shown as an income item (normally Other Income) and cannot be credited against HAP expense. (Repayment agreement is \$5,000; entry is: debit accounts receivable and credit Other Income.)

Suggested Accounts Receivable Write-off Procedures

PHAs should develop written procedures for accounts receivable write-offs which should include/consider the following items:

- When an account will actually be written off:
 - No payment activity after X days, no longer able to locate the debtor, X demand payments have gone unanswered, person or entity no longer participating in the program, etc.
 - The criteria selected could be all of these or some of these.
 - **Note:** the examples are not meant to be exhaustive.
- The approval process that will be followed
 - For example, who initiates the write-off, what staff must approve write-offs and then who prepares the write-off document for the board to approve.
 - Typically it is good practice to have the board approve write-offs. How often write-offs are approved depends on PHA policy. Some PHAs do this twice a year but at a minimum they should be approved at least once a year before the year is closed.
- Actions that can be taken after an account has actually been written off:
 - A PHA could turn the account over to a collection agency as eventually they might get a portion of what is owed.
 - The PHA may also want to file in small claims court for amounts that are within the small claims court threshold.
 - Another option is to file with the state as some states now have revenue recovery processes. These work by matching social security numbers against any refunds like tax refunds and offsetting amounts that are owed to any state agency before making the refund.

SECTION 2.3: Accounts Receivable, Allowance for Doubtful Accounts, & Bad Debt Expense

- Typically the PHA's bad debt policy should define at what dollar thresholds these activities will be done.
 - For example, let's say the small claims limit is \$5,000. A PHA might have as part of its policy that amounts between \$1,000 and \$5,000 are filed with small claims. Amounts between \$200 and \$999 are turned over to a collection agency, and amounts under \$200, no other action is taken after writing the amount off.
 - The PHA may also want to consider that regardless of the amount written off it will be turned over to revenue recovery.

Determining How a Write-Off Should be Charged Against the Equity Accounts

It is important to understand the effects of writing off an account receivable to the Administrative and HAP Equity accounts.

To determine which equity account that the bad debt will be eventually applied against, you must first determine the origin of the receivable balance:

- Most receivable balances will in some manner be related to the recording of HAP expense. These may consist of landlord overpayments, HAP portion of portability, and/or HUD interest (50%) of fraud cases.
- Receivable balances that are not a result of HAP processing are typically administrative in nature. These may include the overpayment of a vendor, inter-program loans, and/or the PHA portion (50%) of fraud cases.

The origin of the amount owed will dictate the equity account that will be used to record the bad debt.

- **Example:** A PHA has determined that a fraud receivable should be charged to bad debt.
 - Since the receivable was the result of a fraud case, the PHA should charge 50% of the amount as Bad Debt Expense – HAP and 50% of the amount as Bad Debt Expense – Administrative.
 - The next section will explain how this entry should be done.

Notes

SECTION 2.4 FRAUD RECOVERIES

24 CFR 792

In order to encourage PHAs to take actions to identify and collect fraud amounts, HCV program regulations allow PHAs to share in the fraud recovery amounts that are collected.

24 CFR 792.202

HCV program regulations allow where the PHA is the principal party initiating or sustaining an action to recover amounts from tenants that are due as a result of fraud and abuse, to retain the greater of:

- Fifty percent of the amount it actually collects from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement pursuant to, or incorporating the requirements of 24 CFR 982.555; or
- Reasonable and necessary direct costs that the PHA incurs related to the collection from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement pursuant to, or incorporating the requirements of 24 CFR 982.555.

Notice PIH 2003-34

PHAs who do none of the above actions must return to HUD all amounts that constitute an overpayment of subsidy.

*24 CFR 792 &
Notice PIH 2006-3*

The PHA may only use the amounts it is allowed to retain in support of the HCV program in which the fraud occurred. The remaining balance of the recovery proceeds must be applied as directed by HUD.

The following FDS line items are available to record accounting entries related to fraud:

FDS Line Item	Account Description	Typical Use
111	Cash–unrestricted	Record in the case of fraud recovery the receipt of fraud recovery proceeds the PHA may retain.
113	Cash–other restricted	Record in the case of fraud recovery the receipt of fraud recovery proceeds that will be part of restricted net assets (returned to HUD).
128	Fraud recovery	Record the full amount of the fraud recovery booked.
128.1	Allowance for doubtful accounts–fraud	Record in the case of fraud recovery the anticipated uncollectible amount of the fraud recovery receivable.
71400-010	Fraud recovery–HAP	Record the fraud recovery revenue portion that is returned to HUD.
71400-020	Fraud recovery–Admin fees	Record the fraud recovery revenue portion the PHA may retain.
96600	Bad debt–other	Record in the case of fraud recovery the estimated amount of the fraud recovery not expected to be collected.
11170-050	Administrative fee equity–other revenue	To adjust in the case of fraud recoveries the Unrestricted Net Position account to share in the bad debt expense.
11180-090	Housing assistance payment equity - other expense	To adjust in the case of fraud recoveries the Restricted Net Position account to share in the bad debt expense.

Now we will review some accounting transactions to show how these FDS line items are used to record fraud recovery.

Full Accrual Method (GAAP) for Recording Fraud Recovery Accounts Receivable

Typically under GAAP, if using full accrual accounting, the PHA would book a fraud recovery accounts receivable once the PHA has a signed repayment agreement (perfected the receivable) from a tenant. Assume the PHA has a new repayment agreement for \$1,000 and historical data shows they collect 50% of the repayment agreements that are booked.

Under full accrual accounting, the following journal entries would be made at the time the repayment agreement is recognized in the accounting records:

FDS Line Item	Debit	Credit
128 – Fraud recoveries	\$1,000	
71400-010 – Fraud recovery revenue–HAP		\$500
71400-020 – Fraud recovery revenue–Admin fees		\$500
96600 – Bad debt–other	\$500	
128.1 – Allowance for doubtful accounts–fraud		\$500

In addition, since entries to FDS line item 96600 – Bad debt–other automatically flow through Unrestricted Net Position, the PHA will need to adjust the memo accounts when reporting on the FDS to move part of the bad debt expense to Net Restricted Position.

Assuming bad debt expense of \$500 at the time the repayment agreement was recognized in the accounting records, the following additional entry would be needed on the FDS at year-end:

FDS Line Item	Debit	Credit
11180-090 – Housing assistance payment equity–other expenses	\$250	
11170-050 – Administrative fee equity–other revenue		\$250

Booking Payments Received for Fraud Recovery

Assuming the PHA received \$200 dollars towards a repayment agreement and the 50/50 split to HUD and the PHA, the following entry would be used to recognize this activity in the accounting records:

FDS Line Item	Debit	Credit
111 – Cash–unrestricted	\$100	
113 – Cash–other unrestricted	\$100	
128 – Fraud recovery		\$200

Alternative Method for Booking Fraud Recovery

For PHAs the method under GAAP is problematic. Accrual of fraud recovery amounts causes the RNP and UNP to be overstated when compared to the balances reported on the VMS. This is because the VMS reports fraud recoveries on the cash basis (payments received), not the accrued amount.

The following method is an acceptable method to record fraud activity:

1. Record fraud recovery repayment agreement

FDS Line Item	Debit	Credit
128 – Accounts receivable – fraud recovery	\$2,000	
128.1 – Allowance for doubtful accounts – fraud		\$2,000

2. Record payment on repayment agreement

FDS Line Item	Debit	Credit
111 – Cash–unrestricted	\$500	
113 – Cash–restricted	\$500	
128 – Accounts receivable – fraud recovery		\$1,000

3. Record fraud recovery revenue when paid

FDS Line Item	Debit	Credit
128.1 – Allowance for uncollectible amounts– Fraud	\$1,000	
71400-010 – Fraud recovery–HAP		\$500
71400-020 – Fraud recovery–Admin		\$500

SECTION 2.4: Fraud Recoveries

Recordkeeping Related to Fraud Recoveries

PHAs should maintain a subsidiary ledger to track repayment agreements by participant. The status of repayment agreements should be monitored monthly to determine which accounts are in arrears so that action can be taken to promptly collect payments past due. See Exhibit 2.4-1 on page 2.4-6 for a sample subsidiary ledger for repayment agreements.

To permit HUD to audit amounts retained under the fraud recovery provisions a PHA must maintain all records supporting the amounts collected and how the determination was made to split the amounts recovered. These records include:

- Documentation in each tenant file as to the amounts owed and the amounts collected under a judgment or repayment agreement.
- The nature of the judgment or repayment agreement.
- If claiming actual direct costs of collection, documentation supporting the legal fees paid and expenses that were incurred to collect the outstanding amounts.

Exhibit 2.4-1 Sample Report on Status of Repayment Agreements

STATUS OF REPAYMENT AGREEMENTS

Tenant No	Participant Name	Reason for Agreement	Total Due	Monthly Amount	Payment Due	Date of Last Payment	Balance Due
100	Adams, Joe	Unreported Income	\$1,200	\$100	5 th	10/05/XX	\$900
206	Cain, Raisa	Unreported income	\$800	\$75	10th	10/10/XX	\$650

SECTION 2.5 ACCOUNTING FOR INVESTMENTS & INVESTMENT INCOME

GASB 31

Investments should be reported at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties.

All investment income, including changes in the fair value of investments, should be recognized as revenue in the operating statement or other statement of activities.

Proper accounting for investment activity requires:

- Determination of the fair market value of an investment;
- Recording investment income as it is earned (accrued);
- Recording changes in the value of investments

For PHAs, all investments should be classified as current.

The following FDS line items will be used to account for investment activity in the HCV program.

FDS Line Item	Account Description	Typical Use
111	Cash—unrestricted	In the HCV program, idle cash accumulated from excess fees and other income accumulated as Admin Fee Equity.
113	Cash—other restricted	In the HCV program, idle cash accumulated from excess HAP funds received and other income accumulated as HAP equity.
129	Accrued interest receivable	To accrue interest in the case of the HCV program that has been earned on an investment during the accounting period but not yet received in cash.
131	Investments—unrestricted	To record in the case of the HCV program the investment of Unrestricted Net Position.
132	Investments—restricted	To record in the case of the HCV program the investment of Restricted Net Position.

FDS Line Item	Account Description	Typical Use
135	Investments–restricted for payment of current liability	To record in the case of the HCV program HCV funds received prior to the start of the fiscal year which are invested.
71100	Investment income–unrestricted	To record in the case of the HCV program interest income earned on the investment of Unrestricted Net Position.
72000	Investment income–restricted	To record in the case of the HCV program interest income earned on the investment of Restricted Net Position.

Recording the Purchase of an Investment with Cash Unrestricted and Cash Restricted

Assume the PHA purchases as an investment a \$100,000 certificate of deposit using \$50,000 of cash unrestricted and \$50,000 of cash restricted. The following accounting entries would be made to record this activity

FDS Line Item	Debit	Credit
131 – Investments–unrestricted	\$50,000	
132 – Investments–restricted	\$50,000	
111 – Cash–unrestricted		\$50,000
113 – Cash–other restricted		\$50,000

Recording Interest Earned on Investments for the Accounting Period

With the implementation of treasury's cash management requirements, the REAC issued Accounting Brief #19 which changed how PHAs record and account for interest earned on excess HAP funds and/or invested RNP balances.

- Restricted interest earned will now be moved at year end from FDS Line Item 72000, Investment income - restricted to FDS Line Item 331, Accounts Payable HUD
- Of the total restricted interest earned, the PHA may retain up to \$500. ¹The amount retained will be moved from FDS Line Item 72000, Investment income - restricted to 71500, other income.
 - The amount retained as other income will also need to be shown on FDS Line Item 11170-050 Other income in the memo section in order to push this amount into the UNP equity.
- For VMS Reporting, the entire amount will be reported. The FMC will use the amount reported in VMS to verify what the PHA should have returned to the Treasury, less the \$500 they may retain.

Assume the PHA purchased the above certificate of deposit so that at maturity both principle and interest are returned to the PHA. Although interest will not be paid to the PHA until the maturity of the certificate of deposit, interest would still be accrued to recognize interest earned for the accounting period. If the PHA's accrued interest was \$104 for the period, the following accounting entry would be made to record this activity:

FDS Line Item	Debit	Credit
129 – Accrued interest receivable	\$104	
71100 – Investment income–unrestricted		\$52
72000 – Investment income–restricted		\$52

-
1. - 1/1/2005 - 12/31/2011 all interest earned on HAP and RNP.
 -1/1/2012 - 12/31/2013 interest earned on HAP and RNP funds in excess of \$100 had to be returned to Treasury.
 -Beginning on 1/1/2014, all interest earned on HAP and RNP funds in excess of \$500 has to be returned to Treasury.

Recording a Maturing Investment and the Associated Interest Income

Assume the certificate of deposit matured and the bank returned the principle of \$100,000 with interest of \$1,250 (assume the interest had been accrued throughout the investment period). The following accounting entry would be made to record this activity:

FDS Line Item	Debit	Credit
111 – Cash–unrestricted	\$50,625	
113 – Cash–other restricted	\$50,625	
129 – Accrued interest receivable		\$1,250
131 – Investments–unrestricted		\$50,000
132 – Investments–restricted		\$50,000

Remitting Interest Earned on Excess HAP

To remit excess interest to treasury use the following:

By Check	By Wire
HHS Program Support Center	Federal Reserve Bank
P.O. Box 530231	Treasury NYC
Atlanta, GA 30353-0231	ABA: 021030004
	Account #: 75010501

Record Keeping and Reporting on the Status of Investments

The PHA should name by board resolution the person or persons that have authority to make investment decisions for the PHA. In addition, the PHA should have a written investment policy that provides the guidelines for the investment of funds. The PHA's investment policy should be written in light of both HCV program (federal) and state requirements for investing public funds.

The PHA should maintain an investment register listing all PHA investments. The register should include the type of investment, who the investment is with, the purchase date, maturity date, the rate of interest and the amount. Periodically the PHA should report to the board on the status of the investment portfolio. A sample investment report follows.

**Housing Choice Voucher Programs
Interest Earned on Excess HAP Funds and RNP Balances
PHA Annual Certification for Internal Records**

PHA Name: _____

PHA Number: _____

PHA FYE: _____

This is to certify that the _____ PHA earned interest on invested HAP and Restricted Net Position (RNP) funds (formerly referred to as Net Restricted Assets or NRA) for the PHA fiscal year ending, _____ in the amount of \$ _____.

The PHA remitted \$ _____ on (date) to the Department of Health and Human Services (HHS), Payment Management System (PMS).

Certification: I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Authorized PHA Official

Date

Printed Official's Name and Title

This Certification must be signed by the appropriate PHA official and keep for financial review purposes by the auditor or the Housing Voucher Quality Assurance Division (QAD). Interest must be remitted to the Treasury via the HHS Payment Management System no later than 45 days following the PHA FYE covered by this certification.

HHS guidance related to funds remittances can be found on the HHS Division of Payment Management website at the following link:

http://www.dpm.psc.gov/grant_recipient/funding_requests/returning_interest.aspx

Click on “*returning funds*” for specific information.

Exhibit 2.5-1 Sample Investment Report

INVESTMENT REPORT

Current Investments

CD With	Purchase Date	Maturity Date	Term	Rate	Current Balance
MBNA	03/14/91	03/13/92	365	6.900%	93,545.37
Home Fed Bank	08/13/91	05/11/92	272	6.100%	95,651.90
Guardian State Bank	02/13/92	06/11/92	119	4.000%	98,000.00
Gold State Bank	02/13/92	06/11/92	119	4.300%	98,609.76
Sunwest Bank	02/14/92	06/11/92	119	4.375%	98,000.00
American General	02/28/92	08/28/92	182	4.400%	97,939.00
Valley View State Bank	03/10/92	06/08/92	90	4.250%	98,204.00
First Security Cash Management Account				3.820%	1,024,775
Total					1,704,725.03

SECTION 2.6 ACCOUNTING FOR INTER-FUND ACTIVITY

Many PHAs utilize a central cash concept in which a general fund or one of the program funds (i.e., public housing program fund) pays all the operating expenses of the other program and activity funds. The other program funds then reimburse the general fund or the program fund that is acting as the central cash fund, typically on a monthly basis.

This activity is referred to as inter-program reimbursements because there is an intent that the other program funds repay the fund that up-fronted the cash to pay their operating expenses. Without an intent to repay, these transactions between program funds would more appropriately be classified as operating transfers.

Of particular importance is the fact that other than some very limited situations, the transfer of funds from one federal program to another is statutorily prohibited. PHAs that utilize inter-fund systems should take care that reimbursements are settled timely, typically as stated before on a monthly basis. In cases where one program fund is overspending its financial resources there is greater danger that these amounts will not be reimbursed on a timely basis. If not settled timely, and if there is not a source of non-federal funds to reimburse the program fund that up-fronted the cash, in reality the PHA is either loaning or transferring funds from one federal program to another which is normally prohibited.

Notice PIH 2012-9

Current HCV program regulations make it clear that Restricted Net Assets (RNA), now called Restricted Net Position (RNP), can only be used for eligible HAP needs in the current and future CYs. In addition, appropriations law makes it clear that Unrestricted Net Assets (UNA), now called Unrestricted Net Position (UNP), may only be used for program administrative expenses and development activities.¹

The UNP may also be used to cover excess HAP expense when HAP funds are exhausted or in cases where the PHA has over leased.²

-
1. Pre-2004 accumulations of UNP have more lenient rules on how they may be used. See 24 CFR 982.155(b)(1).
 2. Keep in mind that if a PHA is in an overleased situation, regardless of the UNP available, it must take steps to bring leasing within its authorized unit months.

HCV program funds can never be used to up-front cash, such as to fund a central cash system, to pay the operating expenses of other program funds, even if the intent is to reimburse the HCV program fund.

The following FDS line items are used to record inter-program transactions that are reimbursements.

FDS Line Item	Account Description	Typical Use
144	Inter-program–due from	To record the amount due from another program fund for providing short-term resources (cash) to pay another fund's expenses.
347	Inter-program–due to	To record the amount due to another program fund that provided the short-term resources (cash) to pay its expenses.

The following examples demonstrate the use of these accounts.

Assume the PHA is using its public housing fund as its central cash fund and it has only two program funds, public housing and the HCV program. If the public housing program then paid the entire telephone bill of \$2,000 for the two programs, of which \$1,200 was an expense of the HCV program, the following transactions would be recorded:

Public Housing Program

FDS Line Item	Debit	Credit
91600 – Office expense	\$800	
144 – Inter-program–due from (HCV program)	\$1,200	
111 – Cash–unrestricted		\$2,000

HCV Program

FDS Line Item	Debit	Credit
91600 – Office expense	\$1,200	
347 – Inter-program–due to (public housing program)		\$1,200

The HCV program would settle its obligation to the public housing program as follows:

FDS Line Item	Debit	Credit
347 – Inter-program–due to (public housing program)	\$1,200	
111 – Cash–unrestricted		\$1,200

Notes

SECTION 2.7 ACCOUNTING FOR CAPITAL ASSETS (ALSO KNOWN AS FIXED ASSETS)

General Guidelines

In determining the proper accounting treatment for fixed asset transactions, the following items need to be considered:

- The fund type in which the transaction will occur
- The value that should be used to record the fixed asset
- The items that should be capitalized

The fund type will determine whether fixed assets are recorded on the balance sheet of the fund or in the general fixed assets account group.

- In governmental funds, fixed assets are expensed on the income statement and shown in a fixed asset account group to maintain control.
- In proprietary funds, fixed assets are capitalized based on a capitalization threshold established by the PHA and expensed over time through depreciation expense.

GAAP requires that all assets be recorded at historical cost.

- Asset values can be reduced (normally through depreciation or obsolescence).
- The conservative principle of accounting does not allow for an increase in fixed asset value above historical cost.

Donated assets are recorded at their estimated fair market value at the time received.

For those PHAs who are treating the HCV program as an Enterprise Fund, whether there will be fixed assets on the balance sheet and depreciation expense on the income statement will depend on the PHA's policy regarding the dollar threshold for the capitalization of assets.

- The lower the dollar threshold, the more fixed assets there is likely to be on the HCV balance sheet.
- The higher the dollar threshold, the less fixed assets there is likely to be on the HCV balance sheet.

Depreciation Expense

Prior to the requirement for PHAs to comply with GAAP, PHAs did not record depreciation expense. Typically, all fixed assets were expensed at the time they were purchased. Under GAAP, a PHA will establish a threshold by which a fixed asset will be capitalized and shown as a fixed asset on the balance sheet. These fixed assets are then expensed over time through depreciation charges.

Depreciation is a means of allocating the cost of capital assets to periods benefiting from the use of the assets.

The amount of depreciation expense recorded each period for a fixed asset will depend on the dollar threshold the PHA has set to determine a fixed asset, the useful life selected, and the depreciation method adopted.

How depreciation is recorded depends on the fund type.

- Governmental funds do not recognize depreciation expense, but one can elect to show accumulated depreciation in the fixed asset account group.
 - If the PHA is treating the HCV program as a special revenue fund (a type of government fund), all assets will be expensed at the time they are purchased and there will not be depreciation expense in the program.
 - **Note:** Only a very few PHAs are using this fund type to account for HCV accounting activity.
- Proprietary funds do recognize depreciation expense on the income statement and accumulated depreciation on the balance sheet.
 - The typical proprietary fund type used for the HCV program is an Enterprise Fund. This type of fund will expense fixed assets over time through depreciation charges.

SECTION 2.7: Accounting for Capital Assets (also known as Fixed Assets)

The following are depreciable assets:

- Buildings
- Leasehold improvements
- Machinery and equipment
- Office equipment and furniture

Land is **not** considered to be a depreciable asset because it is assumed to have an indefinite life.

In order to calculate depreciation, a PHA will need the following information about its fixed assets:

- Original cost
- Estimated salvage value (if any)
- Estimated useful life
- Depreciation method to be used

It is common practice to group assets (classify) by some common criteria, such as:

- Asset type (e.g., computer equipment, automotive equipment, office equipment)
- Useful life (e.g., five-year property, seven-year property, etc.)

Normally a PHA will use straight-line depreciation unless there is a compelling reason to use accelerated depreciation methods.

2 CFR 200.436 (d)(2)

On December 26, 2013, OMB published in the Federal Register, 2 CFR Chapter 1, Chapter 11, Part 200, et al. uniform administrative requirements, cost principles, and audit requirements for Federal Awards. This is referred to as the “super circular,” which replaces eight individual OMB circulars, including A-87

Although the GASB will allow governments to use an accelerated depreciation method, OMB specifies that “in the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method of depreciation shall be used.”

As an example of how straight-line depreciation is calculated for an asset, assume that (1) a PHA purchases an asset costing \$5,000, (2) the PHA capitalizes assets costing \$500 or more, and (3) the asset will have a useful life of five years with no salvage value. Based on these facts, yearly depreciation for the asset would be calculated as follows:

Historical cost	\$5,000
Less estimated salvage value	— 0
Net Cost	<u>\$5,000</u>
Yearly Depreciation (\$5,000/5 years)	\$1,000

2 CFR 200.436(e)

Charges for depreciation must be supported by adequate property records that indicate the amount of depreciation taken each period. Physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used, and needed.

See Figure 2.7-1 on page 2.7-5 for a sample of a fixed asset schedule showing period and accumulated depreciation.

PHA GAAP Flyer, Vol. 1, #2,
June 1999

In “Accounting for Fixed Assets,” the following are suggested (not mandatory) useful lives for various classes of assets:

- Buildings: 20 to 40 years
- Building improvements: 10 to 40 years
- Furniture and fixtures: 5 to 10 years
- Equipment: 3 to 10 years
- Leasehold improvements: 15 years or the life of the lease

Recording Depreciation

Depreciation on fixed assets is shown as an expense on the operating statement, with appropriate disclosure in the notes to the financial statements.

Accumulated depreciation is carried as a contra-asset (credit balance) on the balance sheet to reduce the book value of the asset.

- For FDS reporting, accumulated depreciation is reported in FDS line 166.

Exhibit 2.7-1 Fixed Asset Schedule 1/01/XX - 12/31/XX

Asset Tag Number	Property Description	Date in Service	Historical Cost	Asset Life (yrs)	Prior Depreciation	Current Depreciation	Accumulated Depreciation	Net Book Value
1012	Desk & Credenza	01/20/XX	763	7	763	0	763	0
1013	Office Furniture	09/18/XX	1,395	7	1,200	195	1,395	0
1014	File Cabinets – Main File Room	08/07/XX	4,194	7	3,695	374	4,069	125
1015	Office Furniture	01/01/XX	1,485	7	1,079	130	1,209	276
1016	5 Workstations – Accounting	09/23/XX	11,898	7	4,614	2,081	6,695	5,203
1017	Workstations – HCVP	09/23/XX	3,450	7	1,338	603	1,941	1,509
1018	Workstations – Executive Asst	12/08/XX	1,673	7	239	410	649	1,024
1019	7 Training Tables & 25 Chairs	04/24/XX	8,176	7	0	1,460	1,460	6,716
			33,034		12,928	5,253	18,181	14,853

FDS Line Items Used to Record Capital Asset Activity

The following FDS line items may be applicable to record capital asset activity in the HCV program:

FDS Line Item	Account Description	Typical Use
161	Land	To record land cost if the HCV program owns land (possibly where its office building sits).
162	Buildings	To record a building(s) in the case of the HCV program owning its own office building.
164	Furniture, equipment and machinery—administration	To record in the case of the HCV program capitalized furniture, equipment and machinery.
165	Leasehold improvements	To record in the case of the HCV program capitalized improvements that are made to an office building(s) being leased by the program.
166	Accumulated depreciation	To record in the case of the HCV program, the accumulated depreciation on all the capital assets of the HCV program.
71600	Gain or loss on sale of capital assets	To record in the case of the HCV program any gain or loss on the sale of HCV program fixed assets.
91900	Other (administrative expense)	To record in the case of the HCV program where the PHA is accounting for the HCV program as a Special Revenue Fund, furniture, equipment and machinery that is expensed at the time of purchase or because the purchase of equipment doesn't meet the entity's capitalization threshold.
97400	Depreciation expense	To record in the case of the HCV program the current period depreciation expense for all HCV program fixed assets.

SECTION 2.7: Accounting for Capital Assets (also known as Fixed Assets)

The following are some examples showing how these FDS line items might be used in the HCV program:

*HCV Program as an Enterprise Fund***Booking the Original Purchase of an Asset**

Assume the PHA has a policy to capitalize all equipment purchases costing \$1,000 or more and it purchases a new piece of equipment costing \$1,500. At the time the equipment is purchased the following transaction would be recorded:

FDS Line Item	Debit	Credit
164 – Furniture, equipment and machinery–administration	\$1,500	
111 – Cash–unrestricted or 312 – Accounts payable		\$1,500

Booking the Depreciation on an Asset

Assume the above piece of equipment is determined to have a useful life of three years with no salvage value at the end of the three years, and the PHA uses the straight line method of depreciation. The following transaction would be recorded to book the yearly depreciation:

FDS Line Item	Debit	Credit
97400 – Depreciation expense	\$500	
166 – Accumulated depreciation		\$500

If this was the only fixed asset on the HCV program balance sheet, and the end of the first year the piece of equipment, the HCV program balance sheet would show the following:

164 – Furniture, equipment and machinery–administration	\$1,500
166 – Accumulated depreciation	(\$500)
Net asset value (book value)	\$1,000

Booking a Gain or Loss on the Sale of a Fixed Asset

The gain or loss on the sale of a fixed asset is determined by taking the difference between the net fixed asset value (book value) and the proceeds received, if any, at the time of sale or disposition.

Assume the PHA sold a piece of equipment for \$1,500 that had a net asset value of \$1,000 and was originally purchased for \$1,500. In this case the PHA would have a gain of \$500 (Sales proceeds of \$1,500 less net asset value of \$1,000 = \$500 gain). The following transaction shows the recording of the gain and the removal of the asset from the HCV program fixed assets records after the sale.

FDS Line Item	Debit	Credit
111 – Cash–unrestricted	\$1,500	
164 – Furniture, equipment and machinery–administration		\$1,500
166 – Accumulated depreciation	\$500	
71600 – Gain or loss on sale of capital assets		\$500

HCV Program as a Special Revenue Fund

Booking the Original Purchase of an Asset

Assume the PHA purchases a piece of equipment costing \$1,500 for the HCV program. At the time the item is purchased the following transaction would be recorded:

FDS Line Item	Debit	Credit
91900 – Other (administrative expense)	\$1,500	
111 – Cash–unrestricted or 312 – Accounts payable		\$1,500

There would be no depreciation expense a special revenue fund uses the modified accrual basis of accounting and all equipment is expensed at the time it is purchased regardless of it's cost.

SECTION 2.8 ACCOUNTING FOR CURRENT & NON-CURRENT LIABILITIES

In this section we will review the most commonly used FDS line items to account for current and non-current liabilities as they relate to the HCV program. The focus will be on reviewing those FDS line items that require additional information in order to use them correctly. Those FDS line items where their use is commonly understood, such as 312 – Accounts payable, will not be reviewed. The REAC's Financial Data Schedule Line Definition Guide, which is at the end of this Chapter, can be consulted if more information is needed about an FDS line item not covered in this section. Where examples of journal entries help explain the use of a particular FDS line item, an example will be given. If the use of a particular FDS line item used to record current or non-current liabilities has already been discussed in a previous section in this Chapter, it will not be covered again.

Current Liabilities

In the context of the HCV program, a current liability is an obligation to pay someone else that is expected to be liquidated during the PHA's operating cycle (fiscal year). They represent claims against the current resources of the HCV program (cash and other near cash resources such as investments). Some of the more common current liabilities that are found in the HCV program include the following:

- Accounts payable to vendors (FDS line item 312).
- Wages and payroll taxes for employees (FDS line item 321).
- Accrued compensated absences – current portion (FDS line item 322). The use of this line item represents the portion of compensated absences, such as vacation and sick time for employees that will be paid out in the current fiscal year (covered in greater detail below).
- Accounts payable to HUD (FDS line item 331). In the HCV program the use of this line item will be very limited. Under current regulations the most common elements of the account will be interest earned on invested excess HAP and/or RNP balances.

*PIH Notice 2011-67
REAC Accounting Brief #19*

- Accounts payable to other PHAs (FDS line item 332). Use of this line item in the HCV program will typically relate to portability activity.
- Accounts payable to other governments (FDS line item 333). Use of this line item in the HCV program will typically represent amounts the PHA owes another government entity, possibly for working capital it has loaned the HCV program or for outside services it has provided the HCV program for a fee.
- Unearned revenue (FDS line item 342). In the case of the HCV program represents revenues the PHA has received either from HUD or some other entity but it has not yet earned. These advances of revenue are treated as a current liability since until actually earned there is the possibility these amounts may have to be paid back to the entity that provided them.
- Other current liabilities (FDS line item 345). Use of this line item in the HCV program will typically relate to Family Self-Sufficiency (FSS) contracts due within 12 months of the Balance Sheet date.
- Accrued liabilities – other (FDS line item 346). Use of this line item in the HCV program will typically represent accruals for the payment of utilities and insurance.

Non-Current Liabilities

In the context of the HCV program, a non-current liability is an obligation to pay someone else that is expected to be liquidated sometime in the future but not within the PHA's operating cycle (fiscal year). They represent claims against the future resources of the HCV program. Some of the more common non-current liabilities that are found in the HCV program include the following.

- FSS escrow liabilities (FDS line item 353, Non-current liabilities—other). Use of this line item in the HCV program will represent the amount of the FSS escrow account that is due more than twelve months after the PHA's fiscal year end.
- Accrued compensated absences—non-current (FDS line item 354). The use of this line item represents the portion of compensated absences, such as vacation and sick time for employees that will be paid out in a future period not the current fiscal year (covered in greater detail below).
- FASB 5 liabilities (FDS line item 356). The use of this line item in the HCV program relates to accruals for loss contingencies such as the loss of a lawsuit where the PHA will incur a loss that exceeds its insurance limits (covered in greater detail below).
- Accrued pension and OPEB liabilities (FDS line item 357). The use of this line item in the HCV program will relate to accrued pension and other post retirement benefits (OPEB), such as medical insurance or life insurance paid after retirement, for HCV program employees (covered in greater detail below).
- This FDS line item contains the following details:
 - 357-010 Pension Liability
 - 357-020 OPEB Liability

Accounting for Compensated Absences

Prior to the adoption of GAAP, PHAs did not accrue compensated absences expense; under GAAP this must be done. Vacation pay and sick leave are the most common forms of compensated absences. They can represent one of the largest liabilities for an HCV program, especially the non-current portion.

GASB 16 outlines the accounting rules for compensated absences and requires an accrual if the following two conditions are met:

- Employees' rights to receive compensation are attributable to services *already* rendered
- It is probable that an employer will compensate employees for benefits through paid time off, or some other means, such as cash payments at termination or retirement

The amounts calculated as an accrued liability are the same regardless of whether the PHA is using a governmental fund model or a proprietary fund model. What is different is the recording of the liability.

GASB 16 allows the calculation of the yearly liability amount to be based on the an employee's compensation rate in effect at the balance sheet date.

GASB Cod. Sec. C60.107

- The GASB does not require a projection of future salary increases in making the accrual, nor does it require a restatement of the previous year's accrual when an employee receives a change in compensation.

GASB Cod. Sec. C60.108

- The compensation rate used to make the accrual should also include the employer's share of Social Security and Medicare taxes and, if applicable, the employer's contribution to a pension plan.
- Amounts recorded should be separated into the amounts considered current and non-current.

Calculating the Accrual for Vacation Time

As an example of how the calculation of the liability is made, assume that (1) 10 vacation days were earned for a year by an employee, (2) the employee makes \$12.50 per hour, and (3) benefit costs equal 10% of salary.

The compensated absence liability for vacation pay for this employee would be calculated as follows:

10 days × 8 hrs. per day	=	80 hrs
Hourly rate of employee	x	\$12.50
Vacation liability	=	<u>\$1,000</u>
Additional salary-related payments (@ 10%)	+	<u>100</u>
Total vacation liability for employee	=	\$1,100

Calculating the Accrual for Sick Time

Calculation of the liability for sick time is a bit more complicated.

GASB 16 requires that the liability be calculated using one of the following termination methods:

- Termination payment method
- Vesting method

Under the termination payment method, a liability is accrued for sick leave as the employee earns it, if it is probable that the PHA will compensate the employee through cash payments conditioned on the employee's termination or retirement.

GASB Cod. Sec. C60.902

The estimated accrued liability calculated under this method can be based on one of the following:

- Number of sick days paid, or
- Actual sick leave payments made to terminating employees

Keep in mind that no accrual is necessary if the PHA does not pay employees for accumulated sick time at termination.

The Termination Payment Method – Using Number of Sick Days Paid

In order to estimate the accrual for sick time liability, a PHA will have to collect historical information about sick leave payments made to terminating employees.

Each PHA will have to decide how many years to include in its analysis in order to have sufficient data to make an estimate.

As an example of how to use the number of sick days paid in making the calculation, assume the following information about a PHA:

- The PHA has collected the following historical information:

Fiscal Year	# of Employees Terminated	# of Sick Days Paid	Avg. years worked
1998	2	5	2
1997	1	5	3
1996	2	2	2
1995	2	3	2
1994	1	5	3
	<u>8</u>	<u>20</u>	<u>12</u>

- The current average pay rate is \$123 per day
- The percent of sick leave paid at termination is 100%
- There are 35 employees who have worked seven years each, for a total of 245 years
- Additional salary-related costs are 10%

Using the above information, the accrual for sick time would be estimated as follows:

Step 1: Calculate the adjusted sick leave termination payments.

Total sick days paid		20
Current average daily pay rate	×	<u>\$123</u>
Total	=	\$2,460
Percentage of sick leave paid at termination	×	<u>100%</u>
Adjusted sick leave payments	=	\$2,460

Step 2: Calculate the adjusted sick leave termination cost for each year worked.

$$\frac{\text{Adjusted sick leave payments}}{\text{Average years worked } (8 \times 12)} = \frac{\$2,460}{96} = \$25.63 \text{ sick leave payments per year worked}$$

Step 3: Calculate the liability for compensated sick time.

Total person years worked		245
Sick leave rate per year	×	<u>\$25.63</u>
Sick leave liability	=	\$6,279
Additional salary related payments (@ 10%)	+	<u>628</u>
Total liability		\$6,907

The Termination Payment Method – Using Sick Leave Payments

Again, in order to arrive at an estimate of the amount to accrue as a liability, a PHA will have to collect historical information about sick leave payments made to terminating employees.

Each PHA will have to decide how many years to include in its analysis to arrive at reasonable numbers.

As an example of how to use sick leave payments in making the calculation, assume the following information about a PHA:

- The PHA has collected the following historical information:

Fiscal Year	Employees Terminated (#)	Sick Leave Paid (\$)	Avg. Years Worked
2XX5	2	\$300	2
2XX4	1	150	3
2XX3	2	400	2
2XX2	2	600	2
2XX1	1	150	3
	<u>8</u>	<u>\$1,600</u>	<u>12</u>

The PHA has 35 employees who have worked seven years each, for a total of 245 years.

- Additional salary-related costs are 10%
- The PHA makes no direct payments to retirees, since they are covered under a state retirement program
- The annual salary inflation rate is 4% per year.

SECTION 2.8: Accounting for Current & Non-Current Liabilities

Step 1: Adjust the amount paid in the five-year period to what the payments would have been at the current salary rates.

Fiscal Year	Employees Terminated (#)	Sick Leave Paid (\$)	Adj. Rate (%)	Adj. Sick Leave Paid (\$)
2XX5	2	\$300	1.00	\$300
2XX4	1	150	1.04	156
2XX3	2	400	1.0816	433
2XX2	2	600	1.124	675
2XX1	1	150	1.169	175
	<u>8</u>	<u>\$1,600</u>		<u>\$1,739</u>

Step 2: Calculate the adjusted sick leave termination cost for each year worked.

$$\frac{\text{Adjusted sick leave payments}}{\text{Average years worked (8} \times \text{12)}} = \frac{\$1,739}{96} = \$18.11 \text{ sick leave per year worked}$$

Step 3: Calculate the liability for compensated sick time.

Total person-years worked		245
Sick leave rate per year	×	<u>\$18.11</u>
Sick leave liability	=	<u>\$4,437</u>
Additional salary related payments (@ 10%)	+	<u>444</u>
Total liability		<u>\$4,881</u>

*The Vesting Method**GASB Cod. Sec. C60.902*

The second method that can be used to calculate the accrued liability for sick time is the vesting method.

Under the vesting method, the accrued liability is based on:

- Employees who currently are eligible to receive termination payments
- Employees who are *expected* to become eligible in the future to receive sick leave payments

Wiley GAAP for Governments

Accruals for employees who are expected to become eligible in the future should be based on assumptions concerning the probability that they will become eligible to receive termination payments.

As an example of how the vesting method is used, assume the following information about a PHA:

- Policy requires employees to be with the PHA two years in order to be eligible to receive sick leave payments at termination
- Sick leave is paid at 100% at time of termination
- A maximum of 90 days of sick leave can be paid at termination
- Based on the PHA's experience, 98% of new employees are likely to remain with the PHA for two years and vest their sick leave balances

The following is information about the employees who work for the PHA:

Employee	Years Worked	Sick Leave Balance	Daily Pay Rate
Johnson	5	25 days	\$115
Miller	1	5 days	76
Hanson	0.5	2 days	88
Feeney	8	33 days	154
Parker	10	40 days	170
Hayes	6	15 days	96
Baron	12	52 days	192
Sharp	5	20 days	82
Ballard	4	16 days	69
Stone	9	40 days	104
Basham	20	95 days	250

SECTION 2.8: Accounting for Current & Non-Current Liabilities

Step 1: Determine which employees will vest in their sick leave payments.

At the current time the PHA has only two employees with less than the two years of service required to vest in their sick leave payments (*Miller and Hanson*).

Because the PHA's experience is that 98% of new employees will vest, for this example we will just assume that all employees will vest in their sick leave payments.

Step 2: Calculate the amount of vested sick leave pay.

Employee	Years Worked	Sick Leave Balance	Sick Leave Up to Max.	Daily Pay Rate	Sick Leave Liability
Johnson	5	25 days	25 days	\$115	\$2,875
Miller	1	5 days	5 days	76	380
Hanson	0.5	2 days	2 days	88	176
Feeney	8	33 days	33 days	154	5,082
Parker	10	40 days	40 days	170	6,800
Hayes	6	15 days	15 days	96	1,440
Baron	12	52 days	52 days	192	9,984
Sharp	5	20 days	20 days	82	1,640
Ballard	4	16 days	16 days	69	1,104
Stone	9	40 days	40 days	104	4,160
Basham	20	95 days	90 days	250	22,500
Total sick leave liability					\$56,141
Additional salary related payments (@ 10%)					5,614
Total liability					\$61,755

Traditionally, how compensated absence liability is recorded in a governmental fund is different from how it is recorded in a proprietary fund.

If a governmental fund is being used, normally the liability will be considered a long-term debt and will be recorded in the general long-term debt account group.

GASB Cod. Sec. C60.110-111

At the time an employee terminates and payments are made, a portion of the liability is transferred to the government fund and recorded as an expense.

If a proprietary fund is being used, the total liability will be recorded on the balance sheet of the fund, and an expense will be recorded at the time the accrued liability is recorded.

*HUD PHA GAAP
Conversion Guide, page 33*

However, HUD is requesting that PHAs that are using governmental funds record the compensated absence liability as a liability of the general fund instead of recording it in the general long-term debt account group.

With regard to estimating compensated absence liability, in *Wiley GAAP for Governments*, it is pointed out that a governmental entity should “carefully weigh the costs and benefits of spending an inordinate amount of time in calculating a precise amount for this estimate, as a reasonable estimate of the liability would serve the financial statement user equally well.”

Exhibit 2.8-1 Sample Compensated Absence Liability Calculation

Employee	Accrued Hours	Hourly Rate	Vacation Liability	Benefits @ 25%	Total Liability
Employee #1	49.67	46.15	2,292.27	573.07	2,865.34
Employee #2	15.65	25.48	398.76	99.69	498.45
Employee #3	26.18	19.23	503.44	125.86	629.30
Employee #4	21.31	13.50	287.69	71.92	359.61
Employee #5	116.75	40.00	4,670.00	1167.50	5,837.50
Employee #6	48.22	16.83	811.54	202.89	1,014.43
Employee #7	18.30	12.00	219.60	54.90	274.50
Employee #8	13.97	12.00	167.64	41.91	209.55
Employee #9	30.41	24.04	731.06	182.76	913.82
Employee #10	37.59	14.76	554.83	138.71	693.54
Employee #11	15.09	23.08	348.28	87.07	435.35
Employee #12	24.17	14.26	344.66	86.17	430.83
Employee #13	29.76	14.75	438.96	109.74	548.70
Employee #14	35.25	32.69	1,152.32	288.08	1,440.40
Employee #15	142.81	12.74	1,819.40	454.85	2,274.25
Employee #16	22.48	21.63	486.24	121.56	607.80
Employee #17	11.98	16.83	201.62	50.41	252.03
Employee #18	20.86	19.23	401.14	100.28	501.42
Employee #19	26.07	19.81	516.45	129.11	645.56
Employee #20	62.17	16.83	1,046.32	261.58	1,307.90
Totals			17,392.22	4,348.06	21,740.28
Prior Period Accrual					11,213.60
ACCRUAL AMOUNT THIS PERIOD:					10,526.68

The following FDS line items are used to record compensated absences transactions in the HCV program:

FDS Line Item	Account Description	Typical Use
322	Accrued compensated absences–current portion	In the context of the HCV program this line item is used to record the current portion (due within the PHA’s fiscal year) for vacation and sick leave for HCV employees.
354	Accrued compensated absences–non-current	In the context of the HCV program this line item is used to record the future portion (not due within the PHA’s fiscal year) for vacation and sick leave for HCV employees.
96210	Compensated absences	In the context of the HCV program this line item is used to record the current period accrued expense for vacation and sick leave for HCV employees.

Using the sample fiscal year-end compensated absence liability schedule found on page 2.8-13, and assuming that \$3,158 of the total of \$10,527 (rounded) represents the current portion, the following example demonstrates the use of these FDS line items:

FDS Line Item	Debit	Credit
96210 – Compensated absences	\$10,527	
322 – Accrued compensated absences–current portion		\$3,158
354 – Accrued compensated absences–non-current		\$7,369

Establishing a Contingency for Losses

Prior to the requirement that PHAs must prepare financial statements in accordance with GASB-GAAP, HUD did not require PHAs to accrue loss contingencies unless they were self-insured.

Under GAAP, PHAs will now have to accrue loss contingencies if certain conditions are met. The following pronouncements discuss the accounting for loss contingencies:

- GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*
- GASB's *Guide to Implementation of GASB Statement 10*
- GASB 30, *Risk Financing Omnibus*
- FASB 5, *Accounting for Contingencies*

GASB Cod. Sec. C50.101
Wiley GAAP for
Governments

The need to accrue a loss contingency can arise from the following events:

- Torts (wrongful acts, injuries, or damages not involving a breach of contract for which a civil action can be brought)
- Theft of, damage to, or destruction of assets
- Business interruption
- Errors or omissions
- Job-related illnesses or injuries to employees
- Acts of God (events beyond human origin or control, such as natural disasters, lightning, windstorms, and earthquakes)

GASB Cod. Sec. C50.110

GASB 10 requires that when a risk from a loss related to the above items is not transferred to an unrelated third party, an estimated loss must be accrued if the following two conditions are met:

- It is probable that the loss will occur
- The amount of the loss can be reasonably estimated

The estimate for a loss may turn out to be a range of values:

- If a range of values is estimated, determine whether one amount within the range appears to be more probable than another amount within the range, and use this amount for the estimate.
- If no amount within the range is more probable than any other amount within the range, use the minimum amount in the range for the estimate.

Whether a loss is recognized or disclosed in financial statements depends on whether the loss is probable, reasonably possible, or remote.

The following table summarizes when to recognize or disclose a loss contingency.

Likelihood of Loss Contingency	Disclosure Requirement
Probable/Can be reasonably estimated	Recognize expense and liability
Probable/Cannot be reasonably estimated	Disclose in notes
Reasonably possible	Disclose in notes
Remote	No disclosure required

SECTION 2.8: Accounting for Current & Non-Current Liabilities

The following FDS line items are used to record loss contingency transactions in the HCV program:

FDS Line Item	Account Description	Typical Use
345	Other current liabilities	In the context of the HCV program one of the uses for this line item is to record the current portion of an FASB 5 liability (loss contingency).
356	FASB 5 liabilities	In the context of the HCV program this line item is used to record the portion of any loss contingency liability that is considered a non-current liability of the HCV program.
96200	Other general expenses	In the context of the HCV program one of the uses for this line item is to record loss amounts that will not be transferred to an unrelated third party (insurance).

Assume the PHA is expected to lose a lawsuit and the amount not expected to be covered by insurance is \$10,000. Of this total also assume 50% is a current liability and 50% will be paid out at some point in the future. The following example demonstrates the use of these FDS line items.

FDS Line Item	Debit	Credit
96200 – Other general expenses	\$10,000	
345 – Other current liabilities		\$5,000
356 – FASB 5 liabilities		\$5,000

*GASB 75***Recording Other Post-Employment Benefits (OPEBs)**

OPEBs are typically benefits other than pension benefits that are provided to terminated or retired employees. They can include health care, disability benefits, death benefits, and life insurance. Health care can include medical, dental and vision care.

For those governmental entities that pay OPEBs, the common practice prior to GASB 45 was to fund OPEBs on a pay-as-you-go basis. Under this method a governmental entity did not record the OPEB expense until the year it was actually paid out. The GASB recognizing that OPEBs could represent a large undisclosed liability for a government entity, released GASB 45. GASB 45 established accounting and financial reporting requirements for OPEBs.

GASB 45 required the recognition of the unfunded amount (the future obligation) and the annual required contributions. GASB 75 requires the reporting of the Unfunded Accrued Liability. Previously, GASB 45 only reported the net OPEB obligation.

With GASB 75, the entire long-term liability is calculated and reported. This liability would be reduced by the current calculated value of any investments identified to offset this liability. The amount of the annual required contributions is based on:

- The PHA's long-term liability is calculated by an actuarial firm at \$400,000 (the total amount needed to fund OPEBs); and
- The PHA must identify the current calculated value of any investments set aside to cover this liability.
- If a PHA set aside investments of \$60,000 to date, then the liability would be \$340,000 (\$400,000 long-term liability less \$60,000 of investments).

If a PHA does not pay any post-retirement benefits other than pension, there is no additional liability to record.

PHAs should obtain professional assistance in determining future (actuarial amount) OPEB costs.

OPEB Liabilities are recorded on the FDS line item 357-020.

SECTION 2.8: Accounting for Current & Non-Current Liabilities

The following FDS line items are used to record OPEB transactions in the HCV program:

FDS Line Item	Account Description	Typical Use
345	Other current liabilities	In the context of the HCV program one of the uses for this line item is to record the current portion of OPEB.
357-020	Accrued pension and OPEB liabilities	In the context of the HCV program this line item is used to record the portion of OPEB liability that is considered a non-current liability.
91500	Employee benefit contributions–admin	In the context of the HCV program one of the uses for this line item is to record OPEB expense related to administrative employees.
92300	Employee benefit contributions–tenant services	In the context of the HCV program one of the uses for this line item is to record OPEB expense related to tenant services employees.

Accounting for Pension Plans

GASB 73

GASB Statements 67 and 68 provided additional guidance on the financial reporting of state and local governmental pension plans with GASB Statement 73 extending this guidance. Pension plans can be classified into the following two categories:

- Defined Benefit Plans
- Defined Contribution Plans

Defined benefit plan can be defined as a pension plan where the retirement benefit is typically calculated based on a formula including the number of years of service, retirement age, and employee's salary. The plans are usually managed through a state pension fund for public employees. These plans are often known as PERS (public employee's retirement system). Defined benefit plans can be separated into three additional categories:

- Single Employer
- Agent Employer
- Cost-Sharing Employer

The most common form of defined benefit pension plan is the cost-sharing employer. GASB Statement 68 requires the pension participant (PHA) to report a proportionate share of the pension liability, deferred inflows of resources, deferred outflows of resources, and the pension expense. Pension plan expense is no longer reported as the amount of required payments into the plan. The amounts to be reported are to be arrived at from financial statements prepared by the pension plan. Each plan is different and may require guidance from the pension plan as to the understanding and reporting of balances on the financial statements. The recording of the pension liability will be based on the actuarial calculation of the liability as compared to the pension fund assets. GASB 73 expanded its application to pension plans (both defined benefit and defined contribution) that either do not have any dedicated assets associated with them or have assets that are not in a trust. Pensions include retirement income and postemployment benefits other than retirement income such as disability benefits, death benefits and life insurance that are provided through a pension plan. GASB concluded that these pensions and pensions administered through trusts were no different, except for restrictions on assets. Therefore, the accounting is essentially the same as GASB 68.

SECTION 2.8: Accounting for Current & Non-Current Liabilities

The following FDS line items are used to record transactions for a defined benefit plan.

FDS Line Item	Account Description	Typical Use
174	Other Assets	To account for the rare instances in which a pension plan is over-funded.
200	Deferred outflow of Resources	To account for the PHA's retirement payments made but unrecorded in the plan as of the measurement date, accounting for differences between expected and actual experience, the differences between projected and actual investment earnings, and changes in the employer contributions and the proportionate share of these contributions.
400	Deferred Inflow of Resources	To account for differences between expected and actual experience, the differences between projected and actual investment earnings, and changes in the employer contributions and the proportionate share of these contributions.
357-010	Pension Liability	To record the PHA's proportionate share of the pension plan's unfunded liability.
91500	Employee benefit contributions - administrative	To account for the administrative share of the pension plan expense as described in GASB Statement 73.
92300	Employee benefit contributions - tenant services	To account for the tenant service share of the pension plan expense as described in GASB Statement 73.
94500	Employee benefit contributions - maintenance	To account for the maintenance share of the pension plan expense as described in GASB Statement 73.

Defined Contribution Plan can be defined as a retirement plan that specifies the amount of money that will be contributed to the individual's retirement account. Contributions can be made through employee deductions or contributions from the employer. Examples of Defined Contribution Plans are 401(k) or 457(b) plans.

GASB Statement 73 requires that the employer recognize an expense equal to the contribution amount based on the benefit terms agreed upon for the services provided by the employee.

The following FDS line items are used to record transactions for a defined contribution plan.

FDS Line Item	Account Description	Typical Use
346	Accrued liabilities - other	To accrue the employer's share of unpaid retirement benefits to the retirement plan on behalf of the employee.
91500	Employee benefit contributions - administrative	To account for the employer's share of the retirement plan expense related to administrative staffing.
92300	Employee benefit contributions - tenant services	To account for the employer's share of the retirement plan expense related to tenant service staffing.
94500	Employee benefit contributions - maintenance	To account for the employer's share of the retirement plan expense related to maintenance staffing.

SECTION 2.9 HCV PROGRAM EQUITY

Equity (net position) is the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources. The equity balances are reported on the statement of net position, formerly known as the statement of net assets or balance sheet. It is sometimes thought of as the amount that is remaining after considering what is owed. In governmental accounting equity is looked at in terms of what is available for new spending and what is already committed for other uses. The FDS line items used to report HCV program equity will depend on whether the HCV program is treated as a proprietary fund which if you remember uses the full accrual basis of accounting or a governmental fund which uses the modified accrual basis of accounting. We will now review the FDS line items used for each.

Proprietary Funds

In the case where the HCV program is being reported as a proprietary fund, equity can be thought of as net position or the amount of resources available. This amount is further broken out into three separate components: invested in capital assets, restricted, and unrestricted. In accordance with GAAP, the restricted component of net position cannot be reported as a negative balance.

Net Investment in Capital Assets – This component of net position consists of capital assets at their purchase price, improvement costs or construction costs, net of accumulated depreciation and less any debt outstanding, if any, to purchase, improve or construct those assets.

- PHAs who have no fixed assets in the HCV program because their capitalization policy is high will not have amounts in this equity account.

Restricted – This component of net position represents portions of equity that have been restricted in their use by either:

- External bodies such as creditors, grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions

In the determination as to whether a portion of equity is classified as “restricted,” the important element is who places the restriction on the use of the equity. To meet the governmental accounting requirement of being restricted, the restriction must be placed on the use of equity by other than the reporting government itself, and it cannot be removed without the consent of those imposing the restriction.

Another important element about restricted net assets is that the specific purpose of the restriction cannot be narrower than the reporting government itself.

Considering these points, in the case of the HCV program, the PHA’s board or management could never impose a restriction on HCV equity. Typically any restrictions on program equity will come from HUD either through regulation or statute.

Unrestricted – This component of net position represents the residual amount remaining after consideration for amounts in net investments in capital assets and the restricted components. Governments commonly refer to this amount as “available for future appropriations” or “available for new spending.” Although this portion of equity is commonly thought of by governments as available for other purposes, in the HCV program this is not the case. Beginning with the 2004 Appropriations Act and subsequent acts, these amounts:

“...must only be used for activities related to the provision of tenant-based rental assistance authorized under Section 8, including related development activities. Examples of related development activities include, but are not limited to, unit modification for accessibility purposes and development of project-based voucher units.”

So although a portion of the HCV’s program equity may be classified as unrestricted under GAAP, these amounts may not be transferred out of the HCV program to support other activities not specifically allowed by HUD or to support the expenses of other programs.

SECTION 2.9: HCV Program Equity

The unrestricted component of net position may be a negative number to the extent that a PHA has elected to fund certain long-term liabilities (compensated absences or OPEBs) as they come due rather than when they are incurred. In addition it may be a negative number if the PHA has administrative expenses in excess of current year fee revenue and any balance in the unrestricted component of net position, or it exhausts the unrestricted component to cover HAP expense not covered by HAP revenue and or the restricted component of net position.

Another area of caution for PHAs that have other programs besides the HCV program and where they are using a central cash system or a general fund system is that the HCV program could be making inter-program loans without the PHA realizing it is doing so. This can happen by default when one program is spending more than its available resources and the HCV program has net assets. PHAs are cautioned that this activity is prohibited by statute except in the case where a PHA has unrestricted resources (unrestricted component of net position) that were accumulated with pre-2004 appropriations.

The following FDS line items are provided to report equity when the HCV program is being treated for accounting purposes as a proprietary fund:

FDS Line Item	FDS Account Description	Typical Use
508.4	Net Investment in Capital Assets	In the context of the HCV program amounts in this line item represent HCV program capital assets, net of depreciation and less any outstanding debt related to these capital assets.
511.4	Restricted Net Position	In the context of the HCV program amounts in this line item represent residual HAP funding received, plus forfeited FSS escrow account balances and amounts due HUD for fraud recoveries, typically 50% of what is collected. This line item may not be negative.

CHAPTER 2: The HUD Chart of Accounts & Key Accounting Transactions

FDS Line Item	FDS Account Description	Typical Use
512.4	Unrestricted Net Position	In the context of the HCV program amounts in this line item represent residual administrative fees earned, plus any interest earned on these amounts, and plus the amount of fraud recoveries PHAs are allowed to retain, typically 50% of what is collected.
11170		This is a HCV program specific line item which is considered memo information. This line item is further broken down into several components and is used by HUD in lieu of a statement of cash flows to determine what caused HCV program administrative fee equity to go up or down for the fiscal year. Administrative fee equity for proprietary funds equals 512.4, Unrestricted Net Position + 508.4, Net invested in capital assets. This line item will be populated by information entered in other FDS line items except for two cases: other income and other expense. More detail about this line item will be discussed below.
11180		This is a HCV program specific line item which is considered memo information. This line item is further broken down into several components and is used by HUD in lieu of a statement of cash flows to determine what caused HCV program HAP equity to go up or down for the fiscal year. HAP equity for proprietary funds equals 511.4, Restricted Net Position. This line item will be populated by information entered in other FDS line items except for two cases: other income and other expense. More detail about this line item will be discussed below.

SECTION 2.9: HCV Program Equity

As the terminology has changed for the GAAP presentation, the Financial Data Schedule is using the pre-GASB Statement No. 63 terminology since these changes are basically for presentation purposes, the use of the net asset terminology will remain in effect for FDS Reporting purposes.

Understanding the HCV Program Equity Memo Accounts

Notice PIH 2008-9

Notice PIH 2008-9 communicates to PHAs that HAP and administrative equity must be accounted for separately, which has resulted in the addition of two memo equity accounts on the FDS.

The two memo equity accounts are:

- 11170 – Administrative Fee Equity
- 11180 – Housing Assistance Payments Equity

The memo account 11170, Administrative Fee Equity, is broken down into the following components. These sub FDS line items are all populated automatically by amounts entered in other FDS line items, except line 11170-050, Other Revenue, and line 11170-100, Other Expenses, which must be populated manually by the PHA.

FDS #	Description	Populated From/By
11170-001	Admin Fee Equity - Beginning Balance	Prior Yr Line 11170-003
11170-010	Admin Fee Revenue	FDS Line 70600-020
11170-020	Hard-to-House Fees	FDS Line 70600-030
11170-021	FSS Coordinator Grant	FDS Line 70600-031
11170-030	Audit Costs	FDS Line 70600-040
11170-040	Investment Income	FDS Line 71100-020
11170-045	Fraud Recovery Revenue	FDS Line 71400-020
11170-050	Other Revenue	PHA Entered
11170-051	Comment for Other Revenue	PHA Entered
11170-060	Total Admin Fee Revenue	Sum of Lines 2 through 8
11170-080	Total Operating Expenses	FDS Line 96900
11170-090	Depreciation Expense	FDS Line 97400
11170-095	Portability In	FDS Line 97350
11170-100	Other Expenses	PHA Entered
11170-101	Comment for Other Expenses	PHA Entered
11170-110	Total Admin Expenses	Sum of Line 11 through 14
11170-002	Net Administrative Fee	Line 10 minus Line 16
11170-003	Admin Fee Equity - Ending Balance	Line 1 plus Line 17
11170-005	Pre-2004 Administrative Fee Reserves	PHA Entered
11170-006	Post-2003 Administrative Reserves	PHA Entered

Unrestricted Net Position + Net Investment in Capital Assets
(FDS Line 512.4 + 508.4) = Admin Fee Equity

Admin Fee Equity will be supported by Line 11170

The memo account 11180, Housing Assistance Payments Equity, is broken down into the following components. These sub FDS line items are all populated automatically by amounts entered in other FDS line items except line 11180-020, Other Revenue, and 11180-090, Other Expense, which must be populated manually by the PHA.

FDS #	Description	Populated From/By
11180-001	HAP Equity - Beginning Balance	Prior year Line 11180-003
11180-010	HAP Revenues	FDS Line 70600-010
11180-015	Fraud Recovery Revenue	FDS Line 71400-010
11180-020	Other Revenue	PHA Entered
11180-021	Comment for Other Revenue	PHA Entered
11180-025	Investment Income	FDS Line 72000-010
11180-030	Total HAP Revenues	Sum of Lines 2 through 6
11180-080	Housing Assistance Payments	FDS Line 97300
11180-090	Other Expenses	PHA Entered
11180-091	Comment for Other Expenses	PHA Entered
11180-100	Total HAP Expenses	Sum of Lines 8 + 9
11180-002	Net HAP Income	Line 7 minus Line 11
11180-003	HAP Equity - Ending Balance	Line 1 plus Line 12

Restricted Net Position
(FDS Line 511.4) = HAP Equity

Line 511.4 will be supported by Line 11180

HUD is now using these memo accounts to monitor the PHA's equity levels.

These accounts and the associated FDS information replace the year-end settlement statement (form HUD-52681) which was discontinued by Notice PIH 2006-3.

SECTION 2.9: HCV Program Equity

Use of the “Other” Revenue and Expense Accounts in the Equity Section

Many of the line items in the Administrative Fee and HAP equity accounts are automatically populated from information provided from FDS income statement line items.

However, HUD has allowed for “other revenue” and “other expense” by adding a line for each. These lines should be used to record any revenue or expense associated with these equity accounts that are not automatically populated, or to adjust the account to the correct year-end balance, including any prior period adjustment. Other common items that are accounted for in these line items are:

- Splitting up bad debt expense (fraud recovery)
- Forfeited FSS escrow account balances
- Amounts recorded in FAS line item 71500, other income

PHAs should fully utilize the associated comment field to explain any entry in these “other” line items.

Governmental Funds

In the case where the HCV program is being reported as a governmental fund, equity can also be thought of as fund balance. This amount is further broken out into two separate components: reserved and unreserved. The unreserved component can further be separated into two components, designated and undesignated. Designations are used by governments to accumulate resources for a specific purpose. They are self-imposed limitations on the use of resources and should be supported by actual plans for the use of the resources that are approved by the government's senior management. Undesignated amounts are considered by governments to be “available for future appropriations” or “available for new spending.” PHAs treating the HCV program as a governmental fund typically classify the program as a special revenue fund, which if you recall from earlier sections is a type of governmental fund which uses the modified accrual basis of accounting. As a point of interest, there are very few PHAs nationally who are using a special revenue fund to account for the HCV program.

The following FDS line items are provided to report equity when the HCV program is being treated for accounting purposes as a special revenue fund:

FDS Line Item	Account Description	Typical Use
509.2	Fund balance reserved	In the context of the HCV program amounts in this line item represent residual HAP funding received, plus any interest earned on these amounts, plus forfeited FSS escrow account balances and plus amounts due HUD for fraud recoveries, typically 50% of what is collected. Amounts in this line item can also represent inventory or other resources that cannot be spent or are legally limited to being spent for a particular purpose. This line item may not be negative.
511.2	Unreserved, designated fund balance	In the context of the HCV program amounts in this line item would represent management's intent to use administrative fee equity for a specific purpose, such as perhaps the purchase of equipment in the future where the PHA needs to accumulate enough resources to make the purchase. This line item may not be negative.
512.2	Unreserved, undesignated fund balance	In the context of the HCV program amounts in this line item represent residual administrative fees earned, plus any interest earned on these amounts, and plus the amount of fraud recoveries PHAs are allowed to retain, typically 50% of what is collected.

SECTION 2.9: HCV Program Equity

FDS Line Item	Account Description	Typical Use
11170	Administrative fee equity	This is a HCV program specific line item which is considered memo information. This line item is further broken down into several components and is used by HUD in lieu of a statement of cash flows to determine what caused HCV program administrative fee equity to go up or down for the fiscal year. Administrative fee equity for special revenue funds equals 511.2, Unreserved, designated fund balance + 512.2, Unreserved, undesignated fund balance. This line item will be populated by information entered in other FDS line items except for two cases: other income and other expense. More detail about this line item was discussed above.
11180	Housing assistance payments equity	This is a HCV program specific line item which is considered memo information. This line item is further broken down into several components and is used by HUD in lieu of a statement of cash flows to determine what caused HCV program HAP equity to go up or down for the fiscal year. HAP equity equals 509.2, Fund Balance Reserved. This line item will be populated by information entered in other FDS line items except for two cases: other income and other expense. More detail about this line item was discussed above.

Unreserved, undesignated fund balance may be a negative number to the extent that a PHA has expended more than its available resources to cover HCV program administrative expenses. In addition, if a PHA has exhausted its ABA for HAP and its fund balance reserved, and uses these resources to pay HAPs, to the extent HAP expenditures exceeded the balance in this account it would become negative.

The same caution for PHAs using a special revenue fund as opposed to a proprietary fund to account for the HCV program can be made about ineligible uses of HCV program fund balance. If the PHA has other programs besides the HCV program and it is using a central cash system or a general fund system, the HCV program could be making inter-program loans without the PHA realizing it is doing so. This can happen by default when one program is spending more than its available resources and the HCV program has fund balance. PHAs are cautioned that this activity is prohibited by statute except in the case where a PHA has an unreserved, undesignated fund balance that was accumulated with pre-2004 appropriations.

GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Definitions

A new GASB Statement No. 54 will soon change the way in which fund balance is reported for governmental funds. It will eliminate the current fund balance accounts: Reserved Fund Balance, Unreserved Designated Fund Balance, and Unreserved Undesignated Fund Balance. They will be replaced with the following:

Fund Balance Component	Definition
508.3 – Nonspendable fund balance	Represents fund balance that is inherently non-spendable. Examples include inventories and prepaids. A negative amount is not allowed to be reported for this line item.
509.3 – Restricted fund balance	Represents fund balance that is restricted in its use by external bodies such as creditors, grantors, contributors, or laws and regulations of other governments. Restrictions can also be the result of laws through constitutional provisions or enabling legislation. A negative amount is not allowed to be reported for this line item.
510.3 – Committed fund balance	Represents fund balance whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner. A negative amount is not allowed to be reported for this line item.

Fund Balance Component	Definition
511.3 – Assigned fund balance	Represents fund balance the government intends to use for a specified purpose. The intent would have to be established at either the highest level of decision making, or by a body such as the finance committee or an official designated for that purpose. A negative amount is not allowed to be reported
512.3 – Unassigned fund balance	Represents the net resources in excess of what is categorized in one of the other four categories of fund balance. A positive amount of unassigned fund balance will only be reported in the general fund not in other individual governmental funds. However, governmental funds other than the general fund could report a negative unassigned fund balance if the total of the other four components of fund balance exceed the net resources of the fund.

This change will impact Section 8 only PHAs who are using a special revenue fund to account for the HCV program. In addition, PHAs using special revenue funds may not have balances in all these components. Individual PHA circumstances will determine their use.

GASB Statement No. 54 is effective for financial statements for periods beginning after June 15, 2010. New FDS line items will be established to accommodate the change in fund balance components. However, until the FDS has been updated to add the new FDS line items, PHAs using a special revenue fund for the HCV program will continue to use the old fund balance FDS line items, but will be required to separate out fund balance into the new FDS line items by an attachment to their FDS submission. The tool is called the GASB 54 Supplementary Reporting Schedule.

SECTION 2.10 REVENUE RECOGNITION IN THE HCV PROGRAM

This section pertains to when a PHA recognizes funding provided for the HCV program as revenue. PHAs can look to two sources for guidance when it comes to revenue recognition in the HCV program:

- GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions
- HUD through the issuance of PIH Notices, Accounting Briefs, Accounting Guidebooks and/or other information posted on either REAC's home page or the HCV program home page on the HUD Web site.

GASB Statement No. 33

Under GASB Statement No. 33 revenues PHAs receive from HUD for the HCV program are classified as non-exchange transactions. GASB Statement No. 33 defines non-exchange transactions as transactions in which a government gives or receives value without directly receiving or giving something of equal value in the exchange. The Statement identifies four categories of non-exchange transactions. They are the following:

- Derived tax revenues
- Imposed non-exchange revenues
- Government-mandated non-exchange transactions
- Voluntary non-exchange transactions.

The good news is that PHAs only need to be concerned with one of the four, voluntary non-exchange transactions. These are transactions that result from legislative or contractual agreements, other than exchanges, entered into willingly by two parties. These legislative and or contractual agreements usually contain eligibility requirements. Revenues PHAs receive from HUD in the HCV program are considered such transactions.

Revenue recognition criteria differ somewhat under GASB Statement No. 33 depending on whether the PHA is treating the HCV program as an enterprise fund which uses the accrual basis of accounting, or as a special revenue fund (a type of governmental fund) which uses the modified accrual basis of accounting. Generally, regardless of the basis of accounting used, PHAs will recognize revenue when all eligibility requirements have been met.

We will now explore revenue recognition for voluntary non-exchange transactions for the accrual basis and the modified basis of accounting. However, keep in mind that the majority of PHAs are accounting for the HCV program as an enterprise fund using the accrual basis of accounting as opposed to accounting for it in a special revenue fund using the modified accrual basis of accounting.

Revenue Recognition for Non-exchange Transactions – Accrual-Based Accounting

Voluntary non-exchange transactions may have time requirements and or purpose restrictions. Time requirements can relate to when revenue may first be recognized and when it may end. For example, take the HCV ACC funding exhibit. An increment on the HCV ACC funding exhibit has both a beginning date of term and an ending date of term. Revenue will not be available for that increment before the beginning date of term and it will cease to be available once the ending date of term is reached. Of course renewal funding may be available after the end of term for an increment, but remember it too will have a new beginning date of term and a new ending date of term, a time requirement. Another example of a timing requirement in the HCV program is the requirement that current year HAP funding may not be used to fund prior year HAP deficits. Current HAP funding received may only be used prospectively.

SECTION 2.10: Revenue Recognition in the HCV Program

Purpose restrictions limit how funding may be used once it is received. For example, statute for the HCV program limits the use of HAP funds received to only the payment of HAPs and HAP related expenses (i.e., funding FSS escrow accounts, utility reimbursements and home ownership mortgage payments). Another purpose restriction in the HCV program is the statutory restriction on using HAP funds to lease more units than the PHA's authorized number of units. What is important to recognize with purpose restrictions is they do not impact when revenue for voluntary non-exchange transactions are recognized by the PHA. Purpose restrictions on HAP funds result in excess funding becoming restricted for payment of future HAP and HAP related expenses. In proprietary funds this becomes a component of Restricted Net Position on the statement of net assets for amounts disbursed by HUD to the PHA in excess of HAPs and HAP related expenses. Annual Budget Authority (ABA) for the calendar year that is not disbursed to the PHA accrues to a separate account held at HUD called the Program Reserve in order to comply with the cash management requirements of the Treasury¹.

In the case of administrative fee funding although excess administrative fees have a statutory restriction that they may only be used within the HCV program (post-2003 accumulations), the restriction is not as extreme as the one placed on HAP funding. Administrative fees can be used to pay both administrative expenses and HAP expenses once any fiscal year residual administrative fees earned close to the UNP. Therefore, HUD has not required excess administrative fee funding to be shown as a restricted asset on the balance sheet.

¹. See Notice PIH 2011-67, Implementation of New Cash Management Requirements for the Housing Choice Voucher Program.

Turning now to eligibility requirements, they can consist of the following:

- The recipient must have the characteristics specified by the provider. In the case of the HCV program, PHAs are deemed to meet this requirement since HUD has engaged in a contract (the HCV ACC) with the PHA for the administration of the program.
- Time requirements can be imposed by the provider that determines when revenue may first be used and or when use ends. As another example of a time requirement in the HCV program, HCV funding is provided to PHAs on a calendar year basis regardless of the PHA's fiscal year. Assume a PHA with a calendar year were to receive HAP funding for January at the end of December, this revenue would not be recognized until January (a time requirement) since the provider considers the revenue to be revenue of the next calendar year. It would be considered an advance and treated as deferred revenue until earned in the next period. Of note is that the matching principle of accounting would also result in this treatment of the funding received.
- A requirement that the receiver of funding must actually incur an expense to receive the funding (reimbursed). This has not been an eligibility requirement of the HCV program since 2005 when the program was converted from a cost reimbursement program for HAP funding to a grant program. However, beginning in January 2012, with the implementation of cash management in the HCV program, HAP funds are only disbursed to PHAs based on actual need as reflected in the VMS.
- A requirement that funds will be given based on a contingency, usually this is a matching requirement of some sort. In the case of the HCV program there is no such requirement.

SECTION 2.10: Revenue Recognition in the HCV Program

One last consideration in the recognition of revenue under full accrual is whether the grantee has an enforceable legal claim to resources based on specifications of enabling legislation, or contractual requirements. For example, a local government generally cannot force the state or federal government to pay promised resources, nor is a local government likely to sue the state or federal government, therefore there is no legal claim and revenue should not be recognized.

- With the implementation of cash management in the HCV program, this criteria is important to determine whether PHAs should recognize all ABA as revenue in the CY even if funds were not needed (as was the case in prior years).
- HUD has determined PHAs have no such legal claim to these resources, so unneeded and undisbursed ABA will no longer be recognized as HAP revenue until actually disbursed by HUD (more on this later).

In summary then, currently for the HCV program the only relevant eligibility requirement for HAP funding is the time requirement and the enforceable legal claim requirement. However there are many purpose restrictions that are independent of revenue recognition.

Revenue Recognition for Non-exchange Transactions – Modified Accrual Basis of Accounting

For those PHAs accounting for the HCV program in a special revenue fund which uses the modified accrual basis of accounting, revenue recognition will also depend on when all eligibility requirements discussed above have been met plus when they become measurable and available. Measurable is determined when it can be reasonably estimated. *Available* is defined by GASB Statement No. 33 as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In reality, the timing of cash receipts will play an important role in the recognition of revenue as well as the enforceable legal claim requirement for PHAs using the modified accrual basis of accounting once the eligibility requirements have been met.

Program Specific Guidance for Revenue Recognition

HAP Revenue Recognition

Although the federal fiscal year runs from October 1 to September 30 each year, HAP renewal HAP funding is disbursed to PHAs over a calendar year regardless of the PHA's fiscal year. The total amount available is provided by the Congress to HUD in an annual Appropriations Act and provided to PHAs based on a formula set forth in the Act. Under the current HAP renewal funding methodology being used by HUD, PHAs are notified each calendar year about their HAP funding called their Annual Budget Authority (ABA). The ABA is outlined for the PHA in a funding letter sent by e-mail to the PHA. This funding letter provides PHAs with information about the total amount of renewal HAP funding that is available to them for the CY and is disbursed to a PHA based on need. In addition, there can be adjustments to CY funding due to special set-asides, add-ons or prorations as applicable.

The annual renewal funding letter to the PHA serves as HUD's obligation instrument. However, actual disbursements and need will determine HAP revenue recognition for a PHA based on the GAAP criteria described above. With the implementation of the cash management requirements of Notice PIH 2011-67, HUD will no longer automatically disburse the full ABA to a PHA. The ABA will be disbursed to PHAs based on need as reflected in the VMS. Amounts of the ABA not disbursed to the PHA during the CY will no longer be recognized by the PHA as HAP revenue and will accrue to a Program Reserve held at HUD. PHAs will be able to access amounts held in the Program Reserve based on need to the extent they are not over-leasing during the CY.

SECTION 2.10: Revenue Recognition in the HCV Program

In cases where the PHA has been disbursed more in HAPs than needed, typically there will not be accounts payable to HUD for excess HAP disbursements. However, PHAs may need to book deferred revenue in cases where HAP funds were advanced prior to the month they will be used to make HAPs. For example, assume a PHA has a December year end and they received January HAP funding from HUD at the end of December. This advance would be booked as deferred revenue and relieved in January when the time requirement was met. Regardless of the time requirement, most PHAs would recognize this revenue based on the matching principle which would require the early funding (advance) to be treated also as deferred revenue and recognized as revenue in the subsequent month.

Although there will not typically be an accounts payable to HUD for excess HAP disbursements received during the fiscal year, the PHA could have an accounts receivable HUD. This could happen in situations where the PHA has fully utilized its ABA during the year and any amounts it has in the RNP account (assuming the PHA is not over-leasing).

Summary of HAP Revenue Recognition

In summary, generally HAP revenue recognition will be based on actual HAP disbursements received by the PHA plus need. In cases where the PHA has received more in disbursements than needed to make HAPs, the amount will accrue to the NRA account. In this example HAP revenue would be equal to disbursements received during the year. In cases where the PHA needs more than was disbursed by HUD and it had exhausted any NRA balances at the PHA as well as other income that would accrue to the NRA account, an accounts receivable will be booked for the difference. In this example, HAP revenue would be equal to the amounts disbursed by HUD plus the amount booked as an accounts receivable HUD (need). ABA not disbursed to the PHA during the year will not be recognized as HAP revenue or be reflected in the PHA's equity accounts but instead accrued to a Program Account held at HUD.

Monthly HAP Disbursements (Implementation of the Cash Management Requirements of the HCP Program)

Since January 1, 2005, PHAs have been responsible for maintaining any excess HAP disbursements in their Restricted Net Position (RNP) account for future eligible HAP expenses. The result has been the accumulation by some PHAs of large balances in their RNP account and the associated restricted cash and or investments. Beginning January, 2012, in order to mitigate the accrual of excess HAP funds at the PHA level and to comply with the cash management requirements of the Treasury, HUD began to distribute funds to PHAs monthly, based on the most recent assessment of needs. Each month's disbursement to a PHA are based on the most recent quarter's validated PHA's HAP costs as reported in the VMS.

SECTION 2.10: Revenue Recognition in the HCV Program

At the end of each quarter, and as soon as data for the final month of the quarter has been validated, each PHA's actual costs will be compared by HUD to funds disbursed to the PHA for the quarter along with any investment interest earned each month as reported in the VMS. Subsequent disbursements will then be adjusted as needed to immediately recoup any excess disbursements. A final CY reconciliation will be conducted by HUD as soon as data for the final month of the CY has been validated in order to determine whether the PHA has received excess or insufficient HAP advances. Based on this final reconciliation, HUD will either make an additional HAP disbursement or offset future HAP disbursements to the PHA to complete the CY reconciliation process.

The following is an example of how the cash management requirements will impact the amount of HAP revenue that will be recognized during a PHA's fiscal year (in this case we used a calendar year). The example also shows how the PHA would determine any amount of accounts receivable from HUD based on HAP needs during the year and the balance in the RNP account and HUD Held Reserve (HHR) at HUD.

Fiscal year is a calendar year — Assume FY 2020	
Program reserves beginning of the year	\$50,000
RNP at the beginning of the year	\$2,575
Interest earned on RNP funds in FY	\$25 *
Forfeiture of FSS escrow accounts	\$2,000
Annual budget authority	\$925,000
Amount HUD disbursed to the PHA	\$925,000
Actual HAP expended (no over-leasing)	\$965,000

Total need (assume no over-leasing)	\$965,000
Less other income accrued to RNP	(\$2,000)
Less amounts in the RNP	(\$2,575)
Disbursements received	(\$925,000)
AR HUD	\$35,425
HAP Revenue earned for the year	\$960,425

*Note: interest earned on excess HAP funds will be remitted to the U.S. Treasury, less the \$500 the PHA may keep, and will not become part of the RNP.

RNP at the beginning of the year	\$2,575
Used during FY 2020 for HAPs	(\$2,575)
Balance at 12/31/2020	\$0

HUD Held Reserves beginning of the year	\$50,000
Needed for FY 2020	(\$35,425)
Balance at 12/31/2020	\$14,575

RNP Offsets

In past funding periods Congress has required HUD to reduce a PHA's HAP renewal funding eligibility by specific amounts in order to force a PHA who was considered to have excess NRA balances to reduce those balances. When RFNP offsets occur they do not result in the creation of an accounts payable to HUD. They simply mean in the year they are applied the PHA will receive less HAP renewal funding than their renewal funding eligibility amount.

Offsets Other Than RNP Offsets

Although not common, HUD can reduce the amounts due a PHA in order to recapture amounts that must be paid back to HUD. This process allows HUD to recapture funds without the PHA having to issue a check or transfer funds back to HUD by wire transfer. This type of offset will result in the PHA booking accounts payable to HUD for the amount of the recapture.

Administrative Fee Revenue Recognition

PHAs earn ongoing administrative fees based on an eligibility time requirement that units must be leased on the first day of the month. Administrative fee funding, like HAP funding has purpose restrictions which as with HAP funding do not determine when revenue is recognized but how it may be used.

The congress provides separate funding for ongoing administrative fees. The congress directs that a PHA be paid a portion of the appropriated amount based on units leased as of the first of each month times a HUD determined permit fee, less proration. In order to keep administrative fees flowing to a PHA without interruption during the PHAs CY, HUD disburses administrative fees based on estimates of fees earned from previous month's leasing as reported in the VMS. For example, fees paid to a PHA on the 1st of January will be based on leasing as reported in the VMS from previous months. HUD later reconciles a PHA's monthly lease-up in the VMS to adjust the estimated ongoing administrative fees paid for a previous month to actual fees earned based on actual VMS leasing. HUD also conducts a final reconciliation after a calendar year to capture any changes PHAs may have made to their previously reported VMS leasing data, so that PHAs are paid based on actual leasing during the calendar year less any applicable prorations.

Another factor impacting revenue recognition for ongoing administrative fees is whether HUD has applied a proration factor. Proration factors are applied by HUD when it is anticipated that funding available for the payment of ongoing administrative fees during a calendar year will not be sufficient to cover PHA eligibility. In years in which HUD pro-rates funding, PHAs will typically not recognize more than the pro-rated amount as it is uncertain as to whether funding will ultimately be provided at 100% of eligibility. Put another way, PHAs typically are not able to establish that the amounts not received due to proration are available and therefore are not subject to recognition.

PHAs in common practice recognize administrative fee revenue based on what HUD has actually disbursed to them on a monthly basis and then reconcile to actual administrative fees earned periodically or at year-end less any applicable proration. These reconciliations can result in a PHA needing to book accounts receivable from HUD if the PHA earned more in fees than it was paid by HUD. It can also result in booking deferred revenue if the PHA received more in fees from HUD than it earned. In the later case, PHAs will not book accounts payable to HUD. Excess administrative fees received will be booked as unearned revenue, FDS Line 342. HUD will recapture these overpayments to the PHA by reducing future administrative fee advances.

FDS Line Items Applicable to Revenue Recognition in the HCV Program

FDS line item 70600, HUD PHA operating grants, is used to record HAP and administrative fee revenue in the HCV program. Note that regardless of whether HCV funding is used for operating expenses or the purchase of capital equipment, all funds received from HUD for the HCV program will be booked in this line item. This FDS line item is further broken out into the following subaccounts:

FDS Line Item	Account Description	Typical Use
70600-010	Housing Assistance Payments	This subaccount is used to record all HAP funding received from HUD.
70600-020	Ongoing Administrative Fees Earned	This subaccount is used to record the ongoing admin fee earned by the PHA from HUD.
70600-030	Hard-to-House Fee Revenue	This subaccount was used in years past to record hard-to-house fees the PHA earned from HUD. This subaccount has not been used for several years as this fee has not been funded in recent years by the Congress.
70600-031	FSS Coordinator Grant	This line is no longer used in the HCV program since the FSS coordinator grant is now reported under a separate CFDA number.

SECTION 2.10: Revenue Recognition in the HCV Program

FDS Line Item	Account Description	Typical Use
70600-040	Actual Independent Public Accountant Audit Cost	This subaccount is used to record funding the PHA received to cover the cost of an audit. This subaccount has not been used for several years as audit costs have not been separately funding by the Congress.
70600-050	Total Preliminary Fees Earned	This subaccount was used in years past to record a special fee PHAs received for leasing incremental vouchers for the first time. Currently this fee will represent a one time fee PHAs receive for housing conversion units
70600-060	All Other Fees	This subaccount is used to capture any other type of fee a PHA receives from HUD not specified in another subaccount. Currently the most common fee recorded in this subaccount is the homeownership closing fee for PHAs participating in a homeownership program. In past years, PHAs received a one time fee of \$5,000 for their first homeownership closing and \$1,000 for each subsequent closing as reported in PIC. In CY 2012, the fee for a subsequent homeownership closing was reduced to \$200.

The following FDS line items related to the balance sheet may also be applicable:

FDS Line Item	Account Description	Typical Use
111	Cash—unrestricted	In the context of the HCV program cash representing administrative fee revenue will be a component of this line item.
113	Cash—other restricted	In the context of the HCV program cash representing unspent HAP will be a component of this line item and FSS escrow cash.
131	Investments—unrestricted	In the context of the HCV program investments made with excess HCV administrative fee revenue will be a component of this line item.
132	Investments—restricted	In the context of the HCV program investments made with excess HAP cash will be a component of this line item.
122	Accounts receivable—HUD other projects	In the context of the HCV program this line item could represent administrative fees earned but not yet paid or HAP funds being requested from the program reserve not yet paid to the PHA by HUD.
331	Accounts payable—HUD PHA programs	In the context of the HCV program this line item could represent amounts due back to HUD for offsets HUD makes in order to recapture funding. Its use will be rare for this purpose.
342	Unearned Revenue	In the context of the HCV program this line will typically represent administrative fee funding not earned in the period they were received. For PHAs with FYEs of 12/31, it may also represent HAP paid early by HUD for January HAPs because of the New Year's holiday.

SECTION 2.10: Revenue Recognition in the HCV Program

Now we will provide some examples of how these accounts may be used to book HCV program funding received from HUD.

HAP Revenue

Example 1–HAP funding is received in the month it is earned.

Assume the PHA receives on the 1st of the month \$100,000 in HAP funding. The following accounting entry would be made to book the receipt of this amount.

FDS Line Item	Debit	Credit
113 – Cash–other restricted	\$100,000	
70600-010 – HUD PHA operating grants– Housing Assistance Payments		\$100,000

Example 2–HAP funding is received in advance of the month the funds will be used to pay HAPs:

Assume the PHA’s fiscal year end is June 30th and it received \$100,000 in HAP funding from HUD on the 29th of June for July HAPs. The following accounting entry would be made to book the receipt of this amount:

FDS Line Item	Debit	Credit
113 – Cash–other restricted	\$100,000	
400 – Deferred Inflow		\$100,000

Example 3–Retroactive HAP funding is received:

Assume the PHA with a fiscal year end of June 30th received retroactive HAP funding in the amount of \$50,000 from HUD on July 15th for its previous fiscal year. The following accounting entry would be made to book the receipt of this amount:

FDS Line Item	Debit	Credit
113 – Cash–other restricted	\$50,000	
70600-010 – HUD PHA operating grants– Housing Assistance Payments		\$50,000

Note that although the amount is for a previous fiscal year, the PHA records it as revenue in the fiscal year it is received.

Example 4–Offset other than an RNP offset:

Assume the PHA was notified by HUD that \$50,000 in HAP funding would need to be repaid and that the next month's scheduled HAP disbursement of \$150,000 to the PHA would be reduced by this amount. The following accounting entry would be made to book this amount:

FDS Line Item	Debit	Credit
113 – Cash–other restricted	\$100,000	
331 – Accounts payable–HUD PHA programs	\$50,000	
70600-010 – HUD PHA operating grants–Housing Assistance Payments		\$150,000

Administrative Fee Revenue

Example 1–PHA receives an advance from HUD on the 1st of the month for administrative fees in the amount of \$75,000. The amount advanced was based on an estimate. This amount will be reconciled with an upcoming quarterly Administrative Fee reconciliation by HUD. When this reconciliation is completed HUD will either send an additional amount of money for funds due the PHA or HUD will reduce an upcoming months Administrative Fee funding to the PHA for any funds due HUD. The following accounting entry would be made to book this amount:

FDS Line Item	Debit	Credit
111 – Cash unrestricted	\$75,000	
70600 – HUD PHA operating grants - administrative fees		\$75,000

SECTION 2.10: Revenue Recognition in the HCV Program

With the receipt of the quarterly reconciliation, HUD owes the PHA \$3,500 and funded the PHA via a wire transfer. Upon receipt of these funds the following entry would be made:

FDS Line Item	Debit	Credit
111 – Cash unrestricted	\$3,500	
70600 – HUD PHA operating grants - administrative fees		\$3,500

OR

With the receipt of the quarterly reconciliation, the PHA owes HUD \$2,000. No entry is needed since HUD will reduce the monthly Administrative Fee funding by the \$2,000 that the PHA owes HUD.

Example 2–The PHA is closing its books for the fiscal year and determines that total administrative fees earned for the year based on leasing on the 1st of the month is \$150,000.

HUD has been using a proration factor of 81% for the year and at the end of the year the PHA had only received disbursement from HUD in the amount of \$118,500. The following accounting entry would be made to adjust the books for administrative fees earned for the year:

FDS Line Item	Debit	Credit
70600 – HUD PHA operating grants– administrative fees		\$3,000
122 – Accounts receivable–HUD other projects	\$3,000	

Note that in this case even though the PHA was eligible to earn \$150,000 in administrative fees, only 81% of the amount they are eligible to receive was booked as administrative fee revenue for the fiscal year. The remaining amount not received due to proration would not be booked as an accounts receivable from HUD since there is no assurance HUD will be able to pay this amount in the future (not available).

Notes

SECTION 2.11 ACCOUNTING FOR THE HCV FAMILY SELF-SUFFICIENCY PROGRAM

24 CFR 984.305

Family self-sufficiency (FSS) is a HUD program that encourages PHAs to develop local strategies to help voucher families obtain employment that will lead to economic independence and self-sufficiency. PHAs work with welfare agencies, schools, businesses, and other local partners to develop a comprehensive program that give participating FSS family members the skills and experience to enable them to obtain employment that pays a living wage.

Accounting activity related to the FSS program includes the following:

- Accounting for FSS Coordinator Grant funds, if applicable
- Maintaining participant escrow accounts
- Investing escrow account proceeds
- Reporting to FSS program participants on the status of their escrow account balances
- Tracking the disbursement of escrow account funds
- Accounting for forfeitures of FSS program participant escrow accounts

The following FDS line items are used to account for FSS activity.

FDS Line Item	Account Description	Typical Use
111	Cash—unrestricted	In the context of the HCV FSS program, this line item represents the cash holdings of FSS coordinator grant funds received.
113	Cash—other restricted	In the context of the HCV FSS program, this line item represents cash that has accumulated, among other things, for FSS escrow accounts that have not been invested.

CHAPTER 2: The HUD Chart of Accounts & Key Accounting Transactions

FDS Line Item	Account Description	Typical Use
115	Cash–restricted for payment of current liability	In the context of the HCV program, this line item represents FSS escrow cash set aside for the payment of FSS escrow accounts for FSS participants expected to successfully complete their FSS five year contract of participation during the current fiscal year. In addition, it can be composed of cash made available to FSS participants during the term of their contracts to enable them to complete an interim goal.
129	Accrued interest receivable	In the context of the HCV FSS program, this line item represents the accrual of investment income earned on invested FSS escrow proceeds but not yet received.
132	Investments–restricted	In the context of the HCV FSS program, this line item represents FSS escrow cash that has been used to purchase an investment.
345	Other current liabilities	In the context of the HCV program, this line item represents FSS escrow account balances for FSS participants that are expected to complete their contract of participation during the current fiscal year.
353	Non-current liabilities–other	In the context of the HCV program, this line item represents FSS escrow account balances for participants that are expected to complete their contract of participation not within the current fiscal year (in the future).
70600-031	HUD PHA operating grants–FSS coordinator grant	This FDS subaccount is used to record FSS grant revenue received by the PHA.

SECTION 2.11: Accounting for the HCV Family Self-Sufficiency Program

FDS Line Item	Account Description	Typical Use
71500	Other revenue	In the context of the HCV program, forfeited FSS escrow accounts, among other things, will be reported here.
72000	Investment income—restricted	In the context of the HCV program, this line item represents interest income earned on FSS escrow funds that were invested or that earn interest income in an interest paying account.
92100	Tenant services—salaries	In the context of the HCV program, this line item represents the salary cost of FSS coordinators regardless of whether the coordinator's salary is funded by an FSS coordinator grant.
92300	Employee benefit contributions—tenant services	In the context of the HCV program, this line item represents benefit expense for FSS coordinators regardless of whether the FSS coordinator salary costs are funded by an FSS coordinator grant.
92400	Tenant services—other	In the context of the HCV program, this line item represents other FSS program expenses such as contract services.
97300-050	Housing assistance payments—all other	In the context of the HCV FSS program, a component of this line item is HAP contributions to fund the participant escrow accounts.
11180-020	Housing assistance payments equity—other revenue	One of the possible uses for this line item is to credit forfeited FSS escrow accounts to RNP equity.

FSS Coordinator Grants

*Accounting Brief #23
Financial Reporting for the
FSS Program*

For FFY 2013 and prior, FSS Coordinator funding was specific to either the PH or the HCV program.

- Funding was awarded under two separate notices of funding availability (NOFAs), one for the PH program and one for the HCV program.
- Grant revenues and expenses were reported separately under their respective programs.

In FFY 2014, the funding for the FSS Coordinator Grant was combined under a single grant.

- Funds may now be used to serve FSS participants in either the PH or HCV FSS programs.
- Identified as CFDA #14.896
- Now a cost reimbursement grant covering only FSS coordinator salary and benefits up to the grant amount
- Funds are drawn down by the PHA through eLOCCs based on actual salary and benefit expenditures, up to grant amount, for the FSS coordinator
- Reported on the FDS independently of the PH and HCV programs (i.e. its own balance and income statement) on the FDS

FSS Escrow Accounts

An interest bearing FSS escrow account must be established by the PHA for each participant. These accounts act as an incentive for participants to complete their contracts of participation because participants receive the proceeds from these accounts at the completion of their contracts if they meet certain eligibility requirements by the end of their contracts.

The FSS escrow account is funded with HAP funds, and from an expense standpoint represents a type of HAP expense. The escrow account increases based on earned income of the family. For example, as a participant is able to pay more towards their rent because of earned income, the HAP amount stays the same but instead of all of it going to the landlord, the increase in what the participant pays is reduced from the landlord's payment and is credited to the participant's escrow account. The PHA may make a portion of the escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as purchasing text books, or paying for repairs to an auto to name a couple.

- If a participant receives an advance payment from their FSS escrow account prior to completing the contract of participation, the advance payment does not have to be repaid to the PHA if they drop out of the FSS program, unless the payment was based on fraud or misinformation by the participant.

If the family completes the contract of participation and no member of the family is receiving cash welfare assistance, the amount of the FSS account is paid to the head of the family.

- When the participant has met the eligibility requirements to receive the escrow at the completion of the contract of participation, any amounts owed to the PHA by the FSS participant can be deducted from the amount paid to the participant.
- The family may use the final disbursement of escrow funds without restriction.
- The IRS does not consider a disbursement from the FSS escrow account to be income for purposes of determining income taxes since the source of funding for the account is considered a subsidy and as long as the escrow account is maintained in the name of the PHA.

982.305(f)(2)(ii)

If the PHA terminates the FSS contract of participation, or if the participant fails to complete the contract of participation before its expiration, the participant's FSS escrow funds are forfeited.

- FSS account funds forfeited by the FSS participant will be treated as program receipts for payment of program expenses under the PHA budget for the applicable Section 8 program, and shall be used in accordance with HUD requirements governing the use of program receipts.

*24 CFR 984.305(a)(1); and
24 CFR 984.305(a)(2)(i)*

The PHA is required to deposit FSS escrow account funds of all HCV families participating in the FSS program into a single depository account in the name of the PHA. The PHA should maintain a subsidiary ledger showing the activity of the individual FSS participants.

*24 CFR 984.305(a)(2)(ii)
and (iii)*

During the term of the contract of participation, the PHA is required to credit at least annually the FSS credit due to the family, including interest. The interest credit is based on the balance in each participant's escrow account at the end of the interest income period. Before crediting interest to a participant's escrow account, the PHA must check to see whether the owner has reported that the family has not paid rent or other amounts due under the lease. If the participant owes these amounts, the PHA must reduce the balance in the escrow account by the amount owed before determining the amount of interest earned on the participant's account.

The PHA should maintain a subsidiary ledger by FSS participant showing all the activity that occurred for the year. A sample FSS escrow tracking register follows.

Exhibit 2.11-1 Sample Status Report of FSS Escrow Accounts

FSS ESCROW ACCOUNTS

Tenant No.	Participant Name	Program Type	Payments Began	Current Monthly Escrow Payment	Amount of Interest	Total Balance	Date of Last Statement
201	You, Cindy	Voucher	1/1/XX	\$100	\$25	\$625	6/30/XX

Now we will review how the FDS line items are used to record accounting transactions related to the FSS escrow account.

Funding the Participant Escrow Accounts

Example 1—To set up the escrow account for the family where the PHA internally manages the FSS program master escrow account and all subaccounts.

Assume the FSS escrow credit for a participant for the month is \$100. The following accounting entry would be made to book the credit to the participant's escrow account.

FDS Line Item	Debit	Credit
97300-045 – FSS escrow deposits	\$100	
353 – Non-current liabilities–other		\$100
113* – Cash–other restricted (FSS escrow portion)	\$100	
113* – Cash–other restricted (HAP portion)		\$100

**FDS line item 113-Cash-other restricted contains a details button to distinguish restricted cash as to whether it is for FSS escrow deposits, HAP, or other.*

Note: Typically in this case the PHA is not issuing a physical check when it credits the participant's FSS escrow account, but only making a journal entry. The PHA would also make an entry in the subsidiary ledger for the FSS participant in the same amount. The second portion of this entry is to separate FSS escrow cash from HAP cash.

SECTION 2.11: Accounting for the HCV Family Self-Sufficiency Program

Example 2—The PHA is using a separate bank account to manage the FSS program master escrow account and the services of the bank to manage the participant subaccounts. In this case the PHA will typically set up the bank as a vendor and issue a payment just like a landlord only in this case to the bank (or other financial institution administering the account), with information regarding how to split the credit between FSS program participants. Assume a \$2,000 credit to be split between all participants for the month. The following accounting entries would be made to account for this method of funding the escrow account.

Step 1: To create the expense and pay the bank who is administering the FSS program master escrow account.

FDS Line Item	Debit	Credit
97300-045 – FSS escrow deposits	\$2,000	
113 – Cash—other restricted (HAP portion)		\$2,000

In this case the check will be issued to the bank instead of a landlord with information about how to split the credit between the FSS participants.

Step 2: To record the movement of funds into the FSS program master escrow account.

FDS Line Item	Debit	Credit
113 – Cash—other restricted (FSS escrow portion)	\$2,000	
353 – Non-current liabilities—other		\$2,000

The bank would then credit the subaccounts for the participants based on the instructions provided by the PHA.

Investing FSS Escrow Funds and Crediting Interest Earned on FSS Escrow Funds

Example 1—Assume the PHA is managing the FSS program master escrow account and has decided to purchase an investment (i.e., certificate of deposit at a federally insured bank). Assume the amount available to invest is \$100,000 for the participants.

The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
132 – Investments–restricted	\$100,000	
113 – Cash–other restricted (FSS escrow portion)		\$100,000

Example 2—Assume the PHA has earned for the month \$200 in investment income on the FSS escrow proceeds that were invested but the amount has not yet been received.

The following accounting entry would be made to book this activity.

FDS Line Item	Debit	Credit
129 – Accrued interest receivable	\$200	
353 – Non-current liabilities - other (FSS account portion)		\$200

Example 3—The PHA receives a cash payment of investment income once the investment has matured.

The following accounting entry would be made to book this activity.

FDS Line Item	Debit	Credit
113 – Cash–other restricted (FSS portion)	\$200	
129 – Accrued interest receivable		\$200

Example 4—The PHA’s FSS master escrow account is maintained in a money market fund that pays investment income monthly. Assume \$200 in investment income was earned for the month and credited directly to the money market account.

The following accounting entry would be made to book this activity:

SECTION 2.11: Accounting for the HCV Family Self-Sufficiency Program

FDS Line Item	Debit	Credit
113 – Cash–other restricted (FSS portion in MM account)	\$200	
353 – Non-current liabilities - other (FSS escrow account portion)		\$200

FSS Escrow Account Forfeitures

Assume a FSS program participant had an escrow balance of \$10,000 but failed to complete their contract of participation.

The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
353 – Non-current liabilities–other (FSS escrow amount)	\$10,000	
71500 – Other revenue		\$10,000
113 – Cash–other restricted (HAP funds)	\$10,000	
113 – Cash–other restricted (FSS escrow portion)		\$10,000

Note: In this case booking the forfeiture to Other Income will result in this amount being returned to HAP Equity. In order for the HAP equity memo accounts to reconcile with the Net Restricted Position, the PHA will need to manually flow this amount through “other income” when completing the HAP Equity memo accounts on the FDS.

Notes

SECTION 2.12 ACCOUNTING PROCEDURES FOR PORTABILITY

An eligible HCV program family may use their voucher to lease a unit anywhere in the United States where there is a PHA operating a HCV program. This feature of the HCV program is referred to as portability. The PHA that issues the voucher to a family that wishes to move to another jurisdiction under portability is called the initial PHA. The PHA in the jurisdiction to which the family wishes to relocate is called the receiving PHA. Program regulations covering where a family may move and the responsibilities of the initial PHA and the receiving PHA are found at 24 CFR 982.353 through 982.355. PHAs should refer to PIH Notice 2011-3 for specific deadlines associated with portability billing. This section describes how to account for portability transactions.

The following FDS line items are used to record portability transactions:

FDS Line Item	Account Description	Typical Use
111	Cash–unrestricted	In the context of the HCV program this line item represents cash accumulated from excess administrative fees earned and other administrative revenue.
113	Cash–other restricted	In the context of the HCV program this line item represents cash accumulated from excess HAP funds received, FSS escrow cash and other restricted cash.
121	Accounts receivable–PHA projects	In the context of the HCV program amounts in this line item relate to portability billing amounts billed by the receiving PHA to the initial PHA.
332	Accounts payable–PHA projects	In the context of the HCV program amounts in this line item relate to portability billing amounts billed to the initial PHA by the receiving PHA.

CHAPTER 2: The HUD Chart of Accounts & Key Accounting Transactions

FDS Line Item	Account Description	Typical Use
71500	Other revenue	In the context of the HCV program amounts in this line item represent, among other things, the HAP and administrative fee revenue per amounts billed by the receiving PHA to the initial PHA.
96200	Other general expenses	In the context of the HCV program amounts in this line item represent the portion of the initial PHA's administrative fee paid to the receiving PHA for administering a portable voucher on its behalf.
97300-041	Housing assistance payments—all other	Amounts in this line item represent all HAP expense not accounted for in another subaccount of line item 97300, including HAPs for portable vouchers which are not absorbed by the receiving PHA. Put another way, the HAP expense for only the vouchers tied to the PHA's ACC.
97350	HAP portability—in	Amounts in this line item represent the amount of HAP expense paid by the receiving PHA in behalf of the initial PHA for portable vouchers it has not absorbed. These amounts should be billed to the initial PHA.

SECTION 2.12: Accounting Procedures for Portability

PIH Notice 2016-09

The HCV program regulations require that the initial PHA must promptly reimburse the receiving PHA for the full amount of the HAP payments and with 80% of its ongoing administrative fee from column B (or a negotiated amount if both PHAs agree) for each month that the family receives assistance from the receiving PHA. The first billing from the receiving PHA to the initial PHA creates a request for subsequent regular payments. The initial PHA should continue to pay the receiving PHA based on this amount until such time as the receiving PHA sends a new billing changing the amount. Changes in the billing amount can be the result of changes in the HAP, the HUD posted administrative fees and a family ends participation in the program.

The initial PHA and the receiving PHA must comply with billing and payment deadlines under the financial procedures for portability activity as specified in PIH Notice 2011-3. HUD may assess penalties against an initial PHA or a receiving PHA for violations of the deadlines specified by HUD in PIH Notice 2011-3.

24 CFR Part 982.355(d)(3)

Effective with the new billing requirements implemented through publication of the final portability rule, receiving PHAs must calculate the lesser of 80 percent of the initial PHA's column B administrative fee rate (then prorated to the national proration level of 81 percent) or 100 percent of their own column B administrative fee rate (then prorated to the national proration level of 81 percent) for the months of October, November and December of 2017. It is important to note that going forward, although the national proration level will change, the "lesser of" calculation provided in the final portability rule will continue. Below is an example of the calculation:

PHA A (initial PHA)	Column B Rate x Proration x 0.8
	*admin fee proration in this example is 81%
	$\$60.59 \times 0.81 \times 0.8 = \39.26
PHA B (receiving PHA)	Column B Rate x Proration x 1
	*admin fee proration in this example is 81%
	$\$42.05 \times 0.81 \times 1 = \34.06
<i>Billed Administrative Fee = \$34.06</i>	
<i>*under previous rule requirements the billed administrative fee would have been \$39.26</i>	

An important concept to keep in mind is that the funding that supports the payments made by the receiving PHA for port-in vouchers comes from the receiving PHA's unrestricted cash balance, which is related to its Unrestricted Net Position.

Appropriations law stipulates that restricted cash and Restricted Net Position may only be used to support the HAP and HAP like expenses of the PHA's authorized units (ACC vouchers). Only in cases where the receiving PHA decides to absorb the portability family into its program can its ACC funding be used to pay the HAP.

Now we will review how the FDS line items are used to record accounting transactions related to portability transactions.

Receiving PHA Transactions

Example 1–The receiving PHA pays the \$575 HAP payment for the portable voucher in behalf of the initial PHA. The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
97350 – HAP Portability–In	\$575	
111 – Cash–unrestricted		\$575

Example 2–The receiving PHA bills the initial PHA for reimbursement of 100% of the HAP, plus 80% of the initial PHA’s posted Column B administrative fee rate of \$45. Assume HUD initially paid PHAs at 81% of their eligible fee rates.

The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
121 – Accounts Receivable–PHA projects	\$611.45	
71500 – Other revenue		\$611.45

Note: The total amount billed to the initial PHA is \$575 for the HAP plus \$36.45 for the administrative fee (\$45.00 x 81%, the initial HUD applied pro-ration amounts). Of course the pro-ration amount is subject to change since it depends on whether available administrative fee appropriations provided to HUD are sufficient to pay all PHAs at 100% of their eligibility during the calendar year.

PIH Notice 2016-09

Notice PIH 2016-09 requires the first billing to be mailed to the initial PHA within 10 working days after the date the HAP contract is executed. The receiving PHA is also required to submit a new billing form to the initial PHA within 10 working days following the effective date of any change in the billing amount. If the receiving PHA fails to follow these deadlines, the initial PHA is not responsible for paying any **increase** in the monthly billing amount incurred prior to the notification. If the change resulted in a decrease in the monthly billing amount, the initial PHA will offset future monthly payments until the difference is reconciled.

PHAs should also remember that when completing the Memo Administrative Fee Equity FDS line items at year-end, the FDS memo line item 11170-050, Other Revenue will not auto populate from data entered directly into FDS line item 71500 - Other revenue. The PHA will have to manually populate this line item. The memo line item 11170-051, Comment for Other Revenue should be used to explain the amounts entered on 11170-050, Other Revenue.

Example 3—The receiving PHA receives payment in the amount of \$611.45 from the initial PHA. The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
111 – Cash–unrestricted	\$611.45	
121 – Accounts receivable–PHA projects		\$611.45

Initial PHA Transactions

Example 1—The initial PHA receives the billing from the receiving PHA in the amount of \$611.45 which represents \$575 for the HAP and \$36.45 for the administrative fee.

The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
97300-050 – Housing assistance payments–all other	\$575.00	
96200 – Other general expenses	\$36.45	
332 – Accounts payable–PHA projects		\$611.45

PIH Notice 2016-09 requires the initial PHA to pay the first billing within 30 days of receipt. Subsequently, the initial PHA is required to make payment each month the billing arrangement is in effect no later than the fifth working day of each month.

SECTION 2.12: Accounting Procedures for Portability

Example 2–The initial PHA pays the receiving PHA the billed amount of \$611.45. The following accounting entry would be made to book this activity:

FDS Line Item	Debit	Credit
332 – Accounts payable–PHA projects	\$611.45	
111 – Cash–unrestricted		\$36.45
113 – Cash–other restricted		\$575.00

HUD Portability Billing Form

PHAs are required to use a standardized billing form for all portability billing activity to the initial PHA – form HUD-52665. A sample of this form can be reviewed in Exhibit 2.12-1.

The initial PHA completes Part I of form HUD-52665 and mails or faxes it to the receiving PHA.

Part I of form HUD-52665 contains the date by which the initial billing must be submitted by the receiving to the initial PHA.

The receiving PHA must send the initial PHA a copy of the updated form HUD-50058 at each annual recertification for the duration of the time the receiving PHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

The receiving PHA is also required to send a new form HUD-52665 along with the form HUD-50058 if there is a change in the billing amount.

Portability Form Basics

Part I of the form is completed by the initial PHA for a family that is moving out of its jurisdiction. The initial PHA will submit the following additional documents with the Portability Form submitted to the receiving PHA:

- A current form HUD-50058
- Copies of the income verification for the current form HUD-50058
- Copies of the family's voucher or certificate
- In the case of an applicant, when the initial PHA has not completed form HUD-50058 because the family is not yet a new admission, the initial PHA must provide the family information and income information to the receiving PHA in a format similar to form HUD-50058

Part II - A is always completed by the receiving PHA.

Part II - B is completed by the receiving PHA whenever:

- The family fails to submit a request for lease approval within the allotted time period
- The receiving PHA absorbs the family
- The receiving PHA executes a HAP contract
- The HAP amount changes
- HAPs have been abated to the landlord or were previously abated and are being resumed
- The family has been terminated from the program
- The HAP contract has been terminated

Exhibit 2.12-1 HUD-52665 (Family Portability Information)

Family Portability Information Housing Choice Voucher Program

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 04/30/2018)

Public reporting burden for this collection of information is estimated to average .50 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This collection of information is authorized under Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). The information is used to standardize the information submitted to the receiving Public Housing Agency (PHA) by the initial PHA. In addition, the information is used for monthly billing by the receiving PHA.

Sensitive Information. The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect the information required on this form by Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f) and by the Housing and Community Development Act of 1987 (42 U.S.C. 3534(a)). Collection of this information, including SSN and annual income, is mandatory. The information is used to standardize the information submitted to the receiving Public Housing Agency (PHA) by the initial PHA. In addition, the information is used for monthly billing by the receiving PHA. The SSN is used as a unique identifier. HUD may disclose this information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Failure to provide any of the information may result in delay or rejection of a family port.

Part I Initial PHA Information and Certification

Instructions: This portion of the form is to be completed by the initial PHA for a family that is moving out of the initial PHA's jurisdiction under the portability procedures.

1. Head of Household Name				2. Head of Household Social Security Number	
3. Voucher Number (if applicable)	4. Bedroom Size	5. Issuance Date (mm/dd/yyyy)	6. Expiration Date (mm/dd/yyyy)	7. Date of Last Income Examination (mm/dd/yyyy)	
8. Annual income if new admission (not currently a voucher participant) \$ _____					
9. Date by which initial billing must be received (90 days following the expiration date of the initial PHA voucher) (mm/dd/yyyy) _____					
10. Initial PHA administrative fee rate \$ _____ (Note: include proration, if applicable. For example, if the proration factor for the year is 79% and your column B rate is \$60, enter \$47.4)					
11. 80% of initial PHA ongoing administrative fee (line 10 x 0.8) \$ _____					
12. Receiving PHA to which family has been referred: _____					

Attachments:

- A copy of the voucher issued by the initial PHA.
- The most recent form HUD-50058 and copies of all related verification information for the current form HUD-50058.** (Note: This is the latest form HUD-50058 completed for either an applicant, a new admission, an annual reexamination, or an interim redetermination. It is not the form HUD-50058 that the initial PHA completes to report the portability move-out.)

Certification Statement:

The family ☐ is a current program participant or ☐ is not a current program participant but is income-eligible in the receiving PHA's jurisdiction (see line 8 above), and the voucher was issued in accordance with the program regulations. Please issue the family a receiving PHA voucher that does not expire before 30 days from the expiration date indicated in Item 6 (the expiration date on the initial PHA's voucher) for the appropriate bedroom size (based on the receiving PHA's policies). I certify that the information contained on Part I of this form and the attached documents provided by my agency are true and correct. My agency will promptly reimburse amounts paid on behalf of the above family within 30 calendar days of receipt of Part II of this form and thereafter ensure that subsequent billing payments are received by your agency no later than the fifth working day of each month. Failure to comply with these payment due dates may result in the transfer of the family's voucher in accordance with program rules and regulations.

Name of Certifying PHA Official _____ Type Full Name and Address of Initial PHA below

Signature _____

Initial PHA Contact Name _____

Phone Number _____ Email _____

Form Submission Date (mm/dd/yyyy) _____

Part II-A Receiving PHA Information and CertificationInstructions: The **receiving PHA** must always complete Part II-A.

1. Head of Household Name	2. Head of Household Social Security Number
3. Voucher Bedroom Size (per receiving PHA's policies)	4. HAP Contract Number (if applicable)

5. Receiving PHA administrative fee rate \$ _____

(Note: include proration, if applicable. For example, if the proration factor for the year is 79% and your column B rate is \$60, enter \$47.4)

Certification Statement:

I certify that the information contained on Part II of this form and, if applicable, the attached form HUD-50058, is true and correct and that my agency will promptly remit any overpayment to your agency.

Name of Certifying PHA Official _____

Type full Name and Address of Receiving PHA below

Signature _____

Receiving PHA Contact Name _____

Phone Number _____ Email _____

Form Submission Date (mm/dd/yyyy) _____

Part II-B Family Status, Initial HAP Contract Execution and Billing Changes After HAP Contract Execution

Instructions: For initial billings, Part II-B must be completed by the receiving PHA and received by the initial PHA within 90 days following the expiration date of the initial PHA's voucher. For changes in the family status or the billing amount, Part II-B must be completed and sent within 10 working days from the effective date of the change. **The receiving PHA does not submit the billing form each month unless the monthly amount due changes or both PHAs agree to a different billing schedule that requires a more frequent billing submittal.**

Check all statements below that apply:

- ☐ 1. The above family has failed to submit a request for tenancy approval for an eligible unit within the allotted time period. You may therefore reissue your voucher to another family and, if applicable, modify any records concerning local preference usage and income targeting requirements. **STOP. Do not complete remainder of form.**
- ☐ 2. We have executed a HAP contract on behalf of the family and are absorbing the family into our own program effective _____ (mm/dd/yyyy). You may reissue your voucher to another family. **STOP. Do not complete remainder of form.**
- ☐ 3. We executed a HAP contract on _____ (mm/dd/yyyy) with an effective date of _____ (mm/dd/yyyy) and are billing your agency. The effective date of the family's annual reexamination will be _____ (mm/dd/yyyy). **A copy of the new form HUD-50058 is attached to this form. No other documentation is required.** (Note: Receiving PHAs are required to complete and submit a form HUD-50058 for families moving into their jurisdiction under portability. The receiving PHA may elect to conduct a special recertification of the family to conform the dates of the unit inspection and recertification, but is not required to do so by HUD in order to complete the form HUD-50058 for a portability move-in.) **Complete line 10 below.**
- ☐ 4. The HAP amount has changed effective _____ (mm/dd/yyyy) for the family because of: (Check all applicable items. **Complete line 10 below.**)
- ☐ annual recertification
- ☐ interim/special recertification
- ☐ change in payment standard
- ☐ the family moved to another unit in the receiving PHA jurisdiction.
- ☐ other: (specify) _____

Comments continued on separate page Yes ☐ No ☐

☐ 5. The HAP payments have been abated effective _____ (mm/dd/yyyy). Please suspend the HAP to owner portion from your payment effective _____ (mm/dd/yyyy) until further notice. **STOP. Do not complete remainder of form.**

☐ 6. The HAP payments that were abated beginning _____ (mm/dd/yyyy) have resumed effective _____ (mm/dd/yyyy). Please resume payment of HAP effective _____ (mm/dd/yyyy). (Note: do not complete remainder of form unless line 4 above also apply. In such cases, complete line 10 below.)

☐ 7. We will no longer bill your agency because we are terminating the family's participation in the program or the family is voluntarily leaving the program.

Billing arrangement termination effective date: _____ (mm/dd/yyyy).

Reason for termination: (specify)

STOP. Do not complete remainder of form.

☐ 8. We are absorbing the family into our program and terminating the billing arrangement effective: _____ (mm/dd/yyyy). **STOP. Do not complete remainder of form.**

☐ 9. The HAP contract has been terminated effective _____ (mm/dd/yyyy) and no new HAP contract has yet been executed on behalf of the family.

The family:

☐ will not be remaining in our jurisdiction and has been referred to your agency.

☐ intends to remain in our jurisdiction. The family's voucher expires _____ (mm/dd/yyyy). (Note: submit this form again once you know the outcome of the family's search).

STOP. Do not complete remainder of form.

☐ 10. Billing Information

Regular Billing Amount:

a. Monthly HAP amount due _____
(line 12s or 12af of form HUD-50058)

b. Ongoing admin fee _____
((1) lesser of: Part I, line 11 or Part II, line 5, or (2) amount otherwise agreed upon)

c. **Total regular monthly billing amount** \$ 0.00
(sum of lines a and b)

Additional Amount Due, If Applicable:

d. Prorated HAP to owner from _____ to _____

e. Hard-to-house fee, if applicable _____

f. Other (explain) _____

Notes

SECTION 2.13 ACCOUNTING FOR HCV OPERATING EXPENSES

Operating expenses in the HCV program will be accounted for in primarily four categories. They are administrative expenses, tenant service expenses, utilities (for office space), and general expenses. Within these categories are contained both the direct and indirect costs of operating the program. HUD has established several FDS line items to accommodate recording of operating expenses. Many of these line items have already been discussed in other sections and they will not be repeated here. This section will focus on some general guidelines to account for HCV program operating expenses as well as review some of the FDS lines items where further explanation about how they should be used to record HCV program operating expenses is needed.

Administrative Expenses

Administrative Salaries (FDS line item 91100)

- The largest operating expenses of the HCV program are salaries and benefits. For the HCV program salaries and benefits will typically fall into one of two categories: administrative and tenant services. This line item will contain the salary expense for HCV program employees and a share of indirect cost employees expense when using cost allocation for recovering indirect costs.
- This category of salary expense **will not** include tenant services salaries for FSS coordinators and their staff and other staff providing tenant support services who work 100% of their time providing those services.

Employee Benefit Contributions –Administrative (FDS line item 91500)

- In the context of the HCV program this line item represents the expense for contributions to pension, retirement, and health plans for HCV program employees and a share of indirect cost employees expense when using cost allocation for recovering indirect costs.

Auditing Fees (FDS line item 91200)

- This line item should not be confused with accounting services fees or fee accountants, which should be classified as other administrative expenses (FDS line item 91900). This line item will represent the HCV program's share of the annual audit cost if required.

Management Fee Expense (FDS line item 91300) and Bookkeeping Fee Expense (FDS line item 91310)

- These line items will only be used in the HCV program if the PHA has established a central office cost center and is using fee-for-service to recover indirect costs of program operation instead of allocated overhead. For more information about these concepts see Chapter 4, Recovering Indirect Costs - Cost Allocation vs. Fee-for-Service.
- Management fee expense will also be used to record fees paid to third party (outside) entities contracted to administer the program for the PHA.

Advertising and Marketing Expense (FDS line item 91400)

- In the context of the HCV program advertising and marketing expense can consist of such things as advertisements in local media for landlord outreach and announcements about the opening or closing of the program waiting list to name a few.

Office Expenses (FDS line item 91600)

- This line item will represent the costs of operating the HCV program office(s) and will include such expenses as office supplies and consumables, postage, stationery, copying and printing, internet connectivity charges, office machine maintenance charges, telephone, cell phones, computer supplies, equipment maintenance agreements, and software purchases, books, periodicals, etc. Since there are so many expenses that can be recorded to this line item, PHAs may want to create subaccounts on their general ledgers to provide better budget management over these expenses.

SECTION 2.13: Accounting for HCV Operating Expenses

Legal Expense (FDS line item 91700)

- In the context of the HCV program this expense will relate to legal fees for pursuing fraud commitment by program participants and other program issues as well as general legal matters related to the HCV program such as HR issues.

Travel Expense (FDS line item 91800)

- In the context of the HCV program travel expense can relate to both local and out of area travel. This line item should include such travel related expenses as gas reimbursements to HCV employees for use of personal vehicles for PHA business, car allowances provided, travel by bus, train, plane and rental car. It should also include other travel related expenses such as lodging, per-diem and or meal expense during business travel, tolls paid in the course of travel and luggage handling fees assessed by common carriers.

Allocated Overhead (FDS line item 91810)

- This line item is used by PHAs that have typically more than 250 units in their public housing program to record indirect costs of program operation and who are using an indirect cost plan and not management fees for indirect cost recovery. For more information on this subject see Chapter 13, Recovering Indirect Costs - Cost Allocation vs. Fee-for-Service.

Other Administrative Expenses (FDS line item 91900)

- In the context of the HCV program this administrative expense account will contain all other types of HCV program administrative expenses not accounted for in other administrative expense line items. Examples include office rent expense, dues and fees for professional memberships and agency memberships, accounting fees, staff training, bank fees, business licenses, and non-capitalized equipment, furniture and lease-hold improvements.

Tenant Services Expenses

Tenant services—salaries (FDS line item 92100)

CFDA #14.896

- In the context of the HCV program this line item contains the salary expense of FSS coordinators and other staff that was not covered by a family self-sufficiency program coordination grant report in its own column of the FSS. In accordance with the REAC's FDS Schedule Line Definition Guide, "this account shall not be charged with any part of the salaries earned by the executive director, assistant executive director, ... staff attorneys, or any other PHA personnel whose duties are not directly or principally related to tenant services even though they may perform certain of these services incidental to their regularly assigned duties."

Employee Benefit Contributions—Tenant Services (FDS line item 92300)

- In the context of the HCV program this line item represents the expense for contributions to pension, retirement, and health plans for tenant services employees.

Tenant Services—Other (FDS line item 92400)

- In the context of the HCV program this line item represents costs incurred for tenant service contracts and other non salary and benefit costs related to tenant service activities.

Utilities Expenses

Water (FDS line item 93100), Electricity (FDS line item 93200), Gas (FDS line item 93300), and Fuel (FDS line item 93400)

- In the context of the HCV program these line items will represent utilities expenses related to the administrative offices for the HCV program.

General Expenses

Property Insurance (FDS line item 96110)

- In the context of the HCV program this line item will represent the HCV programs share of property insurance typically related to office space utilized for HCV program activities.

Liability Insurance (FDS line item 96120)

- In the context of the HCV program this line item will represent the HCV program's share of liability insurance typically related to office space utilized for HCV program activities.

Workman's Compensation (FDS line item 96130)

- In the context of the HCV program this line item will represent the HCV program's share of workman's compensation for HCV program staff and a share of indirect cost employees expense when using cost allocation for recovering indirect costs.

All Other Insurance (FDS line item 96140)

- In the context of the HCV program this line item will represent the HCV program's share of other insurance coverage charged directly or indirectly to the HCV program. It will also represent auto insurance coverage related to HCV program vehicles.

Other General Expense (FDS line item 96200)

- In the context of the HCV program this line item will primarily represent administrative fees paid to receiving PHAs for vouchers administered in behalf of the initial PHA.

Compensated Absences (FDS line item 96210)

- In the context of the HCV program this line item will represent accrued expense for vacation and sick leave for HCV program employees and a share of indirect cost employees expense when using cost allocation for recovering indirect costs.

Bad Debt - Other (FDS line item 96600)

- In the context of the HCV program this line item will be used to record bad debt expense typically related to repayment agreements.

Severance Expense (FDS line item 96800)

- In the context of the HCV program this line item will represent payments made to employees who had a contract for employment which was terminated by the board. This typically can be an executive level position such as the Executive Director.

Casualty Losses–Non-Capitalized (FDS line item 97200)

- In the context of the HCV program this line item will represent the cost of property restoration (typically HCV office space) damaged by fire, tornado, earthquake, hailstorm, or other casualty where it is considered the book value of the property has not been materially affected by the loss and subsequent restoration.

Housing Assistance Payments (FDS line item 97300)

- HUD requires that HAP expenses be separated into the following categories:

FDS Line Item	Description
97300-010	Mainstream 1
97300-020	Homeownership
97300-025	Litigation
97300-030	HOPE VI - Section 8
97300-040	Tenant Protection
97300-041	Portability - Out
97300-045	FSS Escrow Deposits
97300-049	All Other Special Purpose
97300-050	All Other

Fraud Losses (FDS line item 97500)

- In the context of the HCV program this line item will represent the loss of cash and /or securities resulting from robbery or theft not covered by insurance. It also includes amounts associated with fraudulent activities conducted by HCV program families and or landlords.

SECTION 2.14 OTHER FINANCING SOURCES (USES)

Operating Transfers

Operating transfers are generally used to move resources that are not expected to be repaid to the fund, program, or project that is initiating the transfer.

GASB defines operating transfers as “interfund transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).”

Traditionally, PHAs use operating transfers to cover unfunded costs associated with the operation of a program.

Operating transfers are also created in the process of providing for matching requirements of non-HUD programs operated by PHAs.

- The cost of the program should be recorded within the fund established for that program. The offset to the costs that are not funded under the grant are generally recognized as operating transfers-in.

Operating transfers can also be created by other activities initiated between funds, programs, and/or projects (i.e., the write off of interprogram balances, movement of account activity, etc.).

Operating transfers-in must equal operating transfers-out. The following FDS line items are used to record these transfers:

- 10010 – Operating Transfer–In
- 10020 – Operating Transfer–Out

Operating Transfers from/to Primary Government

In the context of the HCV program, these transfers represent resources provided for the support of the HCV program where the PHA is a division or department of a local entity of government such as a city, county, or state, and not a stand-alone entity.

This line item does not have a pair (i.e., transfer in and a corresponding transfer out). Instead, the amount is reported with a positive amount which corresponds to a transfer in, or a negative amount which corresponds to a transfer out (FDS line item 10030, Operating Transfers from/to Primary Government).

Equity Transfers

Equity transfers are primarily used to create or close a fund, program, or project, and are defined by GAAP as “nonrecurring or nonroutine transfers of equity between funds.”

Equity transfers should be used on a limited basis and may be prohibited by some state laws. They have not been eliminated under GAAP. FDS Line item 11040, Prior Period Adjustments, Equity Transfers, and Correction of Errors, is used to record equity transfers.

Prior Period Adjustments

It is important to note that prior period adjustments are a correction of an error.

A standard problem identified in the PHA environment is that, under the HUD basis of accounting, prior year adjustments were treated as normal transactions. However, under GAAP, these classes of transactions should be used very sparingly.

Other than equity transfers, prior period adjustments are the only transactions that are adjusted directly against net asset accounts. Because of this, the PHA must first assess the nature of the adjustment and consider the overall impact on the financial statements.

If the adjustment is immaterial, or it is not a correction of an error, the activity in question should be accounted for as part of current year operations.

It is also wise to consult your auditor before making a prior period adjustment. If the auditor instructs you to record a prior period adjustment, it should be reported on FDS line item 11040, Prior Period Adjustments, Equity Transfers, and Correction of Errors. The PHA should use the comment field to explain the purpose of the adjustment.

Changes in Estimates

Changes in estimates are normally changes in assumptions that affect how a PHA is accounting for certain transactions.

Whenever a change in estimate occurs, the effect of the change should be accounted for the year the change occurs. Additionally, the change is prospective in nature.

All other changes and their impact on the financial statements should be carried forward. A change in estimate should not result in a prior period adjustment.

The most common change in an accounting estimate is the depreciable life of an asset.

For example, if the PHA's policy is to depreciate vehicles over a 10-year life, but actual use leads management to believe that the useful life of these assets is really seven years, then the change in estimate should only affect the amount of annual depreciation taken on these assets based on the book value as of the date the change is made.

There should be no impact on depreciation taken in prior periods since the assumption is that depreciation was not recorded in error, but instead that the assumptions originally used have changed.

Other changes in estimates can be associated with changes in management's approach, and in some cases, changes in accounting principles and the guidelines applied over the recording of certain transactions.

Extraordinary Items and Special Items

Extraordinary items are items that are *both*:

- Unusual in nature, **and**
- Infrequent in occurrence

Special items, on the other hand, are unique and generally only apply to governmental entities, in that they are *either*:

- Unusual in nature, **or**
- Infrequent in occurrence, but do not have to meet both requirements

Both extraordinary items and special items are accounted for identically and on FDS Lines 10070 and 10080, respectively.

Generally they are reported below operating income since they are not part of a PHA's ongoing operations.

To classify as either an extraordinary or a special item, the event must be evaluated in relation to the environment that the PHA is operating in. For example:

- An earthquake in California may not be an extraordinary item; however that same event in Florida would be.
- The sale of a public housing project may be considered a special item because it is a transaction that may not occur again in the foreseeable future for a PHA.

Interprogram Transactions

Interprogram transactions can be classified as transactions between the programs of a PHA inclusive of its component units.

In order to understand how to properly classify these transactions, it is important to determine whether the transaction results in an exchange.

An instance where a transaction would result in an exchange is where one program is charging another program for the use of an employee that is being fully charged to the first program's activities.

In such a case, a reasonable reimbursement would be expected for the time expended by that employee. The reimbursement might be in the form of an operating transfer.

A transaction may also occur where one program transfers funds to another program to cover a shortfall in revenues or part of the costs of carrying out certain activities.

- In such a case, no exchange would occur because the program transferring the funds does not receive an equal benefit in exchange for these resources.
- An operating transfer may be used to move the resources.

Another result from these types of transactions may be loans between programs of the PHA.

- In such cases, these loans are recorded on the balance sheet.
- Note however, that for financial reporting purposes, GASB 34 requires that these loans be analyzed and that uncollectible balances be written off.

SECTION 2.15 FINANCIAL DATA SCHEDULE LINE DEFINITION GUIDE



Office of Public and Indian Housing, Real Estate Assessment Center
Financial Assessment Subsystem – Public Housing (FASS-PH)

Financial Data Schedule Line Definition Guide

(FYE 12/31/2013 and forward)

Updated July 2020

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I. INTRODUCTION

This Financial Data Schedule (FDS) Line Definition Guide supersedes the Financial Data Schedule Line Definition Guide that was issued in July 2014.

This guide has been updated for the items listed in Table 1 (Appendix A) to provide additional information, examples, and clarity. (e.g., RAD transactions, HOTMA regulations, and GASB 68, 75, and 87 reporting.

Summary of Changes

Not every FDS line definition was updated in this release. The updates in this issue are summarized in Table 1 (Appendix A). The changes to FDS line definition were necessary to facilitate the financial reporting in FASS PH¹. Examples:

- GASB 68 & 75: Clarification for the Pension and OPEB accounting pronouncements and application to the FDS Line Definition Guide. The FDS line provided a more detailed explanation of the accounts used when reporting these transactions in FDS line 174, line 200, line 357 and line 400.
- HOTMA regulation has been issued and in conjunction with specific accounting treatment, this Guide has been updated to report changes in cash restriction, restricted net position, memo account reporting, and the transfer of funds for capital expenditures under HOTMA
- RAD and Mixed Finance conversions resulted in clarifications to certain line definitions, as well as providing guidance on reporting the HAP portion of income within the PBV entity. This Guide also updates the unit month reporting for these transactions and provides further clarity for recording RAD conversion debt into the current and noncurrent debt obligations.
- GASB 87 is the pronouncement dealing with Lease Accounting for governments and utilizes the Deferred Inflow account to record certain transactions. This pronouncement has significant implications for Ground Lease accounting and other lease arrangements with obligations greater than one year.

¹ Secure System in HUD/PIH/REAC where financial data of the PHAs are electronically submitted

II. OTHER HUD RESOURCES FOR FDS REPORTING

Additional HUD resources for FDS reporting can be found on the following HUD websites.

1. FASS-PH

Specific PHA FASS-PH FDS reporting requirements are provided on PIH's REAC website. This site contains other related information, such as a system user guide, financial indicator methodology and analysis guides, GAAP flyers, accounting briefs, and frequently asked questions. This website can be found at:

http://portal.hud.gov/hudportal/HUD/program_offices/public_indian_housing/reac/products/prodpha

2. Housing Choice Voucher Program

Additional financial and accounting-related information, including the Voucher Management System related the HCV program and similar PIH voucher programs can be found at:

http://portal.hud.gov/hudportal/HUD/program_offices/public_indian_housing/centers/fmc

3. Public and Indian Housing One-Stop Tool (POST) for PHAs

Provides in one place, commonly used links to PIH systems, tools, training, opportunities, program, requirements, and commonly used external websites and can be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/post

III. ACCOUNTING AND REPORTING STANDARDS

Most PHAs are required to prepare their annual financial statements in accordance with accounting principles generally accepted in the United States of America that are applicable to special-purpose governments engaged in business-type activities, or engaged in both governmental and business-type activities as defined by the GASB Statement 62. Please refer to Introduction Paragraph 1-3, which outlines how regulation has evolved and clarifies applicability of GAAP issues by FASB to the entities with business like activities.

The financial data schedule and associated line definitions are prescribed by HUD. The line definitions summarize the information to be reported on each line of the FDS. The definitions are arranged in the order of their appearance in the FDS.

HUD uses the submitted financial data to help monitor and interpret the financial condition and health of PHAs and their project and programs. This data is also used by HUD, the Office of Management and Budget (OMB), and Congress for portfolio-wide budgeting and policy decisions.

In order to standardize financial reporting, PHAs are required to use the definitions as provided in this document. If the PHA or their auditors feel that HUD's definition for a given line item does not meet the definition of GAAP, the PHA should report their FDS to HUD in accordance with the definition as presented in this document. The treatment of the line in question can be reclassified on the PHA's audited financial statement for any resulting differences with the auditor still reporting an unmodified SAS 119 opinion on the FDS as long as the PHA provides a note in the PHA comment field to this effect.

The FDS is supplementary information and may not be used as an entity's top-level financial statements. The format of the FDS does not allow for compliance with the presentation guidelines outlined within NCGA Statement #1 and GASB #34 nor does the FDS include a statement of cash flows.

IV. FDS LINE ITEMS

Definition of every Financial Data Schedule line item.

ASSETS

CURRENT ASSETS

Current assets are resources that are reasonably expected to be converted into cash or its equivalent in the next operating cycle.

111 Cash - unrestricted

This FDS line represents cash and cash equivalents (certificates of deposit, NOW accounts, savings, T-bills, etc.) in any form, for example, cash on deposit, cash awaiting deposit, and cash funds available for use to support any activity of the program or project. For FDS reporting, unrestricted cash should include all cash that is not further defined under FDS lines 112 through 115 as restricted.

It is understood that cash balances in federal programs, as well as many of the state and local programs, are limited in their use to support only that program for which the funds were provided. Therefore, for FDS reporting, cash unrestricted means cash available to support the general operations of the program without other third-party restrictions or further limitations of the providing government/source itself. Specifically, cash-unrestricted includes:

- Cash balances associated with public housing operating subsidy and other public housing program income (i.e., dwelling rental income, non-dwelling income and unrestricted interest income);
- Cash balances associated with HCV administrative fees (both Pre -2004 and Post 2003);
- Cash balances associated with HCV program port-in housing assistance payments and administrative fees;
- Cash balance associated with fee income earned by the COCC;
- Cash balances set aside for self-insurance that can be accessed by PHA management or not restricted to be set aside by HUD or a third party;
- Cash balances that have been reserved/encumbered/designated by the PHA Board or PHA management; and
- Cash balances not defined as restricted under FDS line 112 through 115.

112 Cash - restricted - modernization and development

This FDS line represents money in any form, as summarized above, that is only allowed to be expended for certain specified modernization and development activities. The restriction on the use of the funds has been specified by the source of cash, not by the PHA. Generally, this account includes:

- Proceeds from the sale of property that had been acquired with HUD grants and other development funds, e.g., proceeds from disposal of a public housing project as approved by the Special Application Center (SAC);
- Unspent insurance proceeds limited to the cost of the needed repairs;
- Unspent bond and loan proceeds and other advances; and
- CFP drawdowns designated for future capital activities;
- Funds designated as capital expenditures under HOTMA. Report only the cash associated with these activities where no current liabilities are reported. The portion of cash related to a payment of current liability should be reported in FDS line 115.

113 Cash - other restricted

This FDS line represents money that is only to be expended for specified, restricted purposes. The restriction on the use of the funds has been imposed by the source of cash. Generally, this account includes:

- Cash balances associated with the HCV HAP equity account;
- Cash in the PHA's Family Self Sufficiency (FSS) escrow account that will be used for payment of contracts not due within 12 months of the Balance Sheet date;
- Cash associated with a homeownership program that is limited in use as per the agreement with HUD and is being reported in the public housing or housing choice voucher program; and
- All cash contractually and/or legally unavailable for use in the day-to-day operations of the program.

FDS Line 113 Details in FASS:

113_010	HAP Funds
113_020	FSS Escrow Deposits
113_030	All Other Funds

114 Cash – tenant security deposits

This FDS line represents cash in the Security Deposit Fund which must remain on deposit for the refund of tenant security deposits (liability portion) and may not be used to fund operations. The use of this account requires an entry in FDS line 341 – Tenant security deposits.

115 Cash – restricted for payment of current liabilities

This FDS line item represents restricted cash and cash equivalents that are only to be expended for specified restricted purposes, but will be used in the next fiscal year and are supported by a reported current liability/unearned revenue. The restriction on the use of the funds has been imposed by the source of the monies, not the PHA. This line item should not be used to restrict cash related to common operational liabilities, such as accounts payable and wages payable. Examples of Cash-restricted for payment of current liability include such items as:

- Cash balances associated with advances of grant and subsidy funds not yet earned;
- Debt service payments;
- Cash in the PHA's family self-sufficiency (FSS) escrow account that will be used for payment of contracts due within 12 months of the Balance Sheet date; and
- Cash restricted for modernization and development up to the amount of any associated and reported current liability.

FDS Line 115 Details in FASS:

115_010	HAP Funds
115_020	FSS Escrow Deposits
115_030	All Other Funds

The portion of restricted cash that will not be used in the next fiscal year or will not be used for payment of the reported current liability or to offset the Unearned Revenue should be reported in FDS line 112 and 113.

100 Total cash

This FDS line is the sum of lines 111 through 115. This FDS line represents total cash. FASS automatically sums lines 111 through 115.

121 Accounts receivable - PHA projects

This FDS line represents amounts owed to the managing (receiving) PHA by initial PHAs for both administrative fees and Port HAP Expense under the portability provisions of the HCV program.

122 Accounts receivable - HUD other projects

This FDS line represents amounts earned but not received by the PHA from HUD for Operating Subsidy, Capital Fund, Housing Choice Voucher funds, and other funds from HUD.

FDS Line 122 Details in FASS:

122_010	Operating Subsidy
122_020	Capital Fund
122_030	Other

124 Accounts receivable - other government

This FDS line represents amounts owed to the PHA and separate legal entities by other PHAs, federal agencies, and state/local governments.

125 Accounts receivable - miscellaneous

This FDS line represents amounts owed to the PHA from miscellaneous sources other than governmental units (HUD, state or local) and tenants. Reimbursement for RAD pre-development costs from other entities or programs should be included in this line. When the determination is made as to the type of RAD conversion that will take place, the Housing Authority may reclassify the receivable to operating expense, construction costs or receive reimbursement through redevelopment proceeds from the sale of property.

FDS Line 125 Details in FASS:

125_010	Not For Profit
125_020	Partnership
125_030	Joint Venture
125_040	Tax Credit
125_050	Other

126 Accounts receivable – tenants

This FDS line represents the uncollected charges from tenants for: dwelling rent charges, maintenance charges, late fees, excess utility charges, and other charges owed to the PHA. This line represents the gross amount due from tenants excluding amounts owed for fraud or misrepresentation that the tenants now owe additional rent or retroactive rent.

126.1 Allowance for doubtful accounts – tenants

This FDS line represents an allowance for the receivables from tenants recorded in FDS line 126 that are not expected to be collected. This line reduces the total accounts receivable balance when analyzed in conjunction with the related receivable. This is a required field if an amount has been recorded in FDS line 126. The balance on this line should not be greater than FDS line 126.

126.2 Allowance for doubtful accounts - other

This FDS line represents an allowance for accounts receivable from sources other than tenants that are not expected to be collected. The related accounts receivable is recorded in FDS lines 121 through 125. This line reduces the total accounts receivable balance when analyzed in conjunction with the related receivable. This is a required field if there is an amount entered in FDS lines 121 through 125. The allowance account should not be greater than 121 through 125.

127 Notes, loans, & mortgages receivable - current

Notes, loans, and mortgages receivable are unconditional written promise/s signed by the maker to pay a certain sum of money on demand, or at a fixed or determinable future time (within 12 months after the fiscal year-end) evidenced by formal instrument of indebtedness. This line represents the current amount or the Scheduled periodic payments due as stipulated in the terms of the written document. Amounts that are past due should be recorded as past due on FDS line 172.

128 Fraud recovery

This FDS line represents the gross amount of receivables from tenants and other program participants who committed fraud or misrepresentation and now owe additional rent for prior periods or retroactive rent. This line should reflect the amounts shown in the repayment agreement between the PHA and the tenant. Fraud typically occurs when a tenant receives lower rent or greater subsidy from the housing authority because of a failure to report the correct income at initial application or recertification or fails to report changes in income.

The amount that is considered to be uncollectible should be recorded in FDS line 128.1.

Note: the fraud recovery amounts should be recorded when the amounts are determined to be realizable (i.e., through a repayment agreement).

128.1 Allowance for doubtful accounts - fraud

This FDS line represents the reasonably anticipated losses or the amounts that are not expected to be collected inherent in the fraud recovery accounts receivable balance. This line reduces the total accounts receivable balance when analyzed in conjunction with the related receivable. FDS line 128.1 is a required field if an amount has been recorded in FDS line 128. The amount in this line should not be greater than the amount shown on FDS line 128.

129 Accrued interest receivables

This FDS line represents interest that has been earned in the current year, but has not yet been received. This includes accrued interest receivable on notes, loans, mortgages, and/or contracts for sale. This FDS line also includes accrued interest receivable on PHA investments, cash equivalents, and loans to local governing bodies or other entities.

120 Total receivables, net of allowance for doubtful accounts

This FDS line is the sum of line 121 through 129. This FDS line represents the total of all receivables less the amounts established as the allowances for estimated uncollectible amounts FASS automatically sums lines 121 through 129.

These are all liquid investments that generate revenue in the form of interest and/or dividends. All investments of the PHA should be classified as current.

131 Investments - unrestricted

This FDS line represents the fair market value of all investments (e.g., mutual funds, treasury notes, certificate of deposits, and bonds) which can be used, upon exchange, to support any activity of a program, project, activities, COCC, or entities. For FDS reporting, investment-unrestricted would include all investments that are not further defined under FDS lines 132 and 135 as restricted.

It is understood that investment balances in federal programs, as well as many of the state and local programs are limited in their use to support only that program for which the funds were provided. Therefore, for FDS reporting, investment unrestricted means cash available to support the general operations of that program without other third-party restrictions or further limitations of the providing government/source itself. Investment-unrestricted includes:

- Investments associated with public housing operating subsidy and other public housing program income;
- Investments associated HCV administrative fees (both Pre-2004 and Post 2003);
- Investments associated with HCV program port-in housing assistance payments and administrative fees;
- Investments associated with fee income earned by the COCC;
- Investments set aside for self-insurance that can be accessed by management or not restricted to be set aside by HUD or a third party;
- Investments that have been reserved/encumbered/designated by the PHA Board or PHA management; and
- Investments not defined as restricted under FDS line 132 and 135.

132 Investments - restricted

This FDS line represents the fair market value of all investments (e.g., mutual funds, treasury notes, certificates of deposit, and bonds) that can only be used, upon exchange, for specific, designated purposes. In this case, the cash proceeds from the investment would only be for the same specified use as the initially invested cash. The restriction on the use of the funds must have been placed or imposed by the source of the funding. Generally, this account includes:

- Investments associated with the HCV HAP equity account;
- Investments restricted for modernization and development (see FDS Line 112 for examples);
- Investments in the PHA's family self-sufficiency (FSS) escrow account that will be used for payment of contracts not due within 12 months of the balance sheet date;
- Investments associated with a homeownership program that is limited in use as per the agreement with HUD and is being reported in the public housing or housing choice voucher program; and
- All investments restricted by a third-party agreement and/or legally unavailable for use in the day-to-day operations the program.

FDS Line 132 Details in FASS:

132_010	HAP Funds
132_020	FSS Escrow Deposits
132_030	All Other Funds

135 Investments – restricted for payment of current liability

This FDS line represents the fair market value of all investments (e.g., mutual funds, treasury notes, certificates of deposit, and bonds) that can only be used, upon exchange, for specific, designated purposes, which will be used to liquidate a current liability in the next fiscal year or offset unearned revenue. In this case, the cash proceeds from the investments would only be used for the same specified use as the initially invested cash. The restriction on the use of the funds must have been placed or imposed by the source of the funding and not the PHA. Examples of Investments - restricted for payment of current liability, such as:

- Investments associated with advances of grant and subsidy funds not yet earned;
- Debt service payments;
- Investment of the PHA's family self-sufficiency (FSS) escrow account that will be used for payment of contracts due within 12 months of the balance sheet date; and
- Investments restricted for modernization and development up to the amount of any associated and reported current liability.

The portion of restricted investments that will not be used in the next fiscal year or will not be used for payment of the reported current liability or to offset the unearned revenue should be reported in FDS line 132.

FDS Line 135 Details in FASS:

135_010	HAP Funds
135_020	FSS Escrow Deposits
135_030	All Other Funds

142 Prepaid expenses and other assets

This FDS line represents all prepaid expenses. Prepaid expenses, unlike other current assets, are not expected to be converted into cash, e.g., insurance premium paid in advance.

143 Inventories

This FDS line represents the value of the inventory of materials and equipment on hand.

143.1 Allowance for obsolete inventories

This FDS line represents the estimate of the amount of materials in inventory that may be unusable or obsolete by the time the item is scheduled to be used under the consumption method. Since inventory is expensed as used, rather than when purchased, this line is used to reduce the inventory balance for items in inventory that no longer have value. FDS line 143.1 is a required field if an amount has been recorded in FDS line 143. The amount shown in the allowance account should not be greater than the amount shown on FDS line 143.

144 Inter-program - due from

This FDS line represents amounts due from other PHA projects, programs, and activities of a temporary nature. The balance in this line represents a decrease of unrestricted resources of the transferor and are expected to be repaid “within a reasonable time²” during the operating cycle. The expectation is that the transferee has the intent and available funds to repay the inter-program due from balance but was not able to complete the repayment due to accounting period cut-off. It is recommended that reconciliation and repayment occur monthly. Reconciliation and repayment should not exceed the annual operating cycle of the PHA.

Many PHAs use a centralized revolving account (including the use of one program’s cash that is subsequently reimbursed by other programs) for more efficient daily cash management. The balance in this line represents the amount of receivable from other program for expenditures made on their behalf not to hold the cash for them.

PHAs are reminded that HUD Handbook 7475.1: “Changes in Financial Management and Reporting Requirements for Public Housing Agencies” and the New Operating Fund Rule requires actual project, COCC, and other programs to report at fiscal year-end, actual program cash and investment balances instead of using “due to” or “due from” balances.

PHAs are cautioned that funds are normally not fungible between different federal programs regardless of the nature of the transfer or receivable. This includes the use of restricted funds in these transactions. Inter-program due to and due from should only be reported for temporary loans made to another program or project at year-end. Without the intent and ability to repay, the transaction should be reclassified as a transfer. Inappropriate use of funds, including restricted funds for even a temporary loan, are ineligible costs resulting in non-compliance. FDS line 144 is a required field if an amount has been recorded in FDS line 347.

145 Assets held for sale

This line item represents assets e.g. homes for sale, (not used in operations), that the entity expects to sell to qualified applicants. The asset should be reported net of obsolescence. This FDS line

² Reasonable time is matter of professional judgment

item is typically used as part of the homeownership program or other similar program and represents the value of the home(s) for sale.

150 Total current assets

This FDS line is the sum of lines 100, 120 and 131 through 145. This FDS line represents the sum of all current assets. FASS automatically sums lines 100, 120, and 131 through 145.

NON-CURRENT ASSETS

Non-current assets are resources that are not expected to be converted into cash or its equivalent during the current operating cycle.

Capital Assets

Capital assets are long-term tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include building, furniture, equipment, improvements to building, infrastructure, and land. Capital assets should be accounted for at cost or, if the cost is not practicably determinable, at estimated cost (not fair market value). Donated capital assets should be recorded at their estimated fair value at the time they are received. All normal expenditures of preparing an asset for use should be capitalized. However, expenditures that do not add to the utility of the asset or are below the PHA's capitalization threshold should be charged to expense (e.g., relocation expenses under modernization grants would be charged to expense).

161 Land

Land should be accounted for at cost or, if the cost is not practicable to determine, at estimated cost. Donated land should be recorded at the estimated fair value at the time the land is received. Land should include not only the purchase price but also costs needed to prepare the land for its intended use. These additional costs typically include fees for an attorney, title search, clearing, filling, drainage, and the cost of removing buildings that are needed to prepare the land for its intended use. The costs of improvements, subsequent to the initial preparation of the land for its intended use should be expensed or, if capitalized, to the building account (FDS Line 162).

162 Buildings

Buildings should be accounted for at cost or, if the cost is not practicable to determine, at estimated cost. Donated buildings should be recorded at the estimated fair value at the time received. All normal expenditures of preparing the building for use or extending the building's useful life should be capitalized.

163 Furniture, equipment and machinery - dwellings

This FDS line represents the capitalized costs of movable furniture, equipment, and machinery placed in the dwelling unit or common area (i.e., not attached to the structure or connected to the ducts or pipes).

164 Furniture, equipment and machinery - administration

This FDS line represents the capitalized cost of movable furniture, equipment, and machinery used in the administration, maintenance, and other functions (i.e., protective services) of the PHA.

165 Leasehold improvements

This FDS line represents the costs of improvements performed on leased property such as additions, alterations, remodeling or renovations. Typically, leasehold improvements are capitalized and amortized over the remaining life of the lease or the life of the improvement (whichever is shorter).

166 Accumulated depreciation

Physical depreciation is the reduction in a capitalized asset's value due to normal wear and deterioration over a period of time. The accumulation of depreciation is a method to provide for a reasonable, consistent matching of revenue and expense by allocating the cost of the capitalized asset systematically over the asset's estimated useful life. FDS line 166 is a required field if using the accrual basis of accounting and amounts are recorded for lines 162 through 165 and 168.

167 Construction in progress

This FDS line represents capital assets under construction. For RAD conversion this line can be used to cover initial pre-development costs and application costs which would go into the asset basis of the new converted property.

168 Infrastructure

This FDS line item includes long-lived capital assets that normally are stationery in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, lighting systems, water and sewer systems, and dams.

160 Total capital assets, net of accumulated depreciation

This FDS line is the sum of lines 161 through 168. This FDS line represents the total of all capital assets less the total of accumulated depreciation associated with those capital assets. FASS automatically sums lines 161 through 168.

167 Construction in Progress

This FDS Line may be used to record the initial costs, which could ultimately impact the basis of the converted property or the gain/loss on disposition of property to another entity.

171 Notes, loans, and mortgages receivable – noncurrent

This FDS line represents unconditional written promises signed by the maker to pay certain sums of money on demand, or at a fixed or determinable future time (generally, principal payments due later than 12 months from the next fiscal year end). This is the receivable portion that is not currently due and receivable as defined by the terms of the loan agreement. (See FDS line 127 for current portion of notes and mortgages receivable)

FDS Line 171 Details in FASS

171_010	Not For Profit
171_020	Partnership
171_030	Joint Venture
171_040	Tax Credit
171_050	Other

172 Notes, loans, & mortgages receivable – non-current – past due

This FDS line represents unconditional written promises, signed by the maker, to pay a certain sum of money on demand, or at a fixed or determinable future time as evidenced by formal instruments of indebtedness where the payment for the current portion of the amount due from the debtor has been past due in accordance to payment terms agreed in the loan agreement (See FDS line 127 for current portion of notes and mortgages receivable and FDS line 171 for the Non-current portion)

FDS Line 172 Details in FASS:

172_010	Not For Profit
172_020	Partnership
172_030	Joint Venture
172_040	Tax Credit
172_050	Other

173 Grants receivable – non-current

This FDS line represents the non-current amounts owed to the PHA by other federal agencies and state and local governments. The amount reported is not expected to be received in the next fiscal year.

174 Other assets

This FDS line represents assets not specifically reportable on other FDS lines. Examples of transactions that may be reported in this account are bond fees, bond and note issuance costs, cash surrender value of life insurance policies, non-current portion of interest receivable, developer fees, and pension plan and OPEB assets exceeding the amount of the projected pension/OPEB obligation or the projected Pension/OPEB obligation has a debit balance.

FDS Line 174 Details in FASS:

174_010	Not For Profit
174_020	Partnership
174_030	Joint Venture
174_040	Tax Credit
174_050	Other

176 Investment in joint venture

This FDS line represents PHA investment in mixed-financing, joint ventures or similar type transactions which must be reported in conformity with GAAP. The PHA should include all

entities required to be reported under GASB 14, as amended by GASB 39 and GASB 61 that takes effect for financial statement reporting for periods beginning after June 15, 2012.

FDS Line 176 Details in FASS:

176_010	Not For Profit
176_020	Partnership
176_030	Joint Venture
176_040	Tax Credit
176_050	Other

180 Total non-current assets

This FDS line is the sum of lines 160 and 171 through 176. This FDS line represents the total of all non-current assets. FASS automatically sums lines 160 and 171 through 176.

190 Total assets

This FDS line is the sum of lines 150 and 180. This FDS line represents the total of all current and non-current assets. FASS automatically sums lines 150 and 180.

200 Deferred Outflow of Resources

This FDS line represents net assets consumed by the PHA that are applicable to a future reporting period. This account has a debit balance and increases the net position similar to assets. Examples of deferred outflows of resources are grants paid in advance (meeting timing requirement), taxes received in advance, deferred amounts from refunding of debt (debits), cost to acquire rights to future revenues (intra-entity), and deferred loss from sale-leaseback.

Per GASB 68 and 75, increases in the net pension benefit liability and OPEB liability not included in pension expense and employee benefit expense are required to be reported as deferred outflows. The changes in valuation that makes up these deferrals are related to the following:

- Difference between actual and expected experience: Calculated as the difference between expected assumptions and actual results. An example of this would be mortality rates differing from the experience study used for the actuarial valuation.
- Changes in assumptions or other inputs: Defined as the changes in assumptions from prior valuations.

-
- Net difference between projected and actual plan earnings: Represents the differences between actual earnings on plan investments and expected earnings.
 - Employer contributions made after measurement date and before reporting date are added to Deferred Outflows.

290 Total Assets and Deferred Outflow of Resources

This FDS line is the sum of lines 190 and 200. This FDS line represents the total of all current and non-current assets and deferred outflow of resources. FASS automatically sums lines 190 and 200.

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current liabilities are current debts that are owed by the PHA and due in the current fiscal year. It is expected that current liabilities will consume current financial resources of the PHA to satisfy the debt.

311 Bank overdraft

This FDS line represents amounts by which checks, drafts or other demands for payment on the treasury or in a bank exceeded the amount of the credit against which they are drawn and may be due to timing differences for sweep investment accounts. The amount shown on this line reflects the amount owed to the bank or similar institutions to cover the overdraft. This FDS line should not be used to represent amounts owed to other programs and projects which should be reported in FDS line 144 (inter-program-due from) and FDS line 347 (inter-program-due to) or other types of liabilities.

312 Accounts payable \leq 90 days

This FDS line represents the amounts payable to contractors, vendors, employees, or others on open accounts and contract billings for materials received or services rendered. This FDS line includes regular accounts payable to vendors. These amounts payable are equal to or less than 90 days past due.

313 Accounts payable $>$ 90 days past due

This FDS line represents amounts payable by the PHA on open accounts and contract billings for materials received or services rendered. These amounts payable are more than 90 days past due.

321 Accrued wage/payroll taxes payable

This FDS line represents the amount of salaries and wages and applicable payroll taxes accrued at the end of the accounting period but not yet paid to the employees or taxing authorities.

322 Accrued compensated absences – current portion

This line represents the amount of future benefits the employees have earned but have not used which the PHA estimated (based on experience) will be paid in the next fiscal year. Compensated absences include vacation, vested sick leave and other earned compensatory time. This account includes both the direct compensated absence cost and associated employer payroll expenses (employment taxes, pension cost, etc.) that is estimated to be paid in the next fiscal year. Only the current portion should be reported in this FDS line. The portion of accrued compensated absences liability that is considered long-term or not payable within the next 12 months should be reported in FDS line 354.

324 Accrued contingency liability

This FDS line represents the amount accrued for self-insurance as determined by the actuary or contingencies not covered by insurance that are probable and can be reasonably estimated.

325 Accrued interest payable

This FDS line represents all accrued interest payable on loans, notes, mortgages, HUD administrative loan notes, and other notes.

331 Accounts payable – HUD PHA programs

This FDS line represents any amounts that become due and payable to HUD with respect to projects under an administration contract or an annual contributions contract.

FDS Line 331 Details in FASS:

331_010	Operating Subsidy
331_020	Capital Fund
331_030	Other

332 Accounts payable – PHA projects

This FDS line represents amounts due (both administrative fee and HAP) to the managing (receiving) PHA by other (initial) PHAs under the portability provisions of the HCV program.

333 Accounts payable - other government

This FDS line represents any amounts due and payable to other federal agencies, state/local governments and other entities.

341 Tenant security deposits

This FDS line represents the amount of deposits (security and pet deposits) that are held for tenants and are to be returned on the termination of their leases after deducting rent due and charges for property damages for which tenants are held responsible. FDS line 341 is a required field if an amount has been recorded in FDS line 114.

342 Unearned Revenue

This FDS line represents payments received for revenues not yet earned in the current fiscal year. For example, prepaid monthly payments by tenants or homebuyers, advances of grant funds prior to incurring expenditures and amounts received prior to the performance of services. When this revenue is earned, it will be credited to the appropriate revenue account.

343 Current portion of long-term debt - capital projects/mortgage revenue bonds

This line item includes the current portion of debts acquired and debts issued (e.g., revenue bonds) for capital purposes of the PHA/Entity. This includes debts incurred under the Capital Fund Financing Program, Energy Performance Contract, Capital Leases, and Operating Fund Financing Program. This line also includes RAD and Mixed financing activities for improvements to PHA/Entity's property, acquisition and developments of new public and affordable housing units of the PHA/Entity. The debt that was originally reported on this line, but subsequently refinanced should still be reported under this FDS line.

FDS Line 343 Details in FASS:

343_010	CFFP
343_020	Capital Projects/Mortgage Revenue
343_030	EPC Related Debt

344 Current portion of long-term debt - operating borrowings

This FDS line represents the current portion of long-term debt obtained to aid in the financing of the PHA's operating expenses (non-capital activities of the PHA/Entity). This line will also be

used to report the current portion of debt acquired or bonds issued for lending purposes (loaned to 3rd parties, component units, and/or related parties). This line represents operating notes payable, which may be required as a result of funding a replacement reserve or capital projects reserve required in the RAD and mixed finance agreements. The Debt that was originally issued for operating expenses but subsequently refinanced should still be reported under this FDS line item.

345 Other current liabilities

This FDS line represents any current liability not specifically listed above e.g., earnest money, good faith deposits by contractors and bond purchasers, deposits on blueprints or liabilities related to Family Self Sufficiency (FSS) contracts that are due within 12 months of the Balance Sheet date, FASB 5 current liabilities and other types of current obligations not included in current liabilities listed above.

346 Accrued liabilities – other

This FDS line represents accrued amounts not applicable to other specific accounts such as construction premiums, accrued rent, utilities, unpaid employee benefits like health and retirement, and insurance.

347 Inter-program – due to

This FDS line represents amounts due to other PHA projects, programs and activities of a temporary nature. The balance on this line represents a decrease of unrestricted resources of the transferor that are expected to be repaid “within a reasonable time³” during the operating cycle. The expectation is that the receiving program has the intent and ability to repay the due to balance, it is recommended that reconciliation and repayment occur monthly.

Many PHAs use a centralized revolving account (including the use of one program’s cash that is subsequently reimbursed by other programs) for more efficient daily cash management. The balance in this line represents the amount payable to project or program for expenditures made on their behalf, not to hold the cash for projects/programs.

For year-end reporting, the PHA must reduce this inter-program due to balance through the transfer of other program cash back to the centralized account. Any balance remaining in this account should be reconciled and determined to be payable to the centralized account without the use of restricted or otherwise unavailable funds of the program owing the money. PHAs are reminded that HUD Handbook 7475.1: “Changes in Financial Management and Reporting

³ Reasonable time is a matter of professional judgment

Requirements for Public Housing Agencies” and the New Operating Fund Rule requires actual project, COCC, and other programs to report at fiscal year-end, actual program cash and investment balances instead of using “due to” or “due from” line items.

Inter-program due to should be reported where the program has incurred expenses through the use of a centralized revolving fund account but does not have the cash to reimburse the account at year-end. PHAs are cautioned that funds are normally not fungible between different federal programs regardless of the nature of the transfer or receivable. This includes the use of restricted funds during these transactions. Inter-program due to should only be reported for temporary loans to another program or project at year-end. Without the intent and ability to repay, the transaction should be reclassified as a transfer. Inappropriate use of funds, including restricted funds for even a temporary loan, are ineligible costs resulting in non-compliance. FDS line 347 is a required field if an amount has been recorded in FDS line 144.

348 Loan liability - current

This FDS line represents the current portion of loan liability related to Homeownership programs or other similar activity such as Housing Rehabilitation loans and Community Development Block Grant (CDBG) funds

FDS Line 348 Details in FASS:

348_010	Not For Profit
348_020	Partnership
348_030	Joint Venture
348_040	Tax Credit
348_050	Other

310 Total current liabilities

This FDS line is the sum of lines 311 through 348. This FDS line represents the total of all current liabilities. FASS automatically sums lines 311 through 348.

NON-CURRENT LIABILITIES

The credit balances in these accounts reflect debts that are owed by the PHA but not due in the current fiscal year. These debts represent claims on the future financial resources of the PHA and not on the current financial resources.

351 Long-term debt, net of current-capital projects/mortgage revenue bonds

This line item includes the noncurrent portion of debts acquired and debts issued (e.g. revenue bonds) for the capital purposes of the PHA/Entity. This includes debts incurred under the Capital Fund Financing Program, Energy Performance Contract, Capital Leases, and Operating Fund Financing Program. , This line also includes RAD and Mixed financing activities for the improvements to PHA/Entity's property, acquisition and developments of new public and affordable housing units of the PHA/Entity. The debt that was originally reported on this line, but subsequently refinanced should still be reported under this FDS line.

FDS Line 351 Details in FASS:

351_010	CFFP
351_020	Capital Projects/Mortgage Revenue

352 Long-term debt, net of current - operating borrowings

This FDS line represents the noncurrent portion of long-term debt obtained to aid in the financing of the PHA's operating expenses (non-capital activities of the PHA/Entity). This line will also be used to report the noncurrent portion of debt acquired or bonds issued for lending purposes (loaned to 3rd parties, component units, and/or related parties). This line represents operating notes payable, which may be required as a result of funding a replacement reserve or capital projects reserve required in the RAD and mixed finance agreements. The debt that was originally issued for operating expenses, but subsequently refinanced should still be reported under this FDS line item.

353 Non-current liabilities - other

This FDS line represents collections from homebuyers; mortgagors or Mutual Help homeowners for specified purposes, such as the homebuyer's earned home payments account, maintenance reserves, or taxes and insurance. This line may include the income derived from the investment of any of these funds. These amounts are payable upon the delivery of maintenance services, the submission of tax and insurance bills, or the purchase or acquisition of a dwelling. However, note that Other non-current liabilities not identified in other FDS lines may be included. This line

also includes liabilities related to Family Self Sufficiency (FSS) contracts due more than 12 months after the fiscal year end.

354 Accrued compensated absences – non-current

This FDS line represents the estimated amounts of future benefits employees have earned but have not used. Compensated absences include vacation, vested sick leave and earned compensatory time. This account includes both the direct compensated absence cost and associated employer payroll expenses (employment taxes, pension cost, etc.). Only the non-current portion should be reported in this line number. The portion of accrued compensated absences liability that is expected to be paid in the next fiscal year should be reported in FDS line 322.

355 Loan liability – non-current

This FDS line represents the non-current portion of loan liability related to Homeownership programs or other similar activity such as Housing Rehabilitation Loans and Community Development Block Grant (CDBG) funds and payable to PHA programs resulting from OIG audits.

FDS Line 355 Details in FASS:

355_010	Not For Profit
355_020	Partnership
355_030	Joint Venture
355_040	Tax Credit
355_050	Other

356 FASB 5 liabilities

This FDS line item represents amounts charged as a result of accruals for loss contingencies. This line item encompasses most items due to litigation or other amounts not occurring in the normal course of business. FASB 5 requires an accrual to expense and a corresponding liability (and disclosure) for an estimated loss from a loss contingency if two conditions are met:

- 1) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired, or a liability had been incurred at the date of the financial statements, and
- 2) the amount of loss can be reasonably estimated. The accrual must be for a specified event. Non-specific accruals are not permitted.

357 Accrued pension and OPEB liabilities

This FDS line item represents amounts accrued for pension and other post-employment (OPEB) liabilities. This line item represents the actuarially determined liability calculated in accordance with GASB pronouncements in excess of amounts funded for those liabilities. In the event the funded amount exceeds liabilities, the amount should be recorded as other assets on line 174.

350 Total non-current liabilities

This FDS line is the sum of line 351 through 357. This FDS line represents the total of all non-current liabilities. FASS automatically sums lines 351 through 357.

300 Total liabilities

This FDS line is the sum of line 310 and 350. This FDS line represents the total of all current and non-current liabilities recorded. FASS automatically sums lines 310 and 350.

400 Deferred Inflow of Resources

This FDS Line represents net assets acquired by the PHA that are applicable to a future reporting period. This account has a credit balance and decreases net position similar to liabilities. Examples of a deferred inflow of resources are: grants received in advance of meeting timing requirement, taxes received in advance, deferred amounts from refunding of debt (credits), proceeds from sales of future revenues, deferred gain from sale leaseback, "regulatory" credits (gains or other reductions), "unavailable" revenue in governmental funds.

Per GASB 68 and 75, decreases in the net pension benefit liability and OPEB liability not included in pension expense and employee benefit expense are required to be reported as deferred inflows. The changes in valuation that make up these deferrals are related to the following:

- Difference between actual and expected experience: Calculated as the difference between expected assumptions and actual results. An example of this would be mortality rates differing from the experience study used for the actuarial valuation.
- Changes in assumptions or other inputs: Defined as the changes in assumptions from prior valuations.
- Net difference between projected and actual plan earnings: Represents the differences between actual earnings on plan investments and expected earnings.

Under GASB 87 the lease revenue earned from leases greater than one year, will show the deferred amount on this line.

NET POSITION

508.3 Nonspendable Fund Balance*

This FDS line represents the portion of fund balance that is either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The amount may not be negative.

* This FDS line item will display only when the modified accrual basis of accounting is selected and is not applicable to any other type of FDS submissions. Refer to Section II of this guide for further information.

508.4 Net Investment in Capital Assets

This FDS line represents capital assets (i.e. land, improvements to land, easements, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period) including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the calculation of invested in capital assets, net of related debt but should be reported on line 511.4

Note: FDS line 508.4 replaces FDS Line 508.1 for FYE 12/31/2013 submissions and later.

509.2 Fund Balance Reserved*

This FDS line represents the portion of fund balance resources that cannot be appropriated or are not available to be spent (such as inventory), or that are legally limited to being spent for a particular purpose. The amount cannot be negative.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

(For financial statement reporting purposes this account is obsolete for PHAs with FYE June 30, 2011 and after. However, PHAs using modified accrual will still need to report their equity under these accounts for submissions for fiscal year ends prior to 12/31/2013. Please refer to *Section II: GASB #54-Fund Balance Reporting and Governmental Fund Type Definition* for further reporting instructions.)

509.3 Restricted Fund Balance*

This FDS line represents the portion of fund balance that is constrained in use:

- (1) as a result of requirements externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments; or
- (2) imposed by law through constitutional provisions or enabling legislation. The amount may not be negative.

* This FDS line item will display only when the modified accrual basis of accounting is selected and is not applicable to any other type of FDS submissions. Refer to Section II of this guide for further information.

510.3 Committed Fund Balance*

This FDS line represents the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the PHA's highest level of decision-making authority. The amount may not be negative.

* This FDS line item will display only when the modified accrual basis of accounting is selected and is not applicable to any other type of FDS submissions. Refer to Section II of this guide for further information.

511.2 Unreserved, Designated Fund Balance*

This FDS line represents the portion of fund balance resources that do not meet the definition of reserved and can be used for any purpose of the fund they are reported in, but there is intention by management to use these resources in a particular manner. The amount cannot be negative.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

(For financial statement reporting purposes this account is obsolete for PHAs with FYE June 30, 2011 and after. However, PHAs using modified accrual will still need to report their equity under these accounts for submissions for fiscal year ends prior to 12/31/2013. Please refer to *Section II: GASB #54-Fund Balance Reporting and Governmental Fund Type Definition* for further reporting instructions.)

511.3 Assigned Fund Balance*

This FDS line represents the portion of fund balance that is constrained by the government's **intent** to be used for specific purposes, but are neither restricted nor committed, with the exception for stabilization agreements. The amount may not be negative.

* This FDS line item will display only when the modified accrual basis of accounting is selected and is not applicable to any other type of FDS submissions. Refer to Section II of this guide for further information.

511.4 Restricted Net Position

This FDS line represents the difference between an entity's restricted assets and its corresponding liabilities and which do not meet the definitions of net investment in capital assets. Restricted net position is constrained in use:

- (1) as a result of requirements externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments; or
- (2) imposed by law through constitutional provisions or enabling legislation.

The amount on this line cannot be negative. This account shall include restricted HAP Equity funds as well as restricted HOTMA funds held in escrow. Additionally, when the pension obligation or OPEB results in a debit balance or an asset, there would need to be a restriction in the Net Position for this asset. Also, with mixed finance properties in which public housing funds were used to loan to a tax credit partner, the future proceeds of these notes should be restricted in the Net Position due to amounts being federal program income.

512.2 Unreserved, Undesignated Fund Balance*

This FDS line represent the portion of fund balance resources that do not meet the definition of reserved and can be used for any purpose of the fund they are reported in, and there is no intention to use these resources in a particular manner.

** This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.*

(For financial statement reporting purposes this account is obsolete for PHAs with FYE June 30, 2011 and after. However, PHAs using modified accrual will still need to report their equity under these accounts for submissions for fiscal year ends prior to 12/31/2013. Please refer to the Section II entitled GASB #54 – Fund Balance Reporting and Governmental Fund Type Definition of this guide for further reporting instructions.)

512.3 Unassigned Fund Balance*

This FDS line represents the portion of fund balance that does not meet the definition of any other fund balance account and can be used for any purpose of the fund they are reported in, and there is no intention to use these resources in a particular manner. This account is only used when reporting General Fund activity or a negative balance in other fund types using the modified accrual basis of accounting.

** This FDS line item will display only when the modified accrual basis of accounting is selected and is not applicable to any other type of FDS submissions. Refer to Section II of this guide for further information.*

512.4 Unrestricted Net Position

This FDS line represents the difference between an entity's assets and its liabilities that do not meet the definition of restricted net position or net investment in capital assets. Net position should be reported as unrestricted when there are no constraints placed on the use of net position.

513 Total Equity- Net Assets/Position

This FDS line represents the total equity of the PHA and equals the difference between total assets and total liabilities. FDS line 513 must equal the total of lines 10000, 11030 and 11040. For the HCV program, FDS line 513 must also equal the total of lines 11170 and 11180.

Full Accrual: This FDS line is the sum of lines 508.4, 511.4 and 512.4. FASS automatically sums FDS lines 508.4, 511.4 and 512.4

Modified Accrual: For submission with a FYE December 31, 2011 and after, this FDS line is the sum of lines 508.3, 509.3, 510.3, 511.3 and 512.3. FASS automatically sums lines 508.3, 509.3, 510.3, 511.3 and 512.3.

600 Total Liabilities, Deferred Inflows of Resources and Equity – Net Assets/Position

This FDS line is the sum of lines 300, 400 and 513. This FDS line represents the total of all liabilities and equity. FASS automatically sums lines 300, 400 and 513.

REVENUES AND EXPENSES

REVENUE

70300 Net tenant rental revenue

This FDS line represents net revenue related to tenants dwelling rent. Dwelling rent also includes credit amount for which the participant is entitled to a utility allowance payment. If the rent calculation, after deducting the utility allowance, results in a utility reimbursement due to the tenant, the amounts of such utility reimbursement is included as a debit to this account. Rental revenue received as a result of fraud recovery should be reported on FDS line 71400.

70400 Tenant revenue - other

This FDS line represents revenue related to tenants other than dwelling rent.

70500 Total tenant revenue

This FDS line is the sum of lines 70300 and 70400. This FDS line represents the total revenue directly related to tenants. FASS automatically sums lines 70300 and 70400.

70600 HUD PHA operating grants

This FDS line represents all funds including grants and operating subsidies received from HUD in the current year that is required to be recognized as revenue under GAAP. Grant revenue used for the acquisition of capital assets should be reported in FDS line 70610.

FDS Line 70600 Details in FASS:

70600_010	HAP Subsidy
70600_020	Administrative Fees Earned
70600_030	Hard to House Fee Revenue

70600_031	FSS Coordinator Grant
70600_040	Actual IPA Audit Costs
70600_050	Total Preliminary Fees Earned
70600_060	All Other Fees

70610 Capital grants

This FDS line represents revenue earned from HUD grants in the current year that are required to be recognized as capital contributions under GAAP, which will be used solely for capital assets, including the portion of the grant earned for principal payment under the Capital Fund Financing Program.

70710 Management fee

This FDS line represents the management fee revenue earned by the COCC from projects and all other HUD programs allowing the payment of a management fee, as well as other federal, non-federal programs, and other PHA owned programs and activities allowing the payment of a management fee. This fee is earned for general management of the properties and programs. It does not include compensation for day-to-day front-line management functions. This FDS line item will also include capital grant management fees earned by the COCC. This line is not used for management fees earned from non-PHA owned units or programs, which is reported in FDS line 70750.

70720 Asset management fee

This FDS line represents asset management fee revenue earned by the COCC. This fee is earned for asset management services provided. The asset management fee can only be paid by projects that have excess cash.

70730 Book-keeping fee

This FDS line represents the book-keeping fee revenue earned by the COCC. This fee is earned for front line book-keeping performed centrally. The COCC cannot earn a book-keeping fee if project or program accounting functions are performed on-site and are charged as front-line expenses by the project or program.

70740 Front line service fee (Fee-For-Services)

This FDS line item represents fee revenue earned by the COCC for centrally provided services to the projects and or programs when a PHA provides additional centralized services to projects and programs not considered to be part of the services the COCC provides for the receipt of conventional fees (i.e., property management, bookkeeping, asset management, CFP and HCV program management and bookkeeping fee). Examples include centralized maintenance and inspections. A fee-for-service differs from an allocated cost in that a project or program is only charged for actual services performed at a specific rate (usually market). This line is not used for front line service fees earned from non-PHA owned units or programs, which is reported on FDS line 70750.

70750 Other fees

This FDS line item represents all other fee revenue earned by the COCC or business activity within the PHA which does not belong to FDS lines 70710 through 70740. This FDS line includes management fees earned from non-PHA owned units or programs.

FDS Line 70750 Details in FASS:

70750_010	From PHA Administered Program
70750_020	From Third / Outside Party

70700 Total fee revenue

This FDS line is the sum of lines 70710 through 70750. This FDS line item represents the total fee revenue earned. FASS automatically sum lines 70710 through 70750.

70800 Other government grants

This FDS line represents all other federal, state and local governmental grants (operating or capital) received by the PHA in the current year that are required to be recognized as revenue under GAAP.

In RAD and mixed finance conversions the subsidy received by the new entity and/or Business Activities from the PHA programs or project is reported on this line. Please note that internal activities: revenues vs. expenses are eliminated to avoid grossing up the revenues and expenses in accordance with GAAP reporting.

The units accounted for in total at the HCV level under PBV conversion, may have to be eliminated in the consolidated reporting.

71100 Investment income - unrestricted

This FDS line represents unrestricted income generated from the investment of unrestricted cash including interest income received on checking and saving accounts and any gain or loss on securities sold. FDS line 71100 is a required field if an amount has been recorded in FDS line 131.

FDS Line 71100 Details in FASS:

71100_010	Investment Income - Unrestricted - HAP
71100_020	Investment Income - Unrestricted - Admin

71200 Mortgage interest income

This FDS line represents the revenue recognized under GAAP for any interest income received by the PHA related to mortgages.

71300 Proceeds from disposition of assets held for sale

This FDS line generally represents the gross amounts received from the disposition of assets held for sale.

71310 Cost of sale of assets

This FDS line represents the total cost of the assets held for sale that the entity has sold to its customers. This account was primarily set up to meet the requirements of the Homeownership programs.

71400 Fraud recovery

This FDS line represents the full amount of any fraud recoveries earned by the PHA and recorded in accordance with GAAP.

FDS Line 71400 Details in FASS:

71400_010	Fraud Recovery - HAP
71400_020	Fraud Recovery - Admin

71500 Other revenue

This FDS line represents income from the operation of projects, programs and other PHA activity that cannot be otherwise classified (e.g., capital contributions from component unit partners or tax credit investors.) For the HCV program this line includes family self-sufficiency escrow forfeitures and both administrative fees and HAP funds from the initial PHA under the portability provision of the HCV program.

71600 Gain or loss on sale of capital assets

This FDS line represents gain or loss in any disposition of capital assets. The gain/loss is determined by taking the difference between the net book value of fixed asset and the proceeds derived from the disposition.

72000 Investment income – restricted

This FDS line represents restricted income generated from the investment of restricted cash. The interest income on restricted funds and any gain or loss on restricted securities sold is reported on this line. This is a required field if an amount has been recorded in FDS line 132.

FDS Line 72000 Details in FASS:

72000_010	Investment Income - Restricted - HAP
72000_020	Investment Income - Restricted - Admin

70000 Total revenue

This FDS line is the sum of lines 70500, 70600, 70610, 70700, and 70800 through 72000. This FDS line represents total revenue earned. FASS automatically sums lines 70500, 70600, 70610, 70700, and 70800 through 72000.

EXPENSES

Administrative Expenses

91100 Administrative salaries

This FDS line represents the gross salaries earned by personnel engaged in administrative duties and in the supervision, planning, direction of maintenance activities, and operating services during the operations period. All salaries of the PHA should be reported in this line except for those personnel whose salary should be reported as part of tenant services (FDS line 92100), utility labor (FDS line 93500), maintenance type activities (FDS line 94100, 97100, and 97200) and protective services (FDS line 95100).

This line should not include any part of the gross salaries earned for construction supervision or inspections and architectural and engineering personnel, etc. whose activity is related to an extraordinary maintenance or casualty loss job or for property improvement /modernization. Such salaries shall be considered a part of the cost of that job (i.e., either capitalized or reported in extraordinary maintenance and causality loss FDS lines).

91200 Auditing fees

This FDS line represents fees paid to independent public accountants for periodic audits of the PHA's books of account. This line does not include costs related to reviews or compilations or costs associated with fee accountant services. These costs should be reported in FDS line 91900.

91300 Management fee

This FDS line item represents project and program management fees paid to the COCC and to third party (outside) entities, including management fees paid to third party contractors for the administration of a PHA's HCV program. This fee is paid for general management of the properties and programs. This fee does not include compensation for day-to-day property or program front-line management functions. This FDS line item will include capital grant management fees paid to the COCC from the PHA's projects.

FDS Line 91300 Details in FASS:

91300_010	To PHA Administered Program (i.e., COCC)
91300_020	To a Third Party / Outside Entity

91310 Bookkeeping fee

This FDS line item represents bookkeeping fees paid by projects and other programs to the COCC. This fee is paid for front line bookkeeping performed centrally. The COCC cannot earn a bookkeeping fee if the project or program accounting functions are performed by the project or program itself. Fees paid to a fee accountant should not be reported in this FDS line item, but should be reported in FDS line 91900 Other.

91400 Advertising and marketing

This FDS line represents the cost of advertising and marketing the PHA, the PHA's projects and programs, and the PHA's units and vouchers, regardless of media type.

91500 Employee benefit contributions – administrative

This FDS line represents PHA contributions to administrative employee benefit plans such as pension, retirement, and health and welfare plans. This line also records administrative expenses paid to the state or other public agency in connection with a retirement and other post-employment benefit plans (if such payment is required by state law) and with trustee's fees paid in connection with a private plan (if such payment is required under the plan contract).

91600 Office expenses

This FDS line represents the cost of operating an office for the projects, programs, COCC and includes but is not limited to forms, stationary, office supplies, postage, special shipping services for letters and packets, telephone (land lines and cell phones), messenger services, rental of office space, dues and fees for memberships, printing, periodicals, books and literature, computer forms and supplies, computer maintenance agreement costs, staff training (fees and supplies), coping machine expense, bank fees, and temporary office help. Office utility costs should not be recorded in this FDS line item but should be recorded under the appropriate utilities FDS line item.

91700 Legal expense

This FDS line represents the legal fees or services incurred on behalf of the PHA, projects, and programs and related to the PHA, project and program operations.

91800 Travel

This FDS line represents the cost of travel for personnel attending training, meeting, or conferences on behalf of the PHA. Examples of expenses that should be included in this line are airfare, car rental fees, taxi fees, the expense for other means of transportation, baggage handling fees and meal expense while traveling. In addition, this line item represents the cost of local travel and mileage reimbursements for personal vehicle usage in the course of PHA business.

91810 Allocated Overhead

This FDS line represents overhead (indirect costs) allocated to a project or program. This line item will be used by PHAs that maintain a cost-allocation system for overhead costs as determined by the PHA's cost allocation plan as required under 2 CFR Part 200 Subpart E and applicable Appendices in lieu of a fee-for-service approach. This line item is not to be used for front-line (direct) costs that are allocated to projects and programs, (e.g., central waiting lists.)

Examples of allocated overhead costs include salaries and benefits of executive director and finance staff; rent or upkeep of central office; telephone charges for central office, etc. This line item is not required for PHAs that own or operate fewer than 400 Public Housing units, but is recommended. However, line 91810 is required for PHAs that own or operate more than 400 Public Housing units and do not use the fee-for-service approach. For PHAs with over 400 units, the type of expenses that are to be included in this line item are prescribed by HUD in the Supplement to HUD Handbook 7475.1 REV., CHG-1, and Financial Management Handbook.

91900 Other

This FDS line represents all items of administrative expenses that are not otherwise accounted for on other FDS lines. Examples include (but are not limited to) fees paid for unit inspections, fee for accounting services, office vehicle leases, armored car service, and advertising for bids.

91000 Total operating – administrative

This FDS line is the sum of lines 91100 through 91900. This FDS line item represents the total administrative costs incurred. FASS automatically sums lines 91100 through 91900.

92000 Asset management fee

This FDS line represents asset management fees paid by public housing projects to the COCC from excess cash. This fee is paid for asset management services provided by the COCC.

[Note: Subject to available prior year excess balance under 24 CFR 990](#)

Tenant Services

92100 Tenant services - salaries

This FDS line represents the gross salaries of PHA personnel whose duties are primarily to provide resident and program-aided families with services that contribute to achieving the social objectives of low-income housing programs. Such services would include the family self-sufficiency program, community agency referrals on family welfare, health, and other programs, counseling on household management, housekeeping, budgeting, childcare, advice as to resources for job training and placement. Such employees would include, but not be limited to, the social services advisor, community services coordinator, social services aides (which may be residents) and clerical and other employees assigned to the tenant services staff. This line records wages, if any, paid to residents participating in PHA training programs authorized and approved under Sections 903 and 904 of the Housing and Urban Development Act of 1970. Upon completion of training, if the resident is hired on a full-time or part-time basis, the salary should be charged to the appropriate salaries account reflecting the type of work (i.e., administration, maintenance, tenant services, etc.).

In the event that work in connection with tenant services activities is performed by PHA personnel on a casual basis (e.g., on a normal day off, holidays, Saturdays, Sundays), this account shall be charged with the gross amount earned by such employees for such period.

This account shall not be charged with any part of the salaries earned by the executive director, assistant executive director, project managers, staff attorneys, or any other PHA personnel whose duties are not directly or principally related to tenant services even though they may perform tenant services incidental to their regularly assigned duties. Such salaries shall be charged to the account(s) in which they would normally appear (normally administrative salaries FDS line 91100).

92200 Relocation costs

This FDS line represents all costs incurred for the relocation of individuals, families, business concerns, or nonprofit organizations from the site of a low-income housing project or program in connection with development, modernization or other similar reasons or program changes. Charges to this account include amounts paid or payable to displaced site occupants for costs such as the following:

- Individuals and families for moving expenses and direct losses of property, and for additional relocation payments to assist such persons to acquire decent, safe, and sanitary dwellings;
- Small business concerns for moving expenses and direct losses of property and other authorized displacement payments;
- PHA direct expenses for the cost of services incidental to the relocation of site occupants, including the salaries of administrative personnel assigned full-time duties related to the relocation of site occupants;

- Settlement costs to displaced occupants for reasonable and necessary expenses incurred in connection with the PHA acquisition of property (e.g., recording fees, transfer taxes, mortgage prepayment penalties, pro rata portion of real property taxes); and
- Replacement housing payments for an owner-occupant of a single or two-family dwelling acquired by the HA.

92300 Employee benefit contributions - tenant services

This FDS line represents PHA contributions to employee benefit plans for PHA employees working in the area of tenant services. These contributions can cover pension, retirement, health and welfare plans, as well as administrative expenses paid to the state or other public agency in connection with a retirement or other post-employment benefit plan (if such payment is required by state law) and with trustees' fees paid in connection with a private retirement plan (if such payment is required under the retirement plan contract).

92400 Tenant services - other

This FDS line represents costs incurred for services directly related to meeting resident needs and supporting a wholesome living environment that are not otherwise accounted for on other FDS lines.

92500 Total tenant services

This FDS line is the sum of lines 92100 through 92400. This FDS line item represents the total cost of providing tenant services. FASS automatically sums lines 92100 through 92400.

Utilities

93100 Water

This FDS line represents the cost associated with the consumption of water.

93200 Electricity

This FDS line represents the cost associated with the consumption of electricity.

93300 Gas

This FDS line represents the cost associated with the consumption of gas (natural, artificial, or liquefied).

93400 Fuel

This FDS line represents the cost associated with coal, fuel oil, steam, and other fuels (electricity and gas) used in connection with PHA operation of plants for the heating of space or water supplied to tenants and administrative offices.

93500 Labor

This FDS line represents the gross salaries and wages, or applicable portions thereof, of PHA personnel engaged in the operation of water supply plants, liquefied gas plants, heating plants, and sewage disposal plants owned and operated by the PHA.

93600 Sewer

This FDS line item represents the cost associated with sewer charges.

93700 Employee benefit contributions - utilities

This FDS line represents PHA contributions to utilities employee benefit plans such as pension, retirement, and health and welfare plans, as well as administrative expenses paid to the state or other public agency in connection with a retirement or other post-employment benefit plan (if such payment is required by state law) and with trustee's fees paid in connection with a private retirement plan (if such payment is required under the retirement plan contract).

93800 Other utilities expense

This FDS line represents the cost of utilities that are not otherwise accounted for on other FDS lines.

93000 Total utilities

This FDS line is the sum of lines 93100 through 93800. This FDS line item represents the total of all utility costs incurred. FASS automatically sums 93100 through 93800.

Ordinary Maintenance and Operations

94100 Ordinary maintenance and operations - labor

This FDS line represents the gross salaries and wages, or applicable portions thereof, of PHA personnel engaged in routine and preventive maintenance. The FDS line also represents the salaries and wages of personnel engaged in operating services, such as janitorial services, elevator service, extermination of rodents and household pests, and rubbish and garbage collection.

If any of the normal maintenance staff of the PHA are detailed to jobs other than routine and preventive maintenance, the salaries and wages of such employees while so engaged should not be included on this line, but on the line or lines to which such costs are applicable, such as extraordinary maintenance or building and leasehold improvements.

94200 Ordinary maintenance and operations - materials and other

This FDS line represents the cost of materials, supplies, and expendable equipment used in connection with routine and preventive maintenance, including the operation and maintenance of automotive and other movable equipment, (such as gasoline, oil, grease, batteries, and tires, etc.). This line also represents the cost of materials supplies and expendable equipment used in connection with operating services, such as janitorial services, elevator services, extermination of rodents and household pests, and rubbish and garbage collection.

The cost of materials, supplies, and expendable equipment furnished by a contractor (firm or individual) in connection with the performance of routine maintenance or operating services are not represented on this line.

94300 Ordinary maintenance and operations contracts

This FDS line represents contract costs incurred in connection with routine maintenance. These costs vary in nature and typically should include contract costs anticipated prior to the start of the fiscal year. Contract costs for unforeseen events that are highly unusual and were not anticipated prior to the beginning of the year would be reported in *FDS Line 97100: Extraordinary maintenance*

This line includes contracts to third party vendors or fee-for-service arrangements with the Central Office Cost Center for garbage and trash removal, heating and cooling, snow removal, elevator maintenance, landscaping, unit turnaround, electrical, plumbing, extermination, janitorial, routine and preventive maintenance, and miscellaneous maintenance work.

The rental of automotive equipment including mileage and/or allowances paid to PHA employees for use of their privately owned vehicles used in connection with the performance of maintenance and operating services is also represented on this line.

FDS Line 94300 Details in FASS:

94300_010	Ordinary Maint. & Oper. Contr. - Garbage and Trash
94300_020	Ordinary Maint. & Oper. Contr. - Heating and Cooling
94300_030	Ordinary Maint. & Oper. Contr. - Snow Removal
94300_040	Ordinary Maint. & Oper. Contr. - Elevator
94300_050	Ordinary Maint. & Oper. Contr. - Landscape and Ground
94300_060	Ordinary Maint. & Oper. Contr. - Unit Turnaround
94300_070	Ordinary Maint. & Oper. Contr. - Electrical Contracts
94300_080	Ordinary Maint. & Oper. Contr. - Plumbing Contracts
94300_090	Ordinary Maint. & Oper. Contr. - Extermination
94300_100	Ordinary Maint. & Oper. Contr. - Janitorial
94300_110	Ordinary Maint. & Oper. Contr. - Routine Maintenance Contract
94300_120	Ordinary Maint. & Oper. Contr. - Misc Contract

94500 Employee benefit contributions - ordinary maintenance

This FDS line represents PHA contributions to ordinary maintenance employee benefit plans such as pension, retirement, and health and welfare plans, as well as administrative expenses paid to the state or other public agency in connection with a retirement or other post-employment benefit plan, if such payment is required by state law, and with trustees' fees paid in connection with a private retirement plan, if such payment is required under the retirement plan contract.

94000 Total maintenance

This FDS line is the sum of lines 94100 through 94500. This FDS line item represents the total cost of maintenance and operations. FASS automatically sums lines items 94100 through 94500.

Protective Services

95100 Protective services - labor

This FDS line represents the gross salaries and wages earned by PHA personnel, including tenants, engaged solely or primarily in providing protective services to the projects, programs, tenants, and other PHA assets (COCC). Such employees would include personnel engaged in project police, guard and watchman duties. This FDS line does not represent any part of the salaries earned by the executive director, project manager, or other PHA personnel whose duties are not directly or principally related to providing protective services though they may perform certain of these services incidental to their regularly assigned duties.

95200 Protective services - other contract costs

This FDS line represents costs incurred in connection with contracts entered into with tenant organizations, municipal entities, and private security services, for providing protective services.

95300 Protective services - other

This FDS line represents the other costs relating to protective services such as the cost of materials, supplies, and expendable equipment. This FDS line includes costs such as, uniforms and other personal equipment and the operation and maintenance of electronic detection equipment and devices, alarm systems, communication equipment (e.g., walkie-talkie), and operation and maintenance of automotive and other movable equipment used solely or primarily for providing protective services.

95500 Employee benefit contributions - protective services

This FDS line represents PHA contributions to protective services employee benefit plans such as pension, retirement, and health and welfare plans. The FDS line also represents administrative expenses paid to the state or other public agency in connection with a retirement and other post-employment benefit plans (if such payment is required by state law) and with trustees' fees paid in connection with a private retirement plan (if such payment is required under the retirement plan contract).

95000 Total protective services

This FDS line is the sum of lines 95100 through 95500. This FDS line item represents the total cost of protective services. FASS automatically sums 95100 through 95500.

General Expenses

96110 Property insurance

The FDS line represents amounts charged for insurance to the PHA's projects, programs, and COCC facilities.

96120 Liability insurance

The FDS line represents amounts charged for general liability coverage to the PHA's projects, programs, and COCC.

96130 Workmen's compensation

The FDS line represents amounts charged to the PHA's projects, programs, and COCC for workmen's compensation insurance.

96140 All other insurance

The FDS line represents the cost of additional insurance types for purposes not otherwise accounted for in other FDS insurance lines.

96100 Total insurance premiums

This FDS line is the sum of lines 96110 through 96140. This FDS line item represents the total cost of premiums from all types of insurance issued. FASS automatically sums lines 96110 through 96140.

96200 Other general expenses

This FDS line represents the cost of all items of general expense. These are expenses that are typically not part of routine administrative expenses and would not be recorded to FDS line 91900 (Other administrative expense). Examples include:

- Payments to developers for mixed financing transactions and ongoing subsidy payments as required under a regulatory and operation agreement for a mixed finance projects.
- Administrative fees expensed to receiving PHAs as part of the portability provision of the HCV program.

- Amount of energy savings earned by the COCC as a result of a HUD-approved energy performance contract.
- Expenses arising from personal injury and damages to property and the loss of cash and/or securities resulting from robbery or theft.
- Unaccountable differences in inventories of materials, supplies, and expendable equipment.
- Fiscal agent fees and fees paid to collection agents other than attorneys incurred in connection with the collection of amounts due from tenants, which are not chargeable to tenants.
- Fines and penalties imposed by the federal, state or local government. Caution should be exercised in expensing fines and penalties to federal awards as these items are typically considered to be ineligible. This category was added in order to accommodate the recording of this expense to an appropriate funding source.
- Costs of FASB 5 Contingency claim.
- Costs incurred for RAD conversion pre-development costs and RAD application costs.

96210 Compensated absences

The FDS line item represents amounts expensed for vacation or employee sick leave. Such amounts represent direct program charges for projects, programs and the COCC, as applicable.

96300 Payments in lieu of taxes

This FDS line represents all payments for assessments, actual real estate taxes, and payments in lieu of taxes accrued to a municipality or other local taxing body, including that portion of payments in lieu of taxes which is to be applied as a reimbursement of payments of off-site utilities.

96400 Bad debt - tenant rents

This FDS line represents the estimated expense to cover the expected losses for tenant charges which will not be collected. Under GAAP, the direct write off method should not be used.

96500 Bad debt - mortgages

This FDS line represents the estimated expense to cover the expected losses for mortgage payments which will not be collected. Under GAAP, the direct write-off method should not be used.

96600 Bad debt - other

This FDS line represents the estimated expense to cover the expected losses for all other receivables including bad debt associated with fraud, other than tenant receivables and mortgage receivables.

96800 Severance expense

This FDS line represents payments to employees for salary; unused leave not included in compensated absences on FDS line 96210 above and other compensation, such as early retirement incentives, pursuant to the PHA's established personnel policy, due upon termination of employment.

96000 Total other general expenses

This FDS line is the sum of lines 96200, 96210, 96300, 96400, 96500, 96600 and 96800. This FDS line represents the total of other general expenses. FASS automatically sums lines 96200, 96210, 96300, 96400, 96500, 96600 and 96800.

96710 Interest on mortgage (or bonds) payable

This FDS line item represents interest incurred on a mortgage or bonds issued for construction or permanent financing. Interest expense related to the Capital Fund Financing Program should be reported in the Capital Fund column of the project/COCC.

96720 Interest on notes payable (short and long term)

This FDS line item reflects interest and discounts incurred on both short and long-term project operating notes. Interest expense related to the Capital Fund Financing Program should be reported in the Capital Fund column of the project/COCC.

FDS Line 96720 Details in FASS:

96720_010	Interest on EPC Related Debt
96720_020	Interest on ALL other Debt

96730 Amortization of bond issue costs

This FDS line item reflects amortization expense related to organizational costs, including loan fees, organization expenses, and like expenses.

96700 Total Interest expense and amortization cost

This FDS line is the sum of lines 96710 through 96730. This FDS line item represents the total cost of interest and amortization. FASS automatically sums lines 96710 through 96730.

96900 Total operating expenses

This FDS line is the sum of lines 91000, 92000, 92500, 93000, 94000, 95000, 96100, 96000, and 96700. This FDS line represents the total operating expenses. FASS automatically sums lines 91000, 92000, 92500, 93000, 94000, 95000, 96100, 96000, and 96700.

97000 Excess operating revenue over operating expenses

This FDS line represents the difference between total revenue on FDS line 70000 and total operating expenses on FDS line 96900. FASS automatically calculates the difference between lines 70000 and 96900.

97100 Extraordinary maintenance

This FDS line represents all maintenance costs that are typically for unforeseen events and highly unusual in nature, where the work required is clearly not part of routine maintenance and would not be subject to capitalization under GAAP. All costs related to the completion of extraordinary maintenance such as labor, materials and supplies, contract work, and expendable equipment should be charged to this line item. Extraordinary maintenance (also referred to as non-routine maintenance) typically represents items of costs that were not anticipated prior to the start of the fiscal year. An example would include the repair of a ruptured water main or gas line.

A PHA may not find it necessary to use this account in a particular year, since an adequate preventive routine maintenance program and proper design and construction may preclude the need to undertake extraordinary maintenance projects.

When extraordinary maintenance work is undertaken, it is likely that the PHA will find it necessary to have the work performed either by contract or by employing a special labor crew, in order not to neglect routine maintenance functions. However, if any of the normal maintenance staff of the PHA are detailed to an extraordinary maintenance job, the wages and benefits of such employees while so engaged shall be included in the amounts on this line.

This line also represents the gross salaries and benefits earned by architectural and engineering employees who are employed for the sole purpose of preparing plans and specifications for an extraordinary maintenance job, but does not represent any part of the time of the regular technical and non-technical administrative staff of the PHA.

97200 Casualty losses – non-capitalized

This FDS line represents all costs (labor, materials and supplies, expendable equipment, and contract work) of the restoration of property, such as site improvements, structures, or equipment (but not replacement of nonexpendable equipment) damaged by an external event such as fire, tornado, earthquake, or hailstorm. The cost of the restoration does not materially alter the book value of the damaged asset and is below the PHA's capitalization threshold.

Related insurance proceeds received for casualty losses incurred should not be netted into this line item.

97300 Housing assistance payments

This FDS line represents housing assistance payments (HAP) for the HCV or similar type program paid or accrued to the owners of dwelling units leased to eligible families. Also included in this line is HAP related expenses, such as contributions to FSS escrow accounts, utility reimbursements, and mortgage payments paid using HAP subsidy for a HCV homeownership program. In addition, this account includes, where applicable, HAP payments paid or accrued to owners for vacancies during and after rent-up pursuant to a housing assistance payments contract, and HAP payments paid or accrued to owners for reimbursement pursuant to the provisions of the housing assistance contract for any unpaid rent or damages caused by the tenants.

Upon RAD conversion to PBV, a partial elimination may be necessary in the consolidated FDS reporting, because the Housing Authority uses HAP amounts as part of the new property revenue and uses their vouchers on the PBV property. The units should still be accounted for in total at the HCV level, and may have to be eliminated in the consolidated reporting.

FDS Line 97300 Details in FASS:

97300_010	Mainstream 1 & 5 year
97300_020	Home ownership
97300_025	Litigation
97300_030	Hope IV
97300_035	Moving to work

97300_040	Tenant Protection
97300_041	Portability-Out
97300_045	FSS Escrow Deposits
97300_049	All Other "Special" Vouchers (i.e., FUP, NED, etc.)
97300_050	All Other

97350 HAP Portability-In

This FDS lines represents the amount of housing assistance payments paid by the receiving PHA to the landlord on behalf of the initial PHA under a portability agreement. This account is normally applicable only to the HCV Program.

97400 Depreciation expense

This FDS line represents the amount of depreciation for the current accounting period associated with the capital assets. This amount is calculated using an acceptable method.

97500 Fraud losses

This FDS line represents the costs associated with:

- 1) costs arising from personal injury to persons and damages to property other than that of a locally owned or leased project, and
- 2) the loss of cash and/or securities resulting from robbery or theft not covered by insurance, to the extent that such cash and/or securities are not recovered.
- 3) The FDS line also includes amounts associated with fraudulent activities due to misrepresentation by tenants who now owe additional rent for prior periods or retroactive rent.

97600 Capital outlays - governmental funds*

This FDS line represents the acquisition cost of capital assets purchased when the reporting entity employs governmental accounting/modified accrual concepts. These expenditures are reflected in the entity's statement of revenue and expense.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

97700 Debt principal payment - governmental funds*

This FDS line represents the repayment of long-term debt if the reporting entity employs governmental accounting/modified accrual concepts. This accounting method does not require a separate identification of the current portion of long-term debt due. Accordingly, each payment reduces the balance remaining in the long-term liability account(s).

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

97800 Dwelling units rent expense

This FDS line represents the rent paid or accrued to the owners of dwelling units leased by the PHA for low-income use in the Section 23 or Section 10(c) programs.

90000 Total expenses

This FDS line is the sum of lines 96900 and 97100 through 97800. This FDS line represents the total expenses incurred. FASS automatically sums lines 96900 and 97100 through 97800.

OTHER FINANCING SOURCES (USES)

10010 Operating transfers in

This FDS line represents ongoing operating resources received from another program other than a loan, advance, quasi-external transactions, and reimbursements. This FDS line item will not include project to project transfers. However, within a project, this line represents funds received by LRPH program from the Capital Fund to LRPH. This line will also be used to record HOTMA transfers.

10020 Operating transfers out

This FDS line represents ongoing operating resources provided to another program other than a loan advance, quasi-external transactions and reimbursements. This FDS line item will not include project to project transfers. However, within a project, this line may be used to transfer funds from the Capital Fund program to LRPH program. This line will also be used to record HOTMA transfers.

10030 Operating transfers from/to primary government

This FDS line represents amounts received by the PHA from another organization (e.g., joint ventures, jointly governed organizations or other stand-alone governments) or amounts provided by the PHA to another governmental organization that is other than the PHA. The transfers to/from must be within the FDS.

FDS Line 10030 Details in FASS:

10030_010	Not For Profit
10030_020	Partnership
10030_030	Joint Venture
10030_040	Tax Credit
10030_050	Other

10040 Operating transfers from/to component unit

This FDS line represents amounts received by a blended component unit(s) from the PHA or amounts provided by the blended component unit to the PHA.

10050 Proceeds from notes, loans and bonds* (*Modified Accrual Only FDS Line)

This FDS line represents amounts received as a result of the PHA borrowing funds using a note payable, entering into a loan agreement and/or from the issuance of bonds. This FDS line is used with the modified accrual basis of accounting.

** This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.*

10060 Proceeds from property sales* (*Modified Accrual Only FDS Line)

This FDS line represents any sale of capital assets for which proceeds are obtained. The proceeds represent the total amount received for the sale of the property. This FDS line is used with the modified accrual basis of accounting.

** This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.*

10070 Extraordinary items, net gain/loss

This FDS line represents transactions or other events that are both unusual in nature (possessing a high degree of abnormality and clearly unrelated to the ordinary and typical activities of the PHA) and infrequent in occurrence. Capital asset impairments may qualify as an extraordinary item if the item was not within the control of management such as significant damage incurred from a hurricane. In the case of the recording of a capital impairment loss, insurance proceeds would be netted with the loss upon the recovery becoming realizable.

10080 Special items, net gain/loss

This FDS line represents transactions or events within the control of management that are either unusual in nature or infrequent in occurrence. Capital asset impairments that are subject to the PHA's control would be recorded as a special item.

This line is also used for the transfer of capital assets to a non-government entity due to RAD conversions of public housing properties. If the housing authority transfers the ownership of the public housing units converted to RAD units to a component unit (Blended or Discrete) or to another separate legal entity this line will be used.

10091 Inter-project excess cash transfer in

This FDS line item represents [operating funds](#) received by a project from another project. This line item is not used by PHAs with only one project. The sum of all transfers in (line 10091) must equal all transfers out (FDS line 10092).

10092 Inter-project excess cash transfer out

This FDS line item represents [operating funds transferred](#) from one project to another project. The amount of transfer is limited to a project's prior year [available](#) excess cash. Transfers greater than the project's prior year excess cash is considered non-compliance. The sum of all transfers out must equal all transfers in (FDS line 10091) within [the public housing program](#). This line item is not used if the PHA reports only one project.

10093 Transfers between programs and projects in

This FDS line item represents incoming transfers between programs and projects. The sum of all incoming transfers between programs and projects must equal all outgoing transfers between programs and projects within a PHA.

10094 Transfers between programs and projects out

This FDS line item represents outgoing transfers between projects to programs. The sum of all incoming transfers between programs and projects must equal all outgoing transfers between programs and projects within a PHA. [Transfers of operating funds from projects to programs must be explained.](#)

10100 Total other financing sources (Uses)

This FDS line is the sum of lines 10010 through 10094. This FDS line represents the total expenses recorded on lines 10010 through 10094. FASS automatically sums 10010 through 10094.

10000 Excess (deficiency) of total revenue over (under) total expenses

This FDS line is the difference between total revenue reported on FDS line 70000; total expenses reported on FDS line 90000 and total other financing sources (uses) reported on line 10100. FASS automatically calculates the difference between line 70000, 90000, and 10100.

MEMO ACCOUNT INFORMATION

11020 Required annual debt principal payments

This FDS line represents the required debt principal payments during the reporting financial year, regardless of whether or not the actual payment has been made. The required annual debt principal payment related to the Capital Fund Financing Program should be reported in the Capital Fund Program Income Statement of the project/COCC.

FDS Line 11020 Details in FASS:

11020_010	Principal on EPC Related Debt
11020_020	Principal on All Other Debt

11030 Beginning equity

This FDS line represents the difference between total assets (FDS line 190) and total liabilities (FDS line 300) at the beginning of the fiscal year. This FDS line is automatically populated using the ending equity balance from the prior year.

11040 Prior period adjustments, equity transfers, and correction of errors

11040-010 to 060

This FDS line represents prior period adjustments that are transactions that should be excluded from the current period's activity statements. With respect to governmental financial reporting, this specifically addresses correction of errors in the financial statements of a prior period. Errors in financial statements may result from: mathematical mistakes; mistakes in the application of accounting principles; oversight of facts that existed at the time financial statements were prepared; or change from an accounting principle that is not generally accepted to one that is generally accepted.

11040-070 to 100

This line also includes equity transfers between programs. The Equity transfers-in, must equal equity transfers-out. For project reporting, equity transfers should still be reported for the transfer of capital assets from the Capital Fund program to Low Rent Public Housing Program, even though there is only one balance sheet for each project.

This line is also used for the transfer of fixed assets or net residual equity between projects or programs or activities (e.g., Business Activities) due to RAD conversions, if the housing authority retains full or partial ownership of the RAD converted units.

11050 Changes in compensated absence balance)

This FDS line represents the change to the compensated absences liability balance for the current period when the reporting entity employs the modified accrual accounting method.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11060 Changes in contingent liability balance*

This FDS line represents the change to the Self-insurance liability balance for the current period when the reporting entity employs the modified accrual accounting method.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11070 Changes in unrecognized pension transition liability*

This FDS line represents the change to the unrecognized pension transition liability balance for the current period when the reporting entity employs the modified accrual accounting method.

*This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11080 Changes in special terms/severance benefits liability*

This FDS line represents the change to the special term/severance benefits liability balance for the current period when the reporting entity employs the modified accrual accounting method.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11090 Changes in allowance for doubtful accounts – dwelling rents

This FDS line represents the change to the allowance for doubtful accounts – dwelling rents balance for the current period when the reporting entity employs the modified accrual accounting method.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11100 Changes in allowance for doubtful accounts – other*

This FDS line represents the change to the allowance for doubtful accounts – other balance for the current period when the reporting entity employs the modified accrual accounting method.

* This FDS line item will display only when modified accrual method is selected and is not applicable to any other type of FDS submissions.

11170 Administrative fee equity

This FDS line represents the administrative fee equity for the HCV program only. The FDS line is equal to total administrative fee revenue minus total administrative expense. The balance of this account will be carried forward from year to year. The administrative fee equity can be used for administrative expenses incurred in the operation of the HCV program or for the issuance of additional HAPs to assist eligible families. This line is only available for the HCV program (CFDA #14.871).

FDS Line 11170 Details in FASS:

11170_001	Administrative Fee Equity - Beginning Balance
11170_010	Administrative Fee Revenue
11170_020	Hard to House Fee Revenue
11170_021	FSS Coordinator Grant
11170_030	Audit Costs
11170_040	Investment Income
11170_045	Fraud Recovery Revenue
11170_050	Other Revenue
11170_060	Total Admin Fee Revenue
11170_080	Total Operating Expense
11170_090	Depreciation

11170_095	Housing Assistance Payment Portability In
11170_100	Other Expenses
11170_110	Total Expenses
11170_002	Net Administrative Fee
11170_003	Administrative Fee Equity - Ending Balance
11170_005	Pre-2004 Administrative Fee Reserves
11170_006	Post-2003 Administrative Fee Reserves

11180 Housing assistance payments equity

This FDS line represents the Housing Assistance Payments Equity retained by the PHA for the HCV program only. This FDS line is equal to total HAP revenue minus Total HAP expense. The balance of this account will be carried forward year to year. This amount does not include the balance of the program reserve retained by HUD for HAP payments. The HAP equity can be used only for HAP payments incurred in the operation of the HCV program. This line is only available for the HCV program (CFDA #14.871).

FDS Line 11180 Details in FASS:

11180_001	Housing Assistance Payments Equity - Beginning Balance
11180_010	Housing Assistance Payments Revenues
11180_015	Fraud Recovery Revenue
11180_020	Other Revenue
11180_025	Investment Income
11180_030	Total Housing Assistance Payments Revenues
11180_080	Housing Assistance Payments
11180_090	Other Expenses
11180_100	Total Housing Assistance Payments Expenses
11180_002	Net Housing Assistance Payments

11180_003	Housing Assistance Payments - Ending Balance
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11190 Unit months available

This FDS line represents the number of months available for all Low Rent, Section 8, other subsidized and non-subsidized programs with unit month counts.

For Public Housing projects the PHA reports the total number of months each ACC unit was under ACC in the PHA's fiscal year reduced by the number of months each ACC unit was in the following categories during the fiscal year:

- Vacant - Undergoing Modernization
- Vacant - Court Litigation
- Vacant - Natural Disaster
- Vacant - Casualty Loss
- Vacant - Market Conditions
- Non-Dwelling - Special Use: Anti-Drug/Crime
- Non-Dwelling - Special Use: Self Sufficiency Activities
- Non-Dwelling - Special Use: Other Resident Activities
- Non-Dwelling - Special Use: Other Moving to Work (applies only for an MTW PHA)
- Units Approved by HUD for Demolition/Disposition

PHAs may reduce their unit months available for these categories only if HUD approved the vacancy, special use or demolition/ disposition application.

Upon conversion of PH properties to RAD PBV program there is a possibility that the unit months available for both the HCV and the PBV program will be counted twice. When this is the case the units would need to be eliminated from the total count.

FDS Line 11190 Details in FASS:

11190_210	Total ACC HCV Units
11190_220	Unfunded Units
11190_230	Other Adjustments

11210 Number of Unit months leased

This FDS line represents the total number of dwelling unit months under lease by tenants and program participants during the reporting period. The reported amount should be supported by the PHA's tenant rent rolls or housing assistance payment records.

For Public Housing projects the number of months reported must be on the same basis (first day of the month or the last day of the month) the PHA used when reporting units leased on the Form HUD-52723 – Calculation of Operating Subsidy. Units leased include only those units categorized in PIC as occupied by low income families (assisted tenants), police officers, and non-assisted tenants over income.

For the HCV program, the PHAs vouchers leased should be based on the first of the month.

Upon conversion of PH properties to a RAD PBV program there is a possibility that the unit months available for both the HCV and the PBV program will be counted twice. When this is the case the units would need to be eliminated from the total count.

11270 Excess Cash

This FDS line item represents the amount of excess cash available. The calculation for excess cash is as follows: $(111 + 114 + 115 + 120 + 131 + 144) - (310 + (96900/12))$. FDS line 96900 is calculated from the low rent column of the FDS. FASS automatically calculates excess cash. This account is only available for projects and is not calculated for any other program.

11610 Land purchases

This FDS line represents costs incurred during the current fiscal year related to the purchase of land and related costs to prepare the land for use. Of the costs reported on FDS line item 161, only the cost incurred in the current fiscal year should be included on this line. This line is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement).

11620 Building purchases

This FDS line represents the capitalized costs incurred during the current fiscal year for buildings and related building improvement projects. Construction in Progress costs related to a building or improvement projects should also be reflected on this FDS line due to the fact that these costs will eventually be listed on this line upon completion of the project. Of the costs reported on FDS line item 162 or 167, only the costs incurred in the current fiscal year should be included on this line. This line is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement). This line is also used to record the HOTMA funds expended for this category during the year.

11630 Furniture & equipment - dwelling purchases

This FDS line represents costs incurred during the current fiscal year for purchases of furniture and equipment for dwelling units that were capitalized. Of the costs reported on FDS line item 163, only the costs incurred in the current fiscal year should be included on this line. The cost of disposed assets should not be included. This line is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement). This line is also used to record the HOTMA funds expended for this category during the year.

11640 Furniture & equipment - administrative purchases

This FDS line represents costs incurred during the current fiscal year for purchases of furniture and equipment related to the administration of the PHA, which are capitalized and included on FDS line item 164. Of the costs reported on line 164, only the costs incurred in the current fiscal year should be included on this line. This line is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement). This line is also used to record the HOTMA funds expended for this category during the year.

11650 Leasehold improvements purchases

This FDS line represents the capitalized costs incurred during the current fiscal year for items listed on FDS line item 165. Construction in Progress costs related to a leasehold improvement project should also be reflected on this FDS line due to the fact that these costs will eventually be recorded on this FDS line upon completion of the project. Of the costs reported on FDS lines 165 or 167, only the costs incurred in the current fiscal year costs should be included on this line. FDS line 11650 is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement). This line is also to be used to record the HOTMA funds expended for this category during the year.

11660 Infrastructure purchases

This FDS line represents capitalized costs incurred during the current fiscal year for infrastructure items listed on FDS line item 168. Construction in Progress costs related to an infrastructure project should also be reflected on this FDS line due to the fact that these costs will eventually be recorded on this FDS line upon completion of the project. Of the costs reported on line 168 or 167, only the costs incurred in the current fiscal year should be included on this line. This line is only available under the project's and COCC's income statements (both the Capital fund program and Low Rent Public Housing income statement). This line is also used to record the HOTMA funds expended for this category during the year.

13510 CFFP debt service payments

This FDS line represents the payment incurred during the current fiscal year for any Capital Fund Financing Program debt service payments. This line reports principal as well as interest payments made during the current fiscal year.

13901 Replacement housing factor funds

Replacement housing factor (RHF) grants are provided to PHAs under the Capital Fund formula (24 CFR 905.10(i)). RHF grants are provided as a result of HUD approved demolition or disposition (sale) of public housing units. The regulations limit the use of RHF grants to the development of new public housing. This line represents the total RHF grant costs incurred during the year (both hard and soft costs, if any). Any capitalized costs associated with the use of these funds should also be recorded in memo accounts 11610 through 11660 above.

Please note that RHF funding is only eligible for units removed prior to October 1, 2013 and for which the PHA was receiving RHF grants in Federal Fiscal Year 2013. PHAs that removed units from inventory on or after October 1, 2013 will receive five (5) years of demolition disposition transitional funding (DTTF) and will not receive any RHF funding for those units. PHAs that received years one to four (1-4) of their first 1st increment RHF funds in FY2013 will receive RHF grants for the remaining years of the 1st increment grants. PHAs will not receive the 2nd increment of RHF funds; these will be converted to DDTF. PHAs receiving years 1-4 of their 2nd increment RHF funds in FY 2013 will receive RHF grants for the remaining years of the 2nd increment grants. The PHA will not receive DDTF once it has received its 5th year of the 2nd increment.

Appendix A

Table 1. Summary of Line Definitions Changes

FDS Line Item Number	FDS Line Description	Explanation of Change
Assets		
111	Cash – Unrestricted	Updated
112	Cash - Restricted for Modernization	Updated
113	Cash – Other Restricted	No change
114	Cash – Tenant Security Deposits	No change
115	Cash – Restricted for Payment of Current Liabilities	No change
121	Accounts Receivable	Updated
122	Accounts Receivable – HUD Other Projects	Updated
124	Accounts Receivable – Other Government	Updated
125	Accounts Receivable – Miscellaneous	Updated
126	Accounts Receivable – Tenants	Updated
126.1	Allowance for Doubtful Accounts – Tenants	Updated
127	Notes, Loans, & Mortgages Receivable - Current	Updated
128	Fraud recovery	Updated
128.1	Allowance for Doubtful Accounts – Fraud	Updated
129	Accrued Interest Receivable	Updated
131	Investments – Unrestricted	Updated
132	Investments – Restricted	Updated
135	Investments – Restricted for Payment of Current Liability	Updated
142	Prepaid Expenses and Other Assets	Updated
143	Inventories	Updated
143.1	Allowance for Obsolete Inventories	No Change
144	Inter Program Due From	Updated
145	Assets Held for Sale	Updated
161	Land	No Change
162	Buildings	No Change
163	Furniture, Equipment & Machinery - Dwellings	No Change

FDS Line Item Number	FDS Line Description	Explanation of Change
164	Furniture, Equipment & Machinery – Administration	No Change
165	Leasehold Improvements	Updated
166	Accumulated Depreciation	No Change
167	Construction in Progress	Updated
168	Infrastructure	No Change
171	Notes, Loans, & Mortgages Receivable – Non-Current	Updated
172	Notes, Loans, & Mortgages Receivable – Non-Current – Past Due	Updated
174	Other assets	Updated
176	Investment in Joint Ventures	No Change
200	Deferred Outflow of Resources	Updated
Liabilities and Net Position		
311	Bank Overdraft	No Change
312	Accounts Payable <= 90 Days	No Change
313	Accounts Payable > 90 Days Past Due	No Change
321	Accrued Wage/Payroll Taxes Payable	No Change
322	Accrued Compensated Absences – Current Position	No Change
324	Accrued Contingency Liability	No Change
325	Accrued Interest Payable	No Change
331	Accounts Payable – HUD PHA Programs	No Change
332	Accounts Payable – PHA Projects	No Change
333	Accounts Payable – Other Government	No Change
341	Tenant Security Deposits	No Change
342	Deferred Revenues	No Change
343	Mortgage Notes	Updated
344	Notes Payable - Operating	Updated
345	Other Current Liabilities	Updated
346	Accrued Liabilities - Other	No change
347	Inter Program – Due to	Updated
348	Loan Liability - Current	Updated
351	Mortgage Notes Payable – Capital Projects	Updated

FDS Line Item Number	FDS Line Description	Explanation of Change
352	Notes Payable - Operating	Updated
354	Accrued Compensated Absences – Non-Current	Updated
353	Non-current Liabilities - Other	No change
354	Accrued Compensated Absences – Non-current	No change
355	Loan Liability – Non-Current	Updated
400	Deferred Inflow of Resources	Updated
511.4	Restricted Net Position	Updated
512.4	Unrestricted Net Position	Updated
513	Total Equity – Net Assets/Position	Updated
Revenues and Expenses		
70800	Other government grants	Updated
71500	Other Revenue	Updated
91310	Book-keeping Fee	Updated
91900	Other	Updated
96200	Other General expense	Updated
97300	Housing Assistance Payments	Updated
Memo Accounts		
10010	Operating transfers in	Updated
10020	Operating transfers out	Updated
10030	Operating transfers from/to Primary Government	Updated
10040	Operating transfers from/to Component Unit	Updated
10080	Operating transfers out	Updated
10091	Inter Project Excess Cash Transfer In	Updated
10092	Inter Project Excess Cash Transfer Out	Updated
Other Financing Sources and Uses		
11020	Required Annual Debt Principal Payments	Updated
11030	Beginning Equity	Updated
11040	Prior Period Adjustments, Equity Transfers and Correction of	Updated
11190	Unit months available	Updated

FDS Line Item Number	FDS Line Description	Explanation of Change
11210	Number of unit months leased	Updated
11620	Building purchases	Updated
11630	Furniture & equipment - dwelling purchases	Updated
11640	Furniture & equipment - administrative purchases	Updated
11650	Leasehold improvements purchases	Updated
11660	Infrastructure purchases	Updated

CHAPTER 3 HCV Program Administrative Fees

HUD pays PHAs for the cost of administering the HCV program through administrative fees. The fee rates and which fees are available can change from year to year depending on which fees the Congress elects to fund through yearly appropriations acts. There are two categories of fees, ongoing administrative fees and special fees. The special fees include preliminary, housing conversion, hard to house, lead paint, counseling, and homeownership closings. A brief description about each of these fees and how they are earned follows.

SECTION 3.1 ONGOING ADMINISTRATIVE FEES

PHAs earn ongoing administrative fees based on an eligibility requirement that units must be leased on the first of a month.

Ongoing administrative fees are funded separately from HAP funding. HUD makes monthly estimated ongoing administrative fee disbursements to PHAs on the bases of units leased as of the first day of each month as reported in the Voucher Management System (VMS), times fee rates established by HUD. For example, fees paid to a PHA on the 1st of January will be based on leasing as reported in the VMS from previous months.

HUD later reconciles a PHA's monthly lease-up in the VMS to adjust the estimated ongoing administrative fees paid for a previous month to actual fees earned based on actual VMS leasing. HUD also conducts a final reconciliation after a calendar year to capture any changes PHAs may have made to their previously reported VMS leasing data, so that PHAs are paid based on actual leasing during the calendar year less any applicable prorations.

HCV Financial Accounting & Reporting

CHAPTER 3: HCV Program Administrative Fees

HUD provides two fee rates for each PHA that are used to determine the ongoing administrative fees a PHA earns. These fee rates are posted on the HCV program home page of HUD's Web site, typically sometime in January of each year and are applicable for administrative fee calculation for a calendar year. The first fee rate is referred to as the "Column A" rate, and is applied to the first 7200 unit months leased in a calendar year. The second fee rate is referred to as the "Column B" rate, and is applied to all remaining unit months leased in a calendar year. The fee rates for each PHA are those rates covering the areas in which each PHA has the greatest proportion of its participants, based on PIC data.

The following is a section out of the 2010 HCV Ongoing Administrative Fee Table posted by HUD.

HA Number	HA Name	Column A Fee Rate	Column B Fee Rate
AK901	AK Hsg Finance Corp	\$81.88	\$76.43
AL001	Hsg Auth of Birmingham District	\$57.34	\$53.52
AL002	Mobile Housing Board	\$58.25	\$54.37
AL004	HA Anniston	\$56.74	\$52.96
AL005	HA Phenix City	\$56.74	\$52.96
AL006	H/A City of Montgomery	\$56.74	\$52.96
AL007	Dothan H/A	\$56.74	\$52.96

We will use PHA AK901, The Alaska Housing Finance Corporation at the top of the list, as an example of how the fee tables work. In calendar year 2010, they earned \$81.88 for each unit leased on the first of the month up to a total of 7200 unit months. All unit months leased on the first of the month in excess of 7200 unit months earned at the rate of \$76.43 per unit month. In years in which HUD is prorating fees disbursed to PHAs, the total fees earned would be adjusted by the proration factor HUD established.

Blended Ongoing Administrative Fee Rates

In some cases, PHAs have participants in more than one fee area. In this situation, a PHA may request that HUD establish a blended ongoing administrative fee rate schedule that will consider proportionally all areas in which participants are located. Once a blended rate schedule is established, it will be used to determine the PHA's ongoing administrative fee eligibility for all quarters of the calendar year. Once approved the blended fees rates are only effective for a single calendar year. If the PHA wishes to have a blended rate in a subsequent calendar year it must make a new request of HUD. The deadline to apply each CY is specified in the annual HUD notice on the CY appropriations for the HCV program.

Higher Administrative Fees

In years past, the Appropriations bill has allowed for a PHA to request that HUD provide an increase in the ongoing administrative fees to cover a PHA's higher administrative costs incurred as a result of administering a small program or administering a program over a large geographic area. A small program is one where the vouchers and moderate rehabilitation units under ACC in the current PHA fiscal year are fewer than 200. A large geographic area is an area covering multiple counties that are primarily non-metropolitan.

- The maximum increase that may be approved by HUD is 110% of the monthly fees listed under Column A in the ongoing administrative fee tables published by HUD.
- Any increase is good for only one PHA fiscal year and is not retroactive to a prior fiscal year.
- A PHA will not qualify for a higher ongoing administrative fee if the PHA anticipates that its unrestricted net assets balance at the end of the current budget year will exceed 20% of projected administrative expenditures for the next PHA fiscal year.

The deadline to apply each CY is specified in the annual HUD notice on the CY appropriations for the HCV program.

Admin Fee Formula

Ongoing administrative fees are earned based on the following formula. This formula should serve as the basis for revenue recognition of ongoing administrative fees.

Column A Rate	X	Units leased on the 1st of the month (7200 UMLs max.)	X	Proration factor, if any	=	Fees earned at the Column A rate
Column B Rate	X	Units leased on the 1st of the month in excess of 7200 UMLs	X	Proration factor, if any	=	Fees earned at the Column B rate
Total Fees Earned:						A + B amounts

SECTION 3.2 SPECIAL FEES

Special fees can change each CY. These were the special fees provided for in CY 2020.

Housing Conversion Fees

PHAs are eligible for this special fee when they receive voucher funding specifically for residents involved in a Housing conversion action. Conversion action refers to when project based voucher assistance is converting to tenant based assistance. When this happens a PHA will receive additional units of voucher funding in relation to the number of units no longer under project based assistance. The need to convert project based voucher assistance to tenant based assistance can result because a HUD insured mortgage on a multifamily project is in default, has been paid off and the owner(s) no longer wish to participate in the program, is being disposed of, or some sort of enforcement action has been taken by HUD for default by the owner on its obligations to receive HUD assistance. PHAs are entitled to a housing conversion fee, which is currently set at \$200 per unit for each unit that is occupied at the time HUD provides vouchers to the PHA for a housing conversion action. This fee is funded to the extent HUD has received sufficient appropriations from the Congress.

These fees, if earned, are recorded on the FDS under 70600-050 – Preliminary Fees Earned.

Homeownership Closing Fees

These special fees are provided to PHAs administering a voucher homeownership program. Depending on the availability of funding, HUD can provide an initial closing fee and an ongoing closing fee. HUD has established the initial fee at \$5,000 and it is a onetime fee paid based on the PHA's first homeownership closing in the HCV program. HUD originally established the ongoing fee at \$1,000 for each subsequent homeownership closing. However, in CY 2012 the fee for a subsequent homeownership closing was reduced to \$500, and in CY 2013 further reduced to \$200. Eligibility to earn these fees is based on each escrow closing reported in the PIH Information Center (PIC) system.

These fees, if earned, are recorded on the FDS under 70600-060 – All Other Fees.

Special Portability Fee

A special fee for the receiving PHA where port-in vouchers comprise a significant portion of their vouchers under lease. Receiving PHA must be administering port-in vouchers which equal 20% or more of the PHA's total number of leased vouchers as of 12/31/2019 to be eligible for these fees. For each eligible port-in voucher, 12 months of funding is equal to 15% of the PHA's column A rate.

This fee, if earned, is recorded on the FDS under 70600-060 – All Other Fees.

Special Audit Fee

A fee for the audit costs for declaring the HCV program a major program per Notice PIH 2015-16 and HCV voluntary transfers per Notice PIH 2018-12.

This fee, if earned, is recorded on the FDS under 70600-060 – All Other Fees.

Special Fees Needed for Administration of Section 8 Tenant-Based Rental Assistance Program

PHAs experiencing increased administrative expenses that need additional funds to administer their Section 8 programs, including as a result of administration of tenant protection rental assistance, disaster related vouchers, HUD-VASH vouchers, and other special purpose incremental vouchers, as shown in this section under Guidance for Special Fee Applications Per Category, can request special fees.

To qualify for additional funding under these categories, PHAs must experience increased administrative expenses as a result of the administration of HUDVASH, FUP and/or disaster-related vouchers. Requests for other unanticipated administrative fee funding increases will be considered on a case-by-case basis at the Secretary's discretion. Please carefully review the applicable application criteria when preparing your application for these funds. Please note, HUD will limit the total award amount for all categories combined to a percentage of the PHA's estimated CY 2020 administrative fee funding.

Notes

CHAPTER 4 Recovering Indirect Cost of HCV Program Administration

PHAs can have multiple programs that they are administering. It is common that a standalone PHA can be administering a HCV program; other types of section 8 assistance, such as the Moderate Rehabilitation program; a public housing program; several types of grant programs; state funded programs and various business activities. These types of PHAs will normally provide various services such as general oversight, accounting, purchasing, IT, human resources, etc., to the various programs being administered on a centralized basis. These centralized services are referred to as indirect costs of administration or operation.

The HCV program can also be administered as a department of state, county or city. In these cases the HCV program can have centralized services that are provided by other departments of the governmental entity which are then charged back to the using departments as indirect costs.

2 CFR 200.416

Indirect costs are not eliminated by the removal of one or more of the programs a PHA can be administering. Since these costs are not specific to a particular program, the PHA must have a way to fairly share these costs with all the programs it administers. The traditional way these costs have been shared is through a cost allocation plan. Depending on the PHA, these plans can either be fairly simplistic or complex.

An alternative method that can be used to recover indirect cost is fee-for-service. The recovery of indirect costs through either cost allocation or fee-for-service is provided for in 2 CFR 200.416, cost allocation plans and indirect cost proposals. 2 CFR 200.416 provides both federal agencies and federal award recipients (PHAs for example) with a uniform approach to determining eligible costs of federally-funded programs.

Unless specifically excluded by statute or an exception granted by OMB, 2 CFR 200 applies to awards to states, localities, and Indian tribal governments. Once implemented or otherwise adopted within federal agency regulations, it has the force and effect of law. However, if a statute passed by Congress prescribes policies or procedures that differ from those in 2 CFR 200, the provisions of the statute govern. For example, it is not uncommon for Congress to enact legislation that restricts certain items of costs (i.e., limitations on indirect or administrative costs).

- When such restriction exists, it is binding. For example, Emergency Shelter Grants (ESG) specify that while the bases for the requirements for eligible costs are rooted in 2 CFR 200.416, not all of the requirements of and allowable items under 2 CFR 200.416 apply to the ESG program. Specifically, ESG specified that all expenditures for the ESG program must be limited to those that require disbursement to third parties.

71 FR 52710

Since September 6, 2006, HUD has also allowed PHAs to use fee-for-service to recover indirect costs in various HUD programs including the HCV program.

- For more information on which programs HUD allows fee-for-service to be used, see Chapter 7, Fee Income and Assignment of Costs, Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook.

This method is required under the revised 2005 Operating Fund Rule, for PHAs with 400 or more public housing units (some exceptions). However, the use of this method was made optional for HCV program only PHAs. It is important to note that either one or the other method should be used throughout the PHA. For example, if the PHA elects to use fee-for-service for the public housing program, this method should be used for all of the other programs it administers.

We will now review in more detail each method. This section is not meant to be an all inclusive review of the two methods. The primary purpose of this section is to provide an overview of the two methods and some guidelines in their use.

SECTION 4.1 COST ALLOCATION

PHAs using cost allocation will need to establish an indirect cost pool to collect all indirect costs and a allocation plan which defines how indirect costs from the cost pool will be fairly shared with each program. The plan should be in writing and consistency followed. 2 CFR 200 requires that where a cost or activity benefits multiple activities or programs, those costs must be allocated in accordance with the relative benefits received by each activity or program. This requirement is an underlying principle of cost allocation.

PHAs should not engage in the practice of cost shifting in order to move costs from one program to another in order to manipulate financial results of a program. Once the plan has been established, indirect costs should be consistently allocated to all programs who are receiving benefit from the centralized services based on the plan.

All costs that are allocated to programs and activities through the plan should be supported by formal accounting and other records.

All state governments must submit statewide cost allocation plans to the Department of Health and Human Services. All local governments that OMB designates as “major” are also required to submit their plan to a designated cognizant agency unless the cognizant agency determines otherwise.

Local governments that are not designated as “major” are not required to submit their cost allocation plans for federal review and approval unless specifically instructed to do so by a federal agency. However, they are expected to prepare and retain their plans for audit by independent auditors and federal auditors. Unless a department of a state, county or city, a PHA is not typically considered a “major” local government requiring that their plans be submitted to a designated cognizant agency. However, a PHA who is allocating indirect costs to its programs should have a written cost allocation plan on file that was adopted by its board.

We will now turn our discussion to the basic concepts of indirect cost allocation and the elements of an indirect cost plan. We will also demonstrate how an indirect cost rate established by a plan would be used to allocate the indirect costs from the cost pool to the various programs of a PHA.

Elements of an Indirect Cost Allocation Plan

In order to develop an indirect cost plan a PHA will need to undertake several activities. These include the following:

2 CFR 200.412-415

Identify Direct vs. Indirect Costs

Some PHA services or activities will be treated as direct program or activity services (direct program costs) and some will be treated as centralized services (indirect program costs). There are no universal rules for how to classifying costs as direct or indirect. Classification of costs will depend on how a PHA has organized itself.

- The fundamental difference between a direct cost and an indirect cost is the degree of ease with which a cost can be readily assigned to a particular activity or program with a high degree of accuracy.
- Indirect costs can be defined as those costs that cannot be readily assigned to a particular cost objective without effort disproportionate to the benefits received.
 - Examples of typical indirect costs are general oversight of the PHA through the executive director's office and all support staff such as secretaries and administrative assistance to the executive director's office, accounting services, purchasing, human resources, and IT services, to name a few.

Identify the Total Costs of Providing Centralized Services

Typically, once an activity or a position has been designated as indirect, then all costs that are associated with that activity or position should be treated as an indirect cost. This means indirect costs can be salaries, benefits, training, travel, office space, utilities, telephone and just about any type of expense. These same costs can also be direct costs depending on the situation. Indirect costs should exclude the following items:

- **Any costs directly reimbursed through a Federal award awarded specifically for that purpose** – An example would be a capital grant to purchase equipment. In this case no depreciation or use allowance (if using the modified accrual basis of accounting) should be included in the indirect cost pool.
- **Any administrative salaries funded as direct in a grant** – An example related to the HCV program would be FSS Coordinator grants. In this case the salary and benefit expense of the FSS coordinator would not be included in the indirect cost pool since they are being funded separately.
- **Any capital expenditures** – Those items that meet the capitalization threshold of the PHA would not be included in the cost pool. To recover the cost of capital items used to provide indirect services, enterprise funds use depreciation charges. Governmental funds do not capitalize assets but expense them at the time of purchase. Instead of depreciation charges, they use allowance charges to recover the cost of capital items used in the course of providing indirect services. Both depreciation and allowance charges for capital items used in the performance of indirect services are eligible cost that can be included in the cost pool.

- **Any flow-through funds** – Under some federal programs, funds flow through the primary recipient and subsequently passed through to another organization which actually performs the program for which the funds are provided. If there is no measurable involvement by the primary recipient in the expenditure of the funds, they would not be included in the total direct cost base when determining the amount of indirect costs that would be charged to a program. However, if the primary recipient does in fact incur significant costs administering the grant, then they would be included in the total cost base when determining the level of indirect cost to charge a program.
- **Any unallowable expense** – For example, alcoholic beverages are unallowable costs and should not be charged to federal programs either as an indirect cost or direct cost.

In addition to reviewing the listing in 2 CFR 200.420 of unallowable costs, regardless of whether the cost is direct or indirect, in order to charge a cost to a federal program the cost must also meet the general tests of allowability specified in 2 CFR 200.403. The tests of allowability include the following items:

- The cost must be necessary and reasonable for proper and efficient performance and administration of Federal awards. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- The cost must be allocable to federal awards under the provisions of 2 CFR 200.400 - Subpart E. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to that cost objective according to the relative benefits received.
- The cost must be authorized or not prohibited under state or local laws or regulations.
- The cost must conform to any limitations or exclusion set forth in the cost principles, Federal laws, terms and conditions of a Federal award, or other governing regulations as to types or amounts of cost items.

SECTION 4.1: Cost Allocation

- The cost must be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- The cost must be accorded consistent treatment, meaning a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- The cost must be determined in accordance with generally accepted accounting principles, except as otherwise provided for in 2 CFR 200 - Subpart E, Cost Principles.
- The cost may not be included as a cost or used to meet cost-sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- The cost must be net of all applicable credits. This means that any program income that is earned for an activity is used to reduce the cost where required, or where a cost is directly reimbursed through another federal award it has not also been included as an allocated cost.
- The cost must be adequately documented.

Determine whether the indirect costs that were identified will be collected into one cost pool or more than one

Typically, a single cost pool will be used when each of the PHA's programs and or activities benefit from its centralized services (indirect services) in approximately the same degree. If the benefits of centralized services are not delivered equally, more than one cost pool may be needed. This will more than likely be uncommon with standalone PHAs but very common when the HCV program is operated as a department of a state, county or city. Keep in mind that multiple cost pools are more complex to manage than a single cost pool.

Determine how each of the cost elements flows into the cost pool

Once costs have been determined to be either direct or indirect, the PHA will need to define in its cost allocation plan how indirect costs will flow into the indirect cost pool(s).

Some examples will help demonstrate this point:

- **Salary and benefits costs**—The amount of salary and benefit costs that flow into the indirect pool(s) will be based on the classification of an employee as either a direct cost employee or an indirect cost employee. For all employees classified as indirect cost employees, their salary and benefit expenses will flow into the cost pool(s).
- **Computer expense**—To determine how much of this expense should be treated as an indirect cost, the ratio of the number of computers used by indirect cost employees to the total number of computers for the entire PHA could be used. For example, if there are 10 indirect cost employees with computers and 35 total employees with computers, the ratio of indirect computers to the total would be 29% indirect. Computer expense would then flow into the cost pool at 29% of the total computer expense for the PHA.
- **Office space expense**—The amount of indirect office space expense could be based on the total square footage used by indirect cost employees to total square footage of total office space for the entire PHA office. For example, if 1500 sq. ft. of office space is utilized by indirect cost employees compared to the total office space of 5000 sq. ft., the indirect portion would be 30%. Indirect office space expense would then flow to the cost pool at 30% of the total office space expense. Some examples of office space expense are rent, janitorial services, and security system monitoring.

2 CFR 200.414 provides suggestions on how to determine the indirect cost portion of various costs.

SECTION 4.1: Cost Allocation

Identify the method that will be used to distribute the costs within the pool(s) to the benefitting programs and activities

Once all the indirect costs have been collected into the cost pool(s), the PHA will need a method to allocate (charge) the total costs in the pool(s) to its programs and activities. This is known as the direct cost base. There are two basic types:

- Total direct salaries and wages, or
- Modified total direct costs

When using the total direct costs as the base, the PHA will exclude any extraordinary or distorting expenditures, capital expenditures, sub-awards, contracts, assistance payments (e.g., beneficiaries), and provider payments. The direct cost base selected should result in each program or activity bearing a fair share of indirect costs in reasonable relation to the benefits received from those indirect costs. Once the direct cost base is selected it will be documented in the PHA's cost allocation plan.

Prepare the plan document

The final step in the process is to prepare the plan document which will include the following:

- A brief description of the services that are being performed centrally (the indirect services)
- The programs and activities that are receiving the services
- The elements of cost included in the cost of the services being provided and how they flow into the cost pool
- A listing of PHA position titles that are included in the cost pool
- A description of the direct cost base that is being used to allocate the indirect costs from the pool to the programs and activities

Notes

SECTION 4.2 INDIRECT COST POOL EXAMPLE

The following diagram demonstrates the concept of an indirect cost pool, the use of FDS line 91810, Allocated Overhead, and how indirect costs were allocated to the various programs of the PHA. Notice the direction of the arrows in the top diagram, they are pointing away from the pool, meaning the costs are allocated out of the cost pool to the various programs.

The second part of the diagram shows how the PHA allocated the indirect costs from its single cost pool to the programs. In this example the PHA is using a single cost driver to charge each program its fair share of indirect costs. The single cost driver being used is direct salary costs. The total direct salary costs for the PHA are \$285,000. Of this total, the public housing program has \$110,000 or 38.60% of the total, the HCV Program has \$95,000 or 33.33% of the total, Other Grant programs have \$35,000 or 12.28% of the total and the State program has \$45,000 or 15.79% of the total. The indirect cost from the cost pool will then be allocated to each program using these percentages.

Notice that when using FDS line item 91810, Allocated Overhead, costs at the program level are separated into direct costs and indirect costs of administration. Direct costs are shown by individual cost element and indirect costs are shown as a single cost element, allocated overhead (FDS line item 91810). The cost pool contains the detail of the indirect costs within the pool.

Also notice that the costs within the pool are entirely allocated to the programs. Typically in practice it will not work out this precisely on a month to month basis as the PHA may be using a provisional rate based on budget data. At year end, once actual indirect costs are known, the rate may need to be adjusted. If indirect costs were less than budget, indirect cost will be adjusted down at the program level. If they were more than budget they will be adjusted up so that at year end the pool is zeroed out.

Although not typical for PHAs, some cognitive Federal agencies will require the grantee to use a fixed approved rate which is not allowed to be adjusted at year end. Any over or under allocated indirect costs from the cost pool must be carried forward into the cost pool for the next year.

Traditional Cost Allocation System



Traditional cost pools contain a line item detail by type of indirect cost and a contra account to record the allocation of indirect costs to programs.

Example of Traditional Allocation Method Using FDS Line 91810					
	Cost Pool	PH Program	HCV Program	Other Grant	State Program
91100 Administrative Salaries	385,000	110,000	95,000	35,000	45,000
		38.60%	33.33%	12.28%	15.79%
91200 Auditing Fees	2,000	1,000	1,200	300	500
91400 Advertising & Marketing	1,000	500	500	0	300
91500 Employee Benefit Contributions	146,300	41,800	36,100	13,300	17,100
91600 Office Expenses					
Office Supplies	2,000	600	1,000	200	400
Postage	1,000	200	1,200	100	100
Stationery	800	500	1,000	100	100
Copying	1,000	500	1,000	150	100
Internet Charges	800	250	300	100	100
Office Machine Rental	12,000	1,000	1,500	200	100
Telephone	2,000	1,200	2,000	200	100
91700 Legal Expense	2,000	5,000	4,000	500	200
91800 Travel	10,000	4,000	5,000	1,000	500
91900 Other	600	500	800	300	200
93100 Water	1,200	500	800	200	100
93200 Electricity	2,000	200	2,000	300	150
93400 Fuel	1,800	400	1,500	400	200
Total Overhead (Indirect Costs)	571,500				
91810 Allocated Overhead	(571,500)	220,579	190,500	70,184	90,237
Total Administrative Costs:		\$388,729	\$345,400	\$122,534	\$155,487

Assume cost driver for allocation is direct salary costs (single cost driver).

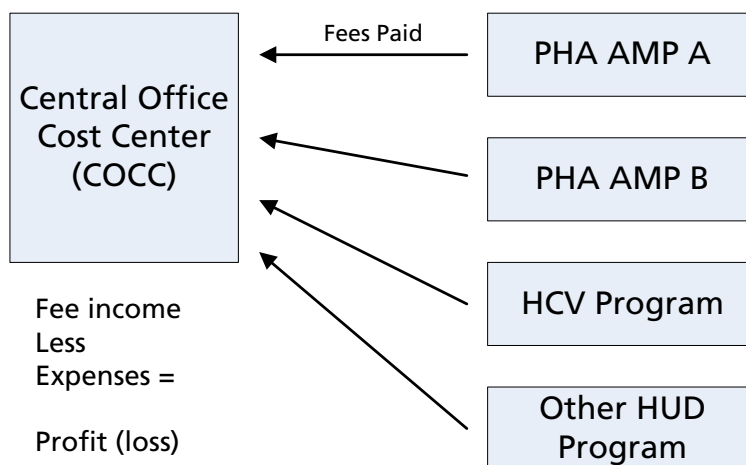
Some cost elements in the cost pool are based on staff assigned to the pool, others may be number of machines, square footage of office space or some other basis.

How costs are determined for the pool would be based on your indirect cost plan.

SECTION 4.3 FEE-FOR-SERVICE

PHAs that are required to use fee-for-service or elect to use fee-for-service for the recovery of indirect costs will establish a central office cost center (COCC). The COCC is a separate business unit within the PHA that will have its own balance sheet and income statement; and it can either have profit, break even, or have a loss just like other programs the PHA is administering. It is similar to an indirect cost pool in that it collects all the indirect costs of administering the PHA's programs, but instead of the costs being allocated out of the pool to the programs, the COCC charges fees to the programs for its centralized services. The following diagram demonstrates this concept:

COCC Concept Diagram



To the extent the COCC can earn more in fees than its expenses, it will have a profit. However, if its expenses are greater than the fees it earns, it will have a loss. If the COCC incurs a loss it must have non-federal resources to cover the loss. To the extent the COCC has accumulated profits from previous years (equity), the COCC's equity can be used to cover its losses. However, if the COCC has no equity and it incurs a loss, then it will need to find non-federal resources to cover the loss.

HUD envisions that a PHA that is using fee-for-service will implement it across all the programs the PHA administers. For HUD programs, HUD has established the types of fees as well as the maximum fee a PHA may charge a program.

- For more information on the types of fees HUD has established for its programs, see Chapter 7, Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management, April 2007.

HUD cannot dictate to a PHA that a fee-for-service methodology must be used for state funded or other business activities the PHA may administer. For non-federal programs and other business activities, the PHA will need to consult with the entities involved to negotiate the fees that can be charged. HUD believes using a fee-for-service methodology PHA wide makes good business sense for the following reasons:

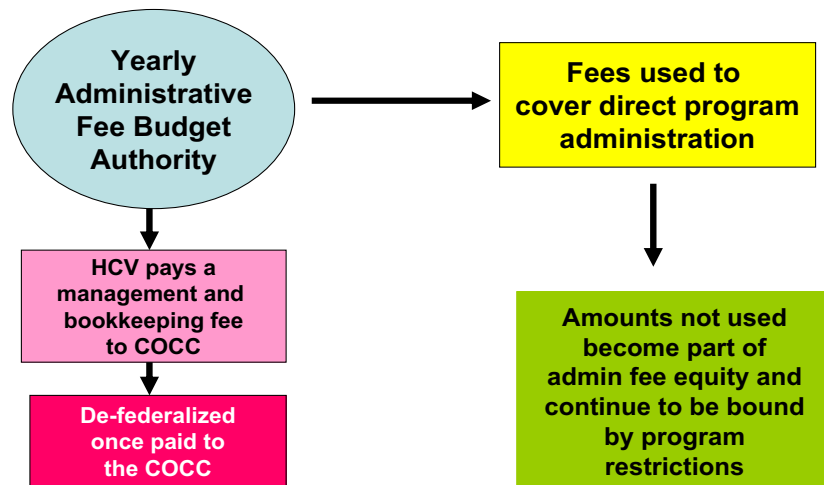
- It provides relief from maintaining a dual system to recover indirect costs
- It simplifies budgeting for indirect cost recovery
- It provides relief from having to verify to auditors that a dual system is treating all programs (federal and non-federal) fairly and consistently with regard to how indirect costs are being recovered

Keep in mind that a program would never be assessed both a fee and an allocation for the same cost element. To do so would be to double charge the program for the same cost. In addition, as mentioned earlier PHAs should never engage in cost shifting in an effort to “push” indirect costs unfairly to other programs that have resources when others may not. Whichever method is selected to recover indirect costs, it should be used fairly and consistently.

A key feature of the fee-for-service system is that all fees paid to the COCC by HUD programs are defederalized once they are paid as long as they are reasonable. Since HUD establishes the maximum fee that can be paid to the COCC by its programs, they are automatically considered reasonable as long as the PHA does not exceed the amount HUD allows. Although a PHA may not assess a HUD program a fee greater than the amount established by HUD, the PHA may charge less if it believes doing so is financially prudent for the program (i.e., assessing the full amount of the fee is not financially prudent for the program).

Keep in mind that the fees that are paid by the HCV program to the COCC are not the same as the on-going administrative fee and other fees PHAs earn from HUD for the administration of the HCV program. Think of the fees the COCC earns as coming out of the fees the PHA earns from HUD to administer the HCV program. The diagram which follows helps to explain this concept.

HCV MANAGEMENT FEE CONCEPT DIAGRAM



Put another way, the fees HUD pays the PHA to administer the HCV program are to pay both the direct and indirect cost of program administration. In addition, from an accounting perspective, the fees the HCV program pays the COCC are considered an operating expense of the HCV program.

We will now review the fees HUD has established that may be assessed to the HCV program by the COCC to help recover the indirect costs of the PHA.

Fees the HCV Program May Pay the COCC

There are two fees HUD allows the HCV program to pay the COCC. They are the Program Management Fee and the Bookkeeping Fee.

Program Management Fee

The maximum program management fee the HCV program may pay the COCC is 20% of the administrative fee (the on-going administrative fee the PHA earns from HUD), or \$12.00 per leased voucher. For an idea of the types of expenses that are considered to be expenses of the COCC and which are considered direct costs of program administration, see Exhibit 4.6-1 on page 4.6-3.

- HUD refers to direct costs of program administration as “front line” costs.
- Costs that are listed under the heading “Fee Expenses” are considered indirect costs of program administration.
- Exhibit 4.6-1 is from Chapter 7, page 44 of Supplement to HUD Handbook 7475.1 REV., CHG-1, Financial Management Handbook.

Bookkeeping Fee

In addition to the HCV program management fee, HUD also allows the HCV program to pay a bookkeeping fee of up to \$7.50 per leased voucher as of the first of the month. The bookkeeping fee is allowed whether the PHA is using a HCV program management fee based on 20% of the on-going administrative fee provided by HUD, or the \$12.00 per leased unit.

SECTION 4.4 FEE-FOR-SERVICE AND COCC EXAMPLE

The following diagram demonstrates the concept of the COCC. Notice that from an accounting standpoint fees paid to the COCC are treated as revenue by the COCC and an expense of the program paying the fee. In this example we have included other fees the COCC is earning not just the fees from the HCV program. This helps demonstrate the COCC collects all the indirect costs of program administration and earns fees from all the programs it administers to help cover these costs. In this example, the COCC has a profit of \$24,781. This profit, as well as the fee income, is not considered federal program income (defederalized). This means the PHA is free to utilize this income to further the mission of the PHA without the constraints of federal regulations. However, keep in mind that the PHA's ability to utilize this income may be constrained by state regulations.

Example of a COCC Under a Fee for Service System								
	COCC	Comments: AMP #: ACC Units or Grant \$\$: % Occupancy: Management Fee Rate:	AMP 1 175 98% \$49.82	AMP 2 150 98% \$49.82	AMP 3 150 98% \$49.82	HCV Program 600 98% \$12.00	Other Grant \$100,000 n/a 15%	State Program 150 100% \$35.00
70710 Management Fee	440,966	@ \$7.50 per leased unit						
70720 Asset Management Fee	57,000							
70730 Bookkeeping Fee	94,815							
70740 Front-line Service Fee	-							
70750 Other Fees	2,000							
71100 Investment Income - Unrestricted	1,000							
71500 Other Revenue	500							
Total Revenue	596,281							
91100 Administrative Salaries	385,000		30,000	30,000	50,000	95,000	35,000	45,000
91200 Auditing Fees	2,000		400	300	300	1,200	300	500
91300 Management Fees			102,530	87,882	87,882	84,672	15,000	63,000
91310 Bookkeeping fees	1,000		15,435	13,230	13,230	52,920	0	0
91400 Advertising & Marketing	146,300		200	150	150	500	0	300
91500 Employee Benefit Contributions			11,400	11,400	19,000	36,100	13,300	17,100
91600 Office Expenses:								
Office Supplies	2,000		200	175	225	1,000	200	400
Postage	1,000		75	50	75	1,200	100	100
Stationery	800		175	175	150	1,000	100	100
Copying	1,000		175	175	150	1,000	150	100
Internet Charges	800		100	75	75	300	100	100
Office Machine Rental	12,000		500	250	250	1,500	200	100
Telephone	2,000		600	300	300	2,000	200	100
Legal Expense	2,000		2,500	1,000	1,500	4,000	500	200
1800 Travel	10,000		2,000	1,500	500	5,000	1,000	500
1900 Other	600		300	100	100	800	300	200
93100 Water	1,200		200	150	150	800	200	100
93200 Electricity	2,000		100	50	50	2,000	300	150
93400 Fuel	1,800		200	100	100	1,500	400	200
92000 Asset Management Fee								
Totals	\$ 571,500		21,000	18,000	18,000	0	0	0
Profit/(Loss) on COCC	\$ 24,781		\$ 188,090	\$ 165,062	\$ 192,187	\$ 292,492	\$ 67,350	\$ 128,250

Note:

Example is **not** intended to show all expenses of the programs, only to show how a fee for service method would work as well as show how it differs from the traditional indirect cost allocation method. In this example we are only showing administrative expenses of the programs.

SECTION 4.5 REASONABLENESS OF INDIRECT COSTS CHARGED TO THE HCV PROGRAM

Currently, PHAs have no established guidelines from HUD with regard to the reasonableness of the level of indirect costs charged to the HCV program. However, OMB's Compliance Supplement, page 4-14.850-14 states, under CFDA #14.850, Public and Indian Housing, "For those PHAs that converted to asset management, but who are reporting using the allocated overhead method, reasonableness is tested. . . .by reviewing the allocated overhead expense account (91810) and comparing fees in that account to the fees standards set by HUD. . . ."

A PHA could consider using this same method to measure the reasonableness of indirect costs charged to the HCV program through cost allocation.

- Since under fee-for-service the maximum amount a PHA can charge the HCV program is set by HUD, and as long as the fee amounts are not exceeded, the fee costs charged are considered reasonable by HUD.
- Using this rationale, one could conclude that as long as the indirect allocated amounts (91810) did not exceed what could be charged under fee-for-service the amounts allocated are reasonable.

Notes

SECTION 4.6 FDS REPORTING REQUIREMENTS

Traditionally PHAs have not been required by HUD to distinguish their indirect cost from their direct costs of administration when reporting financial information to HUD. For example, administrative salaries indirect were reported on a single line “Administrative Salaries” with no distinction between what portion was direct vs. indirect administrative salaries.

Reporting Indirect Costs on the FDS When Using Cost Allocation

PHAs with more than 400 units of public housing regardless of the other programs they administer, who use cost allocation as the method to recover indirect costs, will be required to separate direct cost from indirect costs of program administration. This will be accomplished by using a separate FDS line item 91810, Allocated Overhead. For PHAs that do not have public housing programs the use of FDS line item 91810, Allocated Overhead is not required. These PHAs may continue to report both direct and indirect costs of program administration as a single cost element in the financial statements.

Reporting Indirect Costs on the FDS When Using Fee-For-Service

PHAs using fee-for-service to recover indirect costs will account for this activity as either income or a program expense. When the HCV program pays the allowed fees to the COCC, the program will incur fee expense. The COCC when it receives the fees, will treat it as revenue.

The following FDS line items have been provided to account for fee revenue and expense or allocated indirect costs.

FDS Line Item	Account Description	Typical Use
70710	Management fee	In the context of the HCV program this represents the program management fee revenue the COCC earns from the HCV program.
70730	Bookkeeping fee	In the context of the HCV program this represents the bookkeeping fee revenue the COCC earns from the HCV program.
91300	Management fee, expense	In the context of the HCV program this represents the payment of the management fee to the COCC.
91310	Bookkeeping fee, expense	In the context of the HCV program this represents the payment of the bookkeeping fee to the COCC.
91810	Allocated overhead	Indirect costs charged to programs.

Exhibit 4.6-1 Front-Line Costs and Fee Costs under the HCV Program

Changes in Financial Management and Reporting Requirements for Public Housing Agencies Under the New Operating Fund Rule
(24 CFR Part 990)

Table 7.1: Front-Line Costs and Fee Costs under the HCV Program

Fee Expenses ²⁹	Front-Line Expenses
<ul style="list-style-type: none"> • A share of the personnel costs (indirect personnel) for permanent and part-time staff assigned to the COCC. Indirect personnel costs include gross salary, federal and state payroll taxes and all employee benefits. • Establishment, maintenance, and control of an accounting system adequate to carry out accounting supervision responsibilities over the HCV Program. • General maintenance of HCV books and records (general ledger, accounts payable and receivable, payroll, etc.). • Supervision by COCC management staff of overall HCV Program operations. • Procurement of supplies, equipment and contract services for HCV Program activities. • Preparation of monitoring reports for internal staff and external reporting to HUD, other governmental agencies and other interested parties. • Preparation, approval, and distribution of HCV Program disbursements other than HAP. • COCC staff training, and ongoing certifications related to HCV Program activities. • Travel of COCC staff for training, or supervision related to HVC Program activities. • Attendance of COCC staff at meetings (including travel), with landlords, tenants, HUD, or other interested parties regarding HCV planning, budgeting, and review of general HCV Program activities. • Work with auditors for audit preparation and review. • Indirect cost allocations imposed on the HCV Program by a higher level of local government. • Hiring, supervision, and termination of front-line HCV staff. • Preparation and submission of HCV Program budgets, financial reports and year-end financial reports to HUD and other interested parties. • Monitoring and reporting on abandoned property as required by states. • Investment and reporting on HCV proceeds. • Storage of HCV records and adherence to federal and or state records retention requirements. • Development and oversight of office furniture, equipment and vehicle replacement plans. • Insurance costs for fidelity or crime and dishonesty coverage for COCC employees based on a reasonable allocation method. • The costs of board member stipends and non-training travel. • The costs of board member training that exceed HUD standards. 	<ul style="list-style-type: none"> • Actual costs for direct personnel permanent and part-time staff, assigned directly to the HCV Program. Direct personnel costs include gross salary, federal and state payroll taxes and employee benefits. • Travel and training for personnel assigned directly to the HCV Program. • Preparation, approval, and distribution of HCV Program HAP disbursements. • Legal fees directly rated to the operation and management of the HCV Program, including tenant and landlord enforcement actions, and other HCV Program related matters. • The cost of obtaining and receiving background reports on tenants, verification of landlord ownership and other checks related to tenant and landlord selection and participation in the program. • All bank charges related to the HCV Program. • Costs of telephone, including basic services, directory listings, and long distance charges related to direct delivery of the HCV Program. • All advertising costs related specifically to the operations of the HCV Program to include but not limited to advertising for applicants, landlords and employees in newspapers, newsletters, radio, cable TV, and telephone books. • Postage and delivery costs for HAP checks, disbursements and other mailings required to support the activities of the HCV Program. • HCV office furniture, equipment, computers and vehicles. • Service agreements and warranties to support HCV office furniture, equipment, computers, and vehicles. • Insurance costs related to auto coverage for HCV vehicles and other equipment and assets of the HCV Program. • Insurance costs for fidelity or crime and dishonesty coverage for front-line (direct cost) employees based on a reasonable allocation method. • Direct costs of collection activities related to fraud recovery. (Regulations allow the direct costs of fraud recovery to be offset against fraud collections, but indirect costs may not be offset against fraud collections. Indirect costs of fraud collection activities must be born by the HCV management fee.) • Costs of preparing and maintaining tenant and landlord files and processing tenant applications, determining eligibility, tenant rent, tenant certifications, tenant re-certifications and unit inspections. • Public relations expenses related to maintaining positive relationships between the local community, landlords and tenants. • Professional service contracts related to direct services performed for the HCV Program. • Board member training and related expenses up to a limited amount as provided by HUD³⁰.

²⁹ Fees include management and bookkeeping fees

³⁰ Board training and related expenses must be reasonable and approved by the Board before being incurred. Training expenses incurred by COCC staff are management fee expenses and may not be charged to programs.

Notes

CHAPTER 5 Year-End Closing Procedures

Introduction

24 CFR 5.801

The Uniform Financial Reporting Standards (UFRS) require PHAs that administer HUD programs to submit financial information in compliance with GAAP to HUD electronically in a manner prescribed by HUD. Through regulation HUD has prescribed that PHAs must submit their fiscal year-end financial information through the Financial Assessment Subsystem for Public Housing (FASS-PH) using a template known as the Financial Data Schedule (FDS). All year-end financial information is submitted to HUD's Real Estate Assessment Center (REAC).

Although, depending on the organizational structure of a PHA and the types of programs it administers, it may be reporting multiple programs and activities to HUD, this chapter will only cover the reporting requirements of the HCV program and HCV-related programs. In addition, it will review the concept of eliminations which are required to prevent the top level financial statements required under GASB 34 from double reporting income and expense. These eliminations are needed when the PHA is using fee-for-service to recover indirect costs and it established a COCC.

SECTION 5.1 FASS-PH REPORTING ENTITY

*Notice PIH 2010-45,
Section 3 & 4;
Notice PIH 2021-08*

The FASS-PH system was developed under an entity-wide concept. Although there are some exceptions, generally under this concept PHAs report all the programs and activities that they administer. This includes other federal programs (non-HUD), state, local and private non-federal activities (business activities) which are administered by the PHA and recorded as part of the PHA's financial statements. HUD's purpose in requiring entity-wide reporting is to gain a higher level of assurance on the financial data as it is directly comparable to the audited financial statements and the Single Audit Requirements of 2 CFR 200, Subpart F-Audit Requirements.

- Note, however, that per Notice PIH 2021-08, HUD has stated that this type of reporting is not practical for HCV-only PHAs and describes alternative procedures for these PHAs.

The following is a description of the possible reporting entities for PHAs administering the HCV program and what programs and or activities they must report to HUD.

- ***PHA is a stand-alone primary government with multiple HUD funded programs.***
 - PHAs that are defined by GAAP as a primary government will have their own financial audit and will be reporting on all the programs and activities the PHA is engaged in. This category of reporting entity is usually a PHA that has both a public housing and HCV program but could have many other federal and or nonfederal programs. As a primary government, the PHA will be reporting a separate balance sheet and income statement for the following activities.
 - For federally funded programs (HUD or non-HUD), each program that has its own Catalogue of Federal Domestic Assistance Number (CFDA) will be reported in their own column on the FDS with a balance sheet and income statement.
 - PHAs use the FDS Program Selection window in FASS-PH to add and select programs that they will be reporting on. The Program Selection window is already populated with the CFDA numbers for the majority of HUD's more common programs such as the public housing and the HCV programs. Once selected for reporting, the PHA does not have to re-select them in subsequent years as the system will assume the PHA will be reporting on them again unless they are unselected. See Exhibit 14.1-1 on page 5.1-4 for an example of the Program Selection Window.
 - If a PHA receives funding for a federal program not already listed, the PHA can locate the CFDA number for the program off a link on the bottom of the FDS Program Selection window.

SECTION 5.1: FASS-PH Reporting Entity

- In the case where a federal program has not yet be assigned a CFDA number, the FDS templates accommodates up to three “Other Federal Programs” without CFDA numbers on the Program Section window.
- Once a new CFDA number has been assigned the PHA will report subsequent years’ data under the new column, as well as transfer the beginning balances over from the “Other Program” column that was used to previously report financial data for a program.
- All State funded programs the PHA administers. The FDS only accommodates one State reporting column. If the PHA is administering more than one State funded program, they must be consolidated into one State reporting column on the FDS with a consolidated balance sheet and income statement for reporting to HUD.
- All business activities the PHA is engaged in. These are activities the PHA is engaged in that do not receive either federal or state funding but earn their own revenue. The FDS only accommodates one Business Activity reporting column. If the PHA is administering more than one business activity, they must be consolidated into one business activity reporting column on the FDS with a consolidated balance sheet and income statement for reporting to HUD.
- Activities of the COCC. If the PHA is using fee-for-service, it will also report in a separate COCC column with a balance sheet and income statement.
- ***Section 8 only PHAs that are a stand-alone reporting entity.***
 - Section 8 only PHAs that are defined by GAAP as a primary government, component unit or nonprofit agency will have their own financial audit, the PHA will report all of its financial activities (entity-wide) to HUD. Same as above.

Exhibit 5.1-1 Program Selection Tab

Program Selection Tab

The **Program Selection** tab includes a list of federal programs that provide funding to PHAs. New generic programs (circled below) were added to the **Program Selection** page in Release 6.0. The "Other Federal Programs" 1, 2, and 3 do not have numbers listed in the CFDA column. These programs can be used when a federal program does not have a CFDA number, and the user is unable to find the program by using the "Add a Program" function. See page 5-15 for instructions on adding programs. These three programs will be included on the Data Collection Form Report, but the program name and numbers will be blank. Users select the programs funding their PHA by clicking the appropriate checkboxes in the *Select* column.

CFDA#	NAME OF PROGRAM	SELECT
14.182	NAC S/R Section 8 Programs	<input type="checkbox"/>
14.850a	Low Rent Public Housing	<input type="checkbox"/>
14.850b	Development	<input type="checkbox"/>
14.852	Public Housing Comprehensive Improvement Assistance Program	<input type="checkbox"/>
14.853	Public Housing Tenant Opportunities Program	<input type="checkbox"/>
14.854	Public and Indian Housing Drug Elimination Program	<input type="checkbox"/>
14.855	Section 8 Rental Voucher Program	<input type="checkbox"/>
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	[Details]
14.857	Section 8 Rental Certificate Program	<input type="checkbox"/>
14.858	Hopel	<input type="checkbox"/>
14.859	Public Housing Comprehensive Grant Program	<input type="checkbox"/>
14.860	Head Start Public Housing Early Childhood Development Demonstration	<input type="checkbox"/>
14.861	PIH - Family Investment Corporation	<input type="checkbox"/>
14.863	PIH - Youth Sports Program	<input type="checkbox"/>
14.864	Economic Development and Supportive Services Program	<input type="checkbox"/>
14.866	Revitalization of Severely Distressed Public Housing	<input type="checkbox"/>
14.868	New Approach Anti-Drug Grants	<input type="checkbox"/>
14.871	Housing Choice Vouchers	<input type="checkbox"/>
14.872	Public Housing Capital Fund Program	<input type="checkbox"/>
	Other Federal Program 1	<input type="checkbox"/>
	Other Federal Program 2	<input type="checkbox"/>
	Other Federal Program 3	<input type="checkbox"/>
	Business Activities	<input type="checkbox"/>
	State Local	<input type="checkbox"/>
	Internal Service Fund	<input type="checkbox"/>
	General Fixed Assets Account Group	<input type="checkbox"/>
	General Long-Term Debt Account Group	<input type="checkbox"/>
	Fiduciary	<input type="checkbox"/>
	Component Units	<input type="checkbox"/>
	Debt Service Fund	<input type="checkbox"/>

- ***Section 8 only PHAs that are part of a Nonprofit Agency.***
 - For Section 8 only PHAs that are organized as part of a non-profit agency that is mostly non-housing related or part of a larger non-general purpose government agency (such as a state housing finance agency or state development authority), the PHA must report only the HCV and HCV-related programs (covered later) and other UFRS required programs.
 - Note that this applies only to nonprofits or non-general purpose governmental agencies whose HCV and related activities (including housing assistance payments) constitute less than 50% of that entity's activities. Activity is defined for this purpose as total operational expense and capitalized costs incurred during the current reporting period.
 - In the case where the nonprofit has declared their HCV programs as a major fund for financial statement purposes or as a major program under 2 CFR 200, Subpart F, Audit Requirements, the auditor must provide a separate opinion on that fund providing HUD a higher level of assurance that the amounts are correct.
 - For those nonprofits that have not declared their HCV related programs as a major fund for financial statement purposes or as a major program under 2 CFR 200, Subpart F, Audit Requirements, the audit obtained may not be sufficient for HUD to properly monitor its financial and compliance interest in these entities.
 - In order for HUD to gain an acceptable level of assurance, HUD may direct that Independent Public Accountant (IPA) services for financial and compliance procedures as specified by HUD be procured.
 - This additional work which is normally conducted as part of the audit is specifically known as "Auditor Agreed Upon Procedures." When the auditor conducts these procedures they are reviewing the PHA's FDS submissions to determine whether in all material respects it will tie to the audit report they will issue.

- ***Section 8 only PHAs that are part of a larger general-purpose government.***
 - For those Section 8 only PHAs that are part of a larger general purpose government (e.g., program, division or department within a state, county or city), the PHA must report only the HCV, and HCV related programs.
 - In the case where the HCV program is being operated as part of a general-purpose government, the general-purpose government could be accounting for the program as either an enterprise fund which uses the full accrual basis of accounting, or part of the general fund or as a special revenue fund using the modified accrual basis of accounting. The HCV program then will either be submitted to FASS-PH using full accrual or modified accrual depending on the type of fund the general-purpose government has elected to use to account for the HCV program.
 - In the case where the general purpose government has declared their HCV programs as a major fund for financial statement purposes or as a major program under 2 CFR 200, Subpart F, Audit Requirements, the auditor must provide a separate opinion on that fund providing HUD a higher level of assurance that the amounts are correct.
 - For this reason, HUD recommends that GPGs declare the HCV and HCV-related program as a major enterprise fund.

Notice PIH 2021-08

- For those general-purpose governments that have not declared their HCV-related programs as a major fund for financial statement purposes or as a major program under 2 CFR 200, Subpart F, Audit Requirements, the audit obtained may not be sufficient for HUD to properly monitor its financial and compliance interest in these entities.
 - In order for HUD to gain an acceptable level of assurance, HUD may direct that Independent Public Accountant (IPA) services for financial and compliance procedures as specified by HUD be procured.
 - This additional work which is normally conducted as part of the audit is specifically known as “Auditor Agreed Upon Procedures.” When the auditor conducts these procedures they are reviewing the PHA’s FDS submissions to determine whether in all material respects it will tie to the audit report they will issue.
 - If HUD determines that IPA services must be performed, HUD will reimburse the PHA for any additional audit costs subject to funding availability.

SECTION 5.2 THE PROGRAMS THAT ARE SUBMITTED UNDER THE HCV PROGRAM (CFDA# 14.871)

*Notice PIH 2010-45,
Section 10*

The HCV program is reported to the REAC on the FDS under the CFDA number 14.871. In addition, several types of special use vouchers are also reported under the CFDA #14.871. This means that for these types of vouchers their financial activity will be combined into a single balance sheet and a single income statement. The additional special use vouchers that will also be included when reporting CFDA #14.871 HCV program activities are:

- Litigation Vouchers
- Mainstream 1 year Vouchers
- Homeownership Vouchers
- HOPE VI Vouchers
- Non-Elderly Disabled Vouchers (NED)
- Family Unification Vouchers (FUP) - both original and 2008 & 2009 allocations
- THU to HCV – 2009 Supplemental Appropriation Sec. 1203 Vouchers
- Port Out Vouchers
- FSS Escrow Deposits
- DHAP to HCV (although this program has now ended and any unspent funding would have been reported as a payable to HUD)
- Veterans Affairs Supporting Housing (VASH), beginning with FASS-PH reporting for PHAs with a fiscal year end of June 30, 2011 and later

Moving to Work (MTW) PHAs will report to the REAC the vouchers that have been designated in their MTW plans as block grant funding under CFDA #14.881. The portion of their vouchers not designated as block grant funds will be reported under CFDA #14.871.

In addition to regular vouchers and special use vouchers funded under CFDA #14.871, there are several other HCV related programs that are reported on the FDS in their own column with their own balance sheet and income statement. The following table contains a listing of these programs and their associated CFDA number.

Program Name	CFDA Number
Disaster Housing Assistance Program (DHAP)	97.109
Disaster Housing Assistance Program—Ike (DHAP-Ike)	DH.IKE
Disaster Voucher Program (DVP)	14.DVP
Moderate Rehabilitation Program	14.856
Mainstream Vouchers	14.879
FSS Program Coordinators	14.896

Note: The requirement to report the VASH Program (14.VASH) separately in its own column on the FDS was eliminated beginning with FASS-PH reporting for PHAs with FYEs of June 30, 2011 and later.

SECTION 5.3 WHAT DETERMINES THE FISCAL YEAR-END FOR REPORTING TO THE REAC

*Notice PIH 2010-45,
Section 6;
Notice PIH 2021-08*

PHAs are required to submit year-end financial information to the REAC based on their FYE data as recorded in PIC. The FYE date in PIC should match the FYE date the PHA uses for reporting in FASS-PH.

Some Section 8 only PHAs that are a part of a larger government or non-profit have FYE dates which are different from their PIC FYE date; that is, the program has a different fiscal year end than the larger government or non-profit. In this case the PHA must report to FASS-PH based on the larger government's or non-profit's FYE date rather than the date recorded in PIC.

Those PHAs that report to FASS-PH based on the larger government's or non-profit's FYE date rather than the date recorded in PIC must take the following steps to correct the disparity:

- Immediately request an update to its HCV FYE in PIC to coincide with that of the primary government or nonprofit agency. PIH Notice 2002-18, provides the steps necessary to complete a FYE update in PIC or to notify FASS-PH of its intent to complete the additional financial and compliance procedures as outlined by HUD. If the PHA does not request such an update, HUD may update PIC on its own schedule.
- Until the update in PIC is complete, the PHA will submit its unaudited FDS based on its current PIC FYE. To fulfill the audited submission as required under the UFRS, the PHA may request a waiver for additional time to coincide its audit submission with that of the primary government. In this case it may be necessary to engage the services of an IPA to conduct auditor agreed upon procedures over the FDS submission. If HUD approves the PHA to have an auditor conduct the agreed upon procedures, HUD will reimburse the agency for this additional cost subject to funding availability.

- PHAs electing not to update their FYEs in PIC, may procure IPA services to conduct the agreed upon procedures on the FDS submitted covering their HCV related programs based on their current recorded FYE in PIC and FASS-PH. PHAs that elect this method do not need to contact HUD but are required to submit their information based on their FYE as reported in PIC and FASS-PH. The additional audit cost will not be reimbursed by HUD.

If the FYE of the primary government does not end on a quarter, the PHA is not allowed to change its FYE in PIC and will need to procure IPA services to conduct the agreed upon procedures as outlined by HUD. PHAs must first contact the FMD in order to receive confirmation that the work is required. If the need to procure IPA services is required, HUD may reimburse the agency for the additional audit costs subject to funding availability.

SECTION 5.4 FDS SUBMISSION DEADLINES

*Notice PIH 2010-45,
Section 7;
Notice PIH 2021-08*

Under the UFRS, PHAs are required to submit an unaudited and where required to do so by regulation, also an audited version of the FDS through the FASS-PH system. The unaudited FDS submission is due 60 days after the PHA's FYE and the audited submission is due nine months after the PHA's FYE.

- There is a 15-day grace period. The submission is considered late if a PHA doesn't meet the 60-day time frame, but no subtraction of PHAS points occurs for PHAs with public housing until the 76th day.
- If not submitted within 90 days, the unaudited submission is flagged as a "Late Presumptive Failure" or "Failure to Submit."

The table which follows lists the reporting deadlines for PHAs by submission type and fiscal year end.

Fiscal Year End	12/31	03/31	06/30	09/30
Unaudited submission	02/28	05/31	08/31	11/30
Audited submission	09/30	12/31	03/31	06/30

Notes

SECTION 5.5 REQUESTING ADDITIONAL TIME TO SUBMIT THE FDS TO THE REAC

*Notice PIH 2010-45,
Section 8;
Notice PIH 2021-08*

PHAs that need extra time to complete their FDS submissions may request additional time from HUD. There are two types of requests, Extension Request and Waiver Request. The type of request that will be made will depend on the type of submission. The following is a description of the two types of requests and how they are used.

- Extension Requests
 - This type of request is used by a PHA only to request additional time to submit its unaudited FDS submission to the REAC. The request is made electronically through the FASS-PH system via the Integrated Assessment Subsystem (NASS). In addition, HUD will notify the PHA through this same system to let them know whether their request has been approved or denied. HUD will not accept paper, fax, or phone requests for an extension request. The extension request must follow these guidelines:
 - The request for an extension must be made 15 days prior to the unaudited FDS submission deadline.
 - The request must be objectively verifiable and made via a link on the online system.
 - The number of days being requested must be specified.
 - PHAs will need to periodically check the status of their request on-line within the system.

*Notice PIH 2010-45,
Section 8;
Notice PIH 2021-08*

- Waiver Requests
 - A waiver request is used to request additional time for the submission of the audited FDS to the REAC. This type of submission request is more formal and can only be approved by the Assistant Secretary of Public and Indian Housing (PIH). If the PHA's waiver request is approved, HUD will notify the PHA by mail. A request for a waiver must be mailed 60 days prior to the audited FDS submission deadline. Waiver requests after the audited FDS submission due date will not be considered. The PHA's waiver request must:
 - Be a written request (letter not e-mail) made at least 30 days (although HUD recommends 60 days) prior to the submission deadline
 - Contain supporting documentation as to why an extension of time is being requested
 - Be mailed to the PHA's assigned HUD Field Office

A note of caution, keep in mind that should HUD not approve a PHA's extension or waiver request, the PHA's submission will then be late. HUD could then impose sanctions on the PHA.

SECTION 5.6 SANCTIONS FOR FAILURE TO SUBMIT FDS DATA TIMELY

*24 CFR 982.152(d);
Notice PIH 2021-08*

If a PHA fails to comply with the UFRS reporting requirements, HUD may impose a sanction on a non-compliant PHA.

- PHAs with public housing will lose PHAS points and the PHA's SEMAP designation will be reduced by one level.

The sanction can also be a reduction of the PHA's earned ongoing administrative fees. The reduction will be calculated beginning the first day of the month following the submission closing due date.

The monthly reduction will continue until such time as the PHA complies with the reporting requirements or a waiver is granted. HUD will notify a PHA before the sanction is imposed. Sanctions to reduce a PHA's ongoing administrative fees are considered a permanent reduction in funding for administrative fees for the calendar year. If this occurs, HUD will not reverse its actions. However, upon lifting the sanction, the PHA will again be entitled to receive actual administrative fees earned (subject to pro-ration) from that point forward.

Under FASS-PH reporting for a PHA's unaudited FDS submission, any associated reduction of a PHA's ongoing administrative fees will not begin until the 16th day of the 3rd month following the end of the PHA's fiscal year.

Notes

SECTION 5.7 PREPARING A RECONCILED TRIAL BALANCE

One of the main goals of year-end reporting under GAAP is to make sure income and expense is properly stated for the year, and that the balance sheet accounts can be supported by subsidiary ledgers.

Typically this process is known as year-end reconciliation. In order to verify that all accounts are properly stated and ready to be reported on the FDS to REAC, the PHA will run a series of trial balances to verify that all accounts are in order. A trial balance is a numerical listing of all the accounts on the PHA's general ledger, organized by balance sheet accounts then income statement accounts. The total debits and credits on the trial balance must be in balance (they must equal each other). The reconciliation process involves an examination of each account on the trial balance to make sure all activity that should have been recorded to the account has occurred. It should be noted that if a PHA has been reconciling its accounts routinely throughout the year, the year end closing process will go much faster. If not, the process can take an extended period of time which, if not planned for, could result in the PHA not being ready to submit data on time to the REAC.

In order to accomplish this goal, certain reconciliations are needed. Some of these are:

1. Reconcile the PHA's fixed asset accounts:
 - All assets that were purchased during the year and that meet the PHA's capitalization threshold should be recorded in the fixed asset ledgers.
 - In addition, a physical count should be taken of the PHA's fixed assets at year end. Equipment that cannot be accounted for should be removed from the accounting records.
2. Reconcile all checking accounts:
 - Make sure that all bank charges incurred and interest earned on any checking accounts have been recorded. Accounts should be properly reconciled to bank statements and any long outstanding stale checks should be dealt with.

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3. Record interest income:
 - Determine whether all interest income earned for the year has been recorded and to the proper interest revenue account. This could mean the accrual of interest income not yet received if investments are involved.
4. Amortize prepaid expenses:
 - Determine whether there are prepaid expenses on the balance sheet that need to be expensed. An example of a prepaid expense that normally must be amortized is insurance expense.
5. Reconcile the purchase order register with accounts payable:
 - Determine whether the purchase order register indicates that there are material purchases for which goods have been received, but invoices have not yet been received. All material amounts should be accrued if invoices cannot be secured in order to have a timely close.
6. Reconcile the interfund accounts:
 - PHAs using fund accounting systems with a central treasury need to ensure that all interfund accounts are in balance and settled.
7. Record depreciation expense:
 - Current year's depreciation on capital assets should be calculated and recorded for the year.
8. Reconcile HUD receipts:
 - Determine whether the PHA received all funds from HUD, in accordance with amounts shown on the HUD funding documents.
9. Record compensated absences expense:
 - Determine the increase or decrease in the accrual for compensated absences for the year and record the expense and the liability. Remember to separate the total liability balance into the amount representing the current liability and the non-current liability.
10. Review trial balance to ensure all transactions have been recorded to the correct program and to the correct account (FDS line item).

SECTION 5.8 THE CLOSING PROCESS

Below are the steps that a PHA will normally take in the year-end closing process:

1. Print pre-closing trial balance(s)
2. Reconcile accounts on the trial balance
3. Make adjusting entries as identified during the reconciliation process
4. Print a revised trial balance reflecting any corrections
5. Transfer trial balance data directly into the REAC Web-based submission form or into a spreadsheet for use in data entry
6. Validate data (select the “Validate” button on the Web page)
 - During the validation process, data will be reviewed by the system to ensure that the business rules of the software are met.
 - If they are not, an exception report will be automatically created identifying the line items that are not correct. These will have to be corrected before the user can actually submit data to REAC.
7. Correct any errors reported during data validation
8. Revalidate data (continue Steps 7 and 8 until data validates without errors)
9. Submit data to REAC (select the “Submit” button on the Web page)
10. Print out the “Data Accepted” confirmation page
11. Print reports from the Reports option and distribute as appropriate

Creating Financial Submissions to REAC

Before a PHA can submit financial data to REAC, a new submission must be created for the fiscal year-ended.

In order to create a new submission a PHA will:

- Log into the REAC system
- Select the PHA's code
- Click the "Create Submission" hyperlink

* This image will change when the final version of the new system is released

Once the "Create Submission" link has been selected, the PHA Information screen appears.

The PHA Information screen is used to:

- Select the reporting ending date (month and year)
- Select the submission type:
 - Unaudited/Non-A-133 Audit
 - Unaudited/No Audit
 - Unaudited/A-133
 - Audited/Non-A-133
 - Audited/A-133

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- Select the asset management type:
 - Non-Asset Management with Elimination Only
 - Non-Asset Management with COCC/Elimination
 - Non Asset Management
 - Asset Management without COCC/Elimination
 - Asset Management with Elimination Only
 - Asset Management with COCC/Elimination
 - **Note:** Section 8 only PHAs will not use asset management, and will not see the asset management selections.
- Select whether the PHA is a component unit
- Select the submission option (for a new submission “blank submission” should be selected)

PHA Info	
PHA Code	CA999
PHA Name	HOMETOWN HOUSING AUTHORITY
EIN Number	
Street Address(line 1)	1234 HOMETOWN HWY
Street Address(line 2)	
City	HOMETOWN
State	CA
Zip Code	94102
Reporting Beginning Date	1001 / 2001
Reporting Ending Date	09/30 / 2002
Submission Type	<input checked="" type="radio"/> Unaudited/ A-133 Audit <input type="radio"/> Unaudited/ Non- A-133 Audit <input type="radio"/> Unaudited/ No Audit <input type="radio"/> Audited/ A-133 <input type="radio"/> Audited/ Non- A-133 <input checked="" type="radio"/> Component Unit (No Separate Financial Statement)
Download Option	<input checked="" type="radio"/> Blank Submission <input type="radio"/> Download Last Submission Version
<input type="button" value="Save"/>	

Reporting Beginning Date:
Month/Day: defaulted
Year: defaulted

Reporting Ending Date:
Year: defaulted

SubmissionType:
Select radio button.

Component Unit:
Check box.

Download Option:
Select radio button.

[Top of Page](#)

* This image will change when the final version of the new system is released

Once the required information has been selected, click the “Save” button to save your selections.

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The Program Selection link will now be clicked in order to specify which programs the PHA will report to HUD. To access this link, click “Programs +” from the left side menu bar and then “Program Selection”.

- The Name of Program list will display a default list of programs.
- If the PHA has other federal programs not appearing on the generic list, they can be added by selecting the “Program +” link, then selecting “Add a Program”. This link contains a listing of federal programs by CFDA number, agency and description.
- There could be situations where the CFDA number for a federal program cannot be found in the Federal Programs Database. If this is the case, it can be reported on using one of three “Other Federal Program” options located at the bottom of the generic program list.

PHA Info **Program Selection**

CFDA#	NAME OF PROGRAM	SELECT
14.182	NVC S/R Section 8 Programs	<input type="checkbox"/>
14.238	Shelter Plus Care	<input type="checkbox"/>
14.241	Housing Opportunities for Persons with AIDS	<input type="checkbox"/>
14.243	Opportunities for Youth, Youthbuild Program	<input type="checkbox"/>
14.650a	Low Rent Public Housing	<input type="checkbox"/>
14.650b	Development	<input type="checkbox"/>
14.652	Public Housing_Comprehensive Improvement Assistance Program	<input type="checkbox"/>
14.653	Public Housing_Tenant Opportunities Program	<input type="checkbox"/>
14.654	Public and Indian Housing Drug Elimination Program	<input type="checkbox"/>
14.655	Section 8 Rental Voucher Program	<input type="checkbox"/>
14.656	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	[Details]
14.657	Section 8 Rental Certificate Program	<input type="checkbox"/>
14.659	Hope I	<input type="checkbox"/>
14.659	Public Housing_Comprehensive Grant Program	<input type="checkbox"/>
14.660	Head Start Public Housing Early Childhood/Development Demonstration	<input type="checkbox"/>
14.661	PH - Family Investment Corporation	<input type="checkbox"/>
14.663	PH - Youth Sports Program	<input type="checkbox"/>
14.664	Economic Development and Supportive Services Program	<input type="checkbox"/>
14.666	Revitalization of Severely Distressed Public Housing	<input type="checkbox"/>
14.668	New Approach Anti-Drug Grants	<input type="checkbox"/>
14.671	Housing Choice Vouchers	<input type="checkbox"/>
14.672	Public Housing Capital Fund Program	<input type="checkbox"/>
	Business Activities	<input type="checkbox"/>
	State/Local	<input type="checkbox"/>
	Internal Service Fund	<input type="checkbox"/>
	General Fixed Assets Account Group	<input type="checkbox"/>
	General Long-Term Debt Account Group	<input type="checkbox"/>
	Fiduciary	<input type="checkbox"/>
	Component Units	<input type="checkbox"/>
	Debt Capital Fund	<input type="checkbox"/>
	Other Federal Program 1	<input type="checkbox"/>
	Other Federal Program 2	<input type="checkbox"/>
	Other Federal Program 3	<input type="checkbox"/>

CFDA # :
Corresponds to programs.

Name of Program:
List of all programs.
New programs include
Other Federal Program 1,
2, and 3.

Select:
Check the box
corresponding to
appropriate program.

[Save](#) [Reset](#) [Add a Program](#)

* This image will change when the final version of the new system is released

Once all programs have been selected, click the “Save” button to save your selections.

SECTION 5.8: The Closing Process

Once all required information has been entered on the PHA Info page and Program Selection page, the PHA can then go to the Balance Sheet and Income Statement menu selections and begin entering financial data for each program.

Financial Assessment
Electronic Submission
U.S. Department of Housing and Urban Development
Real Estate Assessment Center (REAC)

[Inbox](#) | [Reports](#) | [PHA Info](#) | [Financial Data Schedule](#) | [Data Collection Form](#) | [Submit](#) | [Late Reason](#) | [Additional Help](#)

Click on the [Financial Data Schedule](#) link.

PHA Info		Program Selection
CFDA#	NAME OF PROGRAM	SELECT
14.162	N/C S/R Section 8 Programs	<input type="checkbox"/>
14.850a	Low Rent Public Housing	<input checked="" type="checkbox"/>

- * *This image will change when the final version of the new system is released*
- Before entering data into the Balance Sheet and Revenue and Expense window, the user must first select which program the data is being entered for (i.e., public housing, HCV, moderate rehabilitation, etc.) from a drop down list.
 - The drop down list is populated from the Program Selection window, where earlier in the “Create a New Submission Process” the PHA selected the programs that would be reported on.
 - In addition to selecting the program for which data will be entered, the user must select the method of accounting that will be used.
 - There are three options on this drop down list: Full Accrual – Post GASB 34, Full Accrual – Pre GASB 34, and Modified Accrual – Pre GASB 34.
 - If the PHA is using the GASB 34 model, all programs will be required to use Full Accrual – Post GASB 34.

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Program:
Select the program for which you will be entering data.

Accounting Method:
Select the accounting method for the selected program

Line Item # and Account Description:
Lists all line items.
Enter value for appropriate line items.
Note: This screen print displays a truncated version of the Balance Sheet due to limited space.

Line Item #'s marked with an asterisk(s)

FINANCIAL ASSESSMENT – FDS: BALANCE SHEET

SELECT A PROGRAM
[Low Rent Public Housing]

SELECT AN ACCOUNTING METHOD
[Full Accrual - Post GASB 34]

GO

Instructions:
Select a Program and Accounting Method. Then press the "GO" button to refresh the page.

PHA Code: CA999
PHA Name: Hometown Housing Authority

Balance Sheet

LINE ITEM#	DESCRIPTION	VALUE	DETAILS
Assets			
Current Assets			
Cash:			
111	Cash - Unrestricted	\$	---
115	Cash - Restricted for Payment of Current Liabilities	\$	---
112	Cash - Restricted - Modernization and Development	\$	---
113	Cash - Other Restricted	\$	---
114	Cash - Tenant Security Deposits	\$	---
100	Total Cash	\$ 0	---
Receivables:			
121	Accounts Receivable - PHA Projects	\$	---
122	Accounts Receivable - HUD Other Projects	\$	---
124	Accounts Receivable - Other Government	\$	---
125	Accounts Receivable - Miscellaneous	\$	---
126	Accounts Receivable - Tenants - Dwelling Rents	\$	---
* 126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$	---
* 126.2	Allowance for Doubtful Accounts - Other	\$	---
127	Notes, Loans, & Mortgages Receivable - Current	\$	---
129	Fraud Recovery	\$	---
* 128.1	Allowance for Doubtful Accounts - Fraud	\$	---

* This image will change when the final version of the new system is released

It is important to remember to save your work frequently to avoid the loss of data should the system go down while you are in the process of entering data.

Also, remember each program you selected in the Program Selection window must have data entered.

While you are entering data for programs (this process could take a number of days) your work can be saved as a “draft,” which can be accessed later to continue your data entry.

Data will not actually be submitted to REAC until:

- All programs have been entered, **and**
- The Validate routine has been run to ensure your data meets the business rules of the software

If errors are encountered during the Validate routine, the users will have to correct them and re-run the Validate routine.

This process will be repeated until there are no more errors.

Once data is validated, it can then be submitted to REAC.

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Page 5.8-6

6/1/21

SECTION 5.9 FDS SUBMISSION TYPES

There are two categories of FDS submission types:

- Unaudited
- Audited

In this section, each of these submission types will be discussed in detail, beginning with unaudited submissions.

Unaudited Submissions

The unaudited submission is the beginning of the FDS submission process. Depending on whether a PHA meets the OMB single audit requirement (\$750,000* or more of federal assistance expended in a year), additional submissions may be required.

At the time a PHA prepares its unaudited submission, it will designate the submission as being one of three types of unaudited submission:

- ***Unaudited A-133 Audit*** – in this case, federal funding expended by the PHA is **equal to or greater than** \$750,000 and the submission therefore requires the completion of a single audit.
- ***Unaudited Non A-133 Audit*** – in this case, federal funding to the PHA is **less than** \$750,000*, but the PHA expects to complete an audit anyway (it may be required to do so by state law, for example).
- ***Unaudited No Audit*** – in this case, federal funding is **less than** \$750,000*, no audit is mandated by state law, and the PHA does not choose to have an audit completed.

*The single audit threshold increased from \$500,000 of federal assistance expended each year to \$750,000. See 2 CFR200.501(b).

Audited Submissions

If a PHA is required to have an audit under 2 CFR 500, then an audited submission will also be required.

In essence, an audited submission is a review by an independent auditor of the unaudited submission prepared by the PHA once it has been approved by the REAC.

The two types of audited submission are:

- ***Audited A-133 Audit*** – the verification of the PHA’s Unaudited A-133 submission.
- ***Audited Non A-133 Audit*** – the verification of the PHA’s Unaudited Non A-133 submission.

SECTION 5.10 UNDERSTANDING THE OMB DATA COLLECTION FORM (FORM SF-SAC)

The OMB Data Collection Form (Form SF-SAC) is required by 2 CFR 200.500, Subpart F, Audit Requirements for all non-federal entities that expend \$750,000 or more (see 2 CFR 200.501(b)) in federal funds during a fiscal year.

For PHAs that meet this threshold, the auditor will be required to perform an audit in accordance with 2 CFR 200.500, Subpart F, Audit Requirements.

The general provisions of that section require the auditor to:

- Conduct the audit in accordance with generally accepted government auditing standards.
- Determine whether the financial statements of the audited PHA are presented fairly in all material respects in conformity with GAAP.
- Determine whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the audited PHA's financial statements taken as a whole.
- Perform procedures to obtain an understanding of internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs.
- Determine whether the audited PHA has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.
- Follow up on prior audit findings.
- Complete and sign specified sections of the OMB Data Collection Form.

PHAs that **do not meet** the \$750,000 threshold required for a single audit may still decide to conduct a program specific audit.

In this case, the auditor would follow the same requirements as for the single audit except that the audit would only cover a specific program.

The SF-SAC is completed on-line through FASS-PH during the completion of the unaudited and audited submissions.

- Only Part 1, General Information, is completed during the unaudited submission.
- The remaining parts (2-3) are completed during the audited submission.

Once all data is entered into the audited submission, the Data Collection Form can be printed from FASS-PH using the Reports link and selecting the report option “DCF Report.”

Some important information from SF-SAC tells the government includes:

- Whether the financial statements are presented fairly in all material respects in conformity with GAAP.
- Whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the audited financial statements taken as a whole (i.e., did the PHA account for all funds received?).
- Whether the internal control over federal programs is sufficient to support a low assessment of control risk.
- Whether the PHA has complied with laws, regulations, and provisions of contracts or grant agreements.

SECTION 5.11 COCC AND ELIMINATION COLUMN REPORTING

Those PHAs that are using the fee-for-service model to recover the indirect costs of program administration will also have to report on the activities of the COCC in its own column on the FDS. As a reminder, this means the COCC will have a balance sheet and income statement just like the HCV program and other programs and activities the PHA may be reporting to the REAC. The COCC column on the FDS will report all revenue, expenses, transfers (in/out) and other accounting activity of the COCC.

The majority of the fee income and fee expense in the COCC represents inter-fund activity. To avoid double accounting of income and expense on the top level financial statements required by GASB 34, elimination entries are needed. The top level financial statements are composed of a consolidated balance sheet and income statement using accrual based accounting. In order to accommodate the elimination entries, the FDS has a separate column for the COCC. Eliminations involve accounting transactions between funds that if not eliminated the top level financial statements would result in double counting. The primary types of accounting transactions that must be eliminated are the following:

- Inter-fund/intra-entity loans from the balance sheet;
- Inter-fund/intra-entity revenues and expenses related to the COCC; and
- Operating transfers

Elimination entries should decrease an account balance. For most line items this will require the PHA to enter a negative amount in the respective FDS line item in the elimination column.

- The only exception to this general rule are for FDS line items that are entered into the FDS program as a negative value such as operating transfers out. In this case the account would be reduced by entering a positive number in the elimination column. A note of caution, if the PHA does not correctly enter the value as a debit (decrease) or a credit (increase), the amount will not be eliminated—it will be doubled.

Normally only inter program loans such as Due To/Due From should be eliminated from the balance sheet. On the income statement only internal revenue and expense transactions should be eliminated from the income statement such as all fee-for-service income and expense. In addition, operating transfers (In/Out) should be eliminated.

The following is a listing of the FDS line items that typically should be eliminated through the elimination column. Note we have only listed those that would relate to HCV program accounting activity. A PHA with a public housing program will have other income statement line items that must be eliminated.

FDS Line Item # to Eliminate	Line Item Description
144	Inter Program – Due from
347	Inter Program – Due to
70710	Management Fee (revenue)
70730	Bookkeeping Fee (revenue)
91300	Management Fee (expense)
91310	Bookkeeping Fee (expense)
10010	Operating Transfers Out
10020	Operating Transfers In

We will now review a few examples of possible elimination entries related to the HCV program.

Example 1: Eliminate fee revenue recognized by the COCC from the HCV program.

Entity-Wide Revenue and Expense Summary						
FDS Line Item		HCV Program	COCC	Subtotal	Elimination	Total
70710	Management Fee		\$90,000	\$90,000	(\$90,000)	\$0
70730	Bookkeeping Fee		\$15,000	\$15,000	(\$15,000)	\$0
91300	Management Fee	\$90,000		\$90,000	(\$90,000)	\$0
91310	Bookkeeping Fee	\$15,000		\$15,000	(\$15,000)	\$0

SECTION 5.11: COCC and Elimination Column Reporting

Example 2: Eliminate an operating transfer made by the HCV program from pre-2004 Administrative Fee Equity to the COCC.

Entity-Wide Revenue and Expense Summary						
FDS Line Item		HCV Program	COCC	Subtotal	Elimination	Total
10010	Operating Transfers In		\$50,000	\$50,000	(\$50,000)	\$0
10020	Operating Transfers Out	(\$50,000)		(\$50,000)	\$50,000	\$0

Notes

SECTION 5.12 COMPONENTS OF THE UNAUDITED SUBMISSION

The following items are required for the unaudited FDS:

- The Financial Data Schedule (FDS)
 - Balance sheet for each program checked in the program selection tab
 - Income statement for each program checked in the program selection tab
- OMB Data Collection Form (DCF) — only the General Information tab is completed.
- Comments Attachment — The Word or PDF document that provides additional information to assist the REAC reviewer under what has been reported in various FDS line items or why no data has been entered in others.
- Validation without errors.
- Final submission.

Notes

SECTION 5.13 AUDITED SUBMISSIONS

The audited submission is due no later than nine months after the PHA's fiscal year end.

Once the PHA has completed their work on the audited submission (correcting or changing data on the unaudited submission), they will notify the auditor the submission is ready for auditor review.

- Basically, this is a process by which the auditor reviews the PHA's FDS to determine whether it agrees in all material respects with the independent audit report.

The additional tabs that appear in the audited submission will depend on the reporting entity that was selected.

If the reporting entity is a stand-alone primary government, the following additional tabs, besides the FDS tab, become visible in the audited submission and require that the PHA attach the appropriate document to each tab:

- Audited financial statements
- Notes to the financial statements
- Schedule of audit findings and questioned costs
- Schedule of prior audit findings
- Management's discussion and analysis (MD&A)
- The action plan (how the PHA intends to correct any audit deficiencies identified by the auditor during the audit)

Note: It's important that the PHA attach the correct document to each tab; otherwise the REAC will reject the audited submission.

If the reporting entity is a Section 8 only PHA that is part of a nonprofit agency or a part of a larger general purpose government (a component unit) the submission besides containing the FDS will also consist of:

- The OMB financial data schedule (SF-SAC)
- Notes to the financial statements for the audit report of the parent entity
- The audit findings (if any) of the parent entity
- The action plan (if any) of the parent entity

Once the auditor has compared the read-only electronic FDS with the audit report, the auditor can:

- **Agree** that the PHA's FDS compares in all material respects with the audit report. Once the auditor sends the submission back to the PHA as "Auditor Agrees," the PHA can then submit it to the REAC.

Note: The auditor should only have the roll of CPN-CPA verification in FASPHA Financial Assessment Subsystem-PHA. If the PHA's HUD Secure Systems Coordinator gives the auditor SMT-PHA submitter, they will not be able to complete the IPA review process.

- **Disagree** that the PHA's FDS compares in all material respects with the audit report. If the auditor flags the submission as "Auditor Disagrees," the submission will come back to the PHA to make the corrections requested by the auditor.
 - Once all corrections are made, the PHA must re-submit to the auditor for their review.
 - Once the auditor flags the submission "Auditor Agree" it will come back to the PHA for final submission to the REAC. Remember the auditor who will do the "agreed upon procedures" on the audited FDS may not be given the roll of "SMT-PHA Submitter."

SECTION 5.14 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Management's Discussion and Analysis (MD&A) is defined by the GASB as an objective and easily readable analysis of the government's financial performance for the year. It is required as part of a government entity's top level financial statements and by the REAC as part of the PHA's audited submission.

The MD&A should provide information to help readers of the government's financial statements determine whether the financial position of the government has improved or deteriorated as a result of the year's operations.

The MD&A is prepared by PHA management, not the PHA's auditor.

The MD&A is prepared based on known facts, decisions, or conditions and should include the following:

- A comparison of the current year to the prior year based on government-wide information
- An analysis of significant budget variances
- A description of capital asset and long-term debt activity during the year
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial condition or results of operations

Since the MD&A is required supplemental information, auditors must perform certain limited procedures on the MD&A. The limited procedures are typically to:

- Comment if it's omitted
- Comment if it does not follow prescribed guidelines

See page 1.3-11 for an example of an MD&A prepared by a PHA.

Notes

SECTION 5.15 FDS SUBMISSION UPLOAD TOOL FOR USE WITH THE UNAUDITED FDS AND DCF

With the July 2013 FASS-PH 9.2.8.0 system release, the REAC added an Excel tool to allow PHAs to upload unaudited FDS and DCF information. Using the Excel Upload Tool can save the PHA hours of data entry into the FDS and DCF for the unaudited submission. A User Guide dated July 30, 2013 can be found on the REAC web page.

- The Excel template will accommodate all programs including: the COCC, Eliminations, and "Other Projects".
- Users will be able to add or remove projects and programs based on need.

After downloading the FDS submission Upload Tool and when saving changes, the user must save the file in the .xls (Excel 97-2003) format. The FASS-PH system will not accept a file with the newer .xlsx file format.

Once the user has downloaded the Upload Tool, enter the DCF and FDS information on the appropriate worksheet of the Excel Upload Tool. Once all data is entered into the Tool, save your changes in the .xls file format.

In order to actually upload the populated Excel Tool into FASS-PH, the PHA must first create a blank Draft submission for your PHA by selecting the "Create Submission" link on the Inbox page of the FASS-PH system.

The next step is to complete the "PHA Information" page and select "Blank Submission," and then click "Save."

Once the above step is complete, the user can then select "Excel Upload" from the menu that appears on the "PHA Information" page.

Once the file has been uploaded successfully, the user will see a successful upload status.

The next step if no corrections are needed to either the uploaded FDS or DCF, is to validate the FDS and DCS using the existing procedures and run the Submission Completeness check before submitting the data to the REAC.

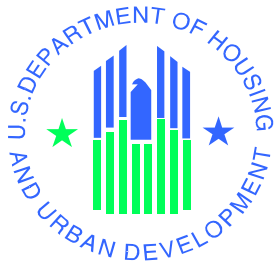
The final step is to submit the FDS and the DCF to the REAC using existing procedures.

Notes

SECTION 5.16 FASS-PH EXTERNAL USER MANUAL

The following exhibit is the external user manual for the FASS-PH system.

Notes



External User Manual

Real Estate Assessment Center – Public Housing

**U.S. Department of Housing and Urban
Development**

December 2013

Revision Sheet

Release No.	Date	Revision Description
1.0	08/01/2008	Initial Draft document for contractual delivery
1.1	09/01/2009	Revisions for Release 9.1.0.0
1.2	09/09/2009	Revisions per user inputs for Release 9.1.0.0
1.3	09/27/2012	Revisions per user inputs for Release 9.2.5.0
1.4	07/26/2013	Revisions per user inputs for Release 9.2.8.0
1.5	12/06/2013	Revisions per user inputs for Release 9.2.9.0

EXTERNAL USER'S MANUAL

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3.0 ACCESSING FASS-PH

3 ACCESSING FASS-PH

3.1 Authorized Users

The Financial Assessment Subsystem (FASS-PH) is a secure, web-based system that contains sensitive financial and housing information. Users must register for a secure HUD user ID.

An Internet user can access FASS-PH only after registering for a user ID, receiving that user ID, and having the appropriate system rights assigned. Further restrictions apply regarding system access for PHAs. A user **must** be assigned to a PHA by the PHA's system coordinator before the system will allow data entry and submission.

There are two types of system users: Coordinators and Users. The Coordinator serves as the PHA's representative to perform system administration functions, such as controlling system access and assigning roles. The User reviews and submits data to HUD.

The Coordinator controls which Users have access to prepare, review, or submit data on behalf of the PHA. A Coordinator is also responsible for forwarding all information that is received electronically from HUD to the PHA's Executive Director.

A User also registers to do business on behalf of the PHA. The User, however, has no system access control. A User depends on the Coordinator for the necessary access to prepare, review, or submit data.

For details regarding obtaining and maintaining user IDs, please reference the WASS Secure Connection and Secure Systems User's Manual. The document is posted to the PIH-REAC website at http://www.hud.gov/offices/reac/ind_usrgds.cfm

3.2 Logging On to the System

Accessing the Financial Assessment Subsystem (External PHA/IPA Reviewer)

The following steps demonstrate how to access the **Financial Assessment Subsystem**:

Step 1: Launch the Internet Explorer browser on your computer.

Step 2: Enter the following address in the **Location/Go To** field of the browser:

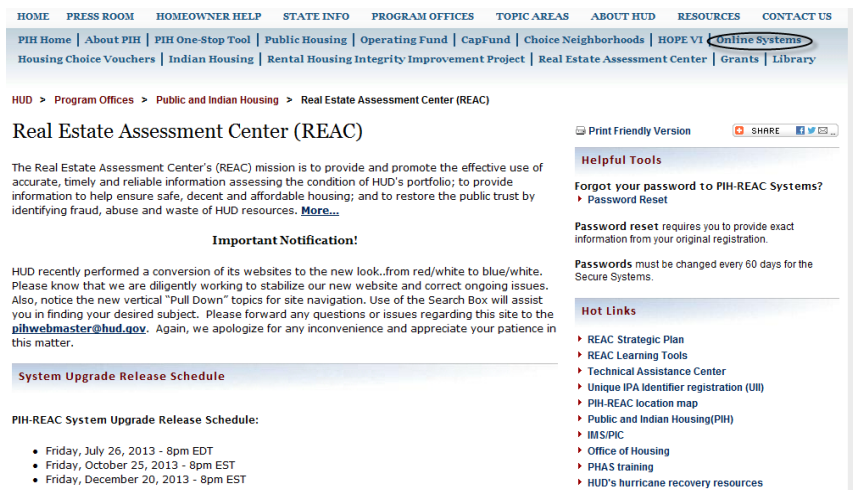
<http://www.hud.gov/offices/reac/>



Step 3: Press the **Enter** key on your keyboard.

The following page “**Real Estate Assessment Center(REAC)**” appears:

Step 4: Single click on the **Online Systems** link located on the top right corner of the page.



3.0 Accessing FASS-PH

The “**Online Systems**” page appears.

This page displays information on HUD REAC Systems and is the Portal to HUD REAC Systems.

PIH-REAC Online Systems

Print Friendly Version

SHARE

System Upgrade Release Schedule

PIH-REAC System Upgrade Release Schedule:

- Friday, November 2, 2012 - 8pm EDT
- Friday, November 30, 2012 - 8pm EST
- Friday, January 4, 2013 - 8pm EST
- Friday, April 26, 2013 - 8pm EDT

Rules of behavior for HUD systems

PIH-REAC Online Systems

- Enterprise Income Verification System (EIV)
- Financial Management Assessment System - Federal Housing Agency (FASS-MF)
- Financial Management Assessment System - Public Housing Agency (FASS-PHA)
- Integrated Assessment Subsystem (NASS)
- Inventory Management System (IMS)/PIH Information Center (IMS/PIC)
- Management Operations Certification (MASS)
- Physical Assessment Subsystem (PASS)
- Quality Assurance Operations (QASS)
- Voucher Management System (VMS)

System Login

Existing users

▶ [Login here](#)

Need to access HUD systems?

▶ [Register online](#)

Forgot Password?

▶ [Password Reset](#)

Note: Password reset will require you to provide exact information from your original registration

Helpful Tools

Step 5: To enter the FASS-PH system, if you have a user ID and password, click on the [Login here](#) link, and continue to step 7.

Otherwise, click on the [Register online](#) link and refer to the WASS User’s Manual for instructions on registering.

To reset your password, click the [Password Reset](#) link.

Step 6: After clicking the [Login here](#) link, the following **Secure Systems Single Sign On – User Login** page appears:

Secure Systems
Single Sign On

User Login

User ID

Password

[Forgot your password?](#) Click the link to reset your password and for other useful information.

ATTENTION: This computer system, and all the systems associated with this system for User Authorization and Authentication, are protected by a computer security system; unauthorized access to these systems is not permitted, and usage may be monitored.

NOTE: There is an inactivity timeout of 30 minutes. Please save your work periodically to avoid being logged out.

Please also note that there is a 4 hour session timeout, after which, you will need to re-authenticate. You can then resume where you left off.

Content updated: June 15, 2007

U.S. Department of Housing and Urban Development
451 7th Street S.W., Washington, DC 20410
Telephone: (202) 755-1112 TTY: (202) 755-1435

[Home](#) [Privacy Statement](#)

Step 7: Enter your user ID and password and single click .

3.0 Accessing FASS-PH



Note

The user ID is six characters. The first character must be either an (upper case) "M" or an "I." An example of a user ID is: **M12345**.

The Financial Assessment – Secure Systems Legal Warning page is displayed.

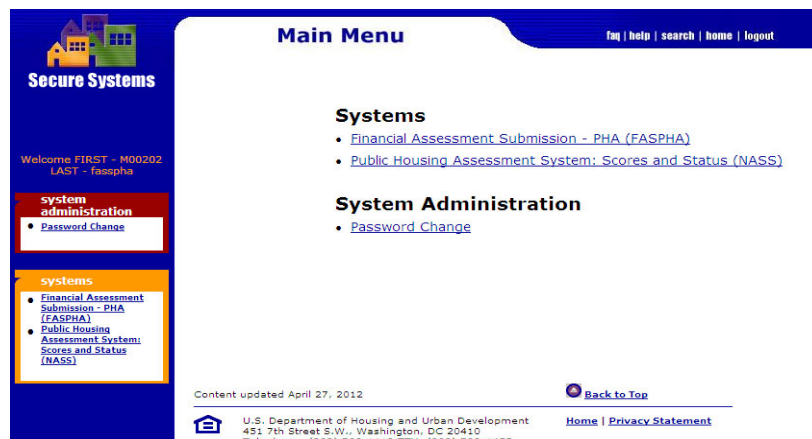
The link selections under the *Systems* Section will vary depending on the user ID.

There will always be a [FASPHA](#) link if your User ID has FASS-PH access rights.



Step 8: Single click . The Secure Systems Main Menu page displays.

Step 9: Single click on the [Financial Assessment Subsystem – PHA \(FASPHA\)](#) Link. This will take you to the following page.



3.0 Accessing FASS-PH

Step 10: Single click on the [CONTINUE](#) link.

This will take you to the Financial Assessment Subsystem (FASS-PH) MENU page:



Real Estate Assessment Center **Financial Assessment Subsystem (FASS-PH)**

Public Reporting Burden for this collection of information is estimated to average 11 hours per respondent, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Public housing agencies are not required to respond to this collection of information unless a current, valid approved OMB control number is displayed on the form. Public Housing Financial Management Template, OMB No. 2535-0107, expires 11/30/2014.

You are about to enter the Financial Assessment Subsystem. Please click the link below to continue.
[CONTINUE](#)



Real Estate Assessment Center **Financial Assessment Subsystem (FASS-PH)**

FASS-PH Main Menu

Step 11: Single click on

**Fiscal year end
on or after
06/30/2008**

**"Fiscal year end on or after
06/30/2008".**

This will take you to the first page of the FASS-PH system, called the **External Inbox**.

Please click on one of the two buttons below to take you to the appropriate system.

**Fiscal year end
on or before
03/31/2008**

(Click left button to access scores and status of each PHA with a fiscal year end of 03/31/2008 or before.)

**Fiscal year end
on or after
06/30/2008**

(Click right button to access scores and status of each PHA with a fiscal year end of 06/30/2008 or after.)





Real Estate Assessment Center **Financial Assessment Subsystem (FASS-PH)**

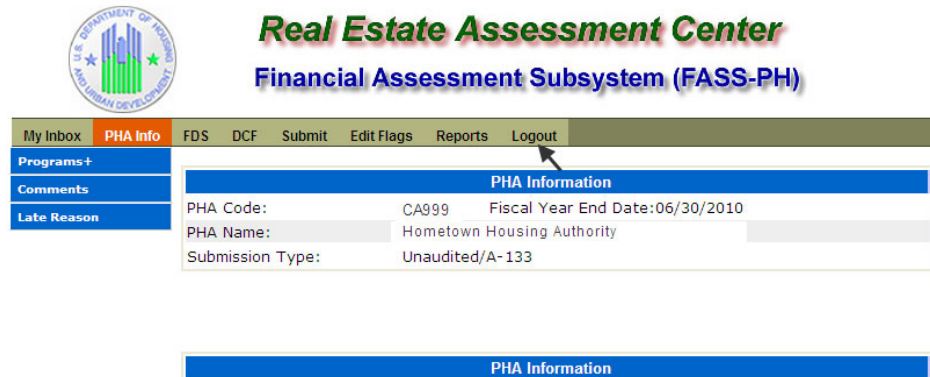
Work Items	Search
Create Submission	Submission Type <input type="text" value="All"/> PHA Code <input type="text" value="CA999"/>
Delete Draft Submission	Status <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year <input type="text" value="09/30"/> <input type="text" value="2012"/> <input type="button" value="Search"/>
Nothing found to display.	
Resources	
User Guide and System Documentation	Technical Assistance Center FASS-PH website

3.3 Exiting the System

You can exit and return to FASS-PH at any time. Because FASS-PH is a secure system containing sensitive public housing information, you should exit FASS-PH when leaving the computer.

Step 1: Save any changes on the current page using . If error messages are displayed, you **must correct the data** and save the page again. The page is successfully saved when no error messages display. Do not re-click  while the system is processing.

Step 2: Most pages in the system have a top navigation bar. If this is available, the preferred method of exiting the system is to click on the [Logout](#) link on the top navigation bar of the page:



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout


Programs+
Comments
Late Reason

PHA Information

PHA Code: CA999 Fiscal Year End Date: 06/30/2010
PHA Name: Hometown Housing Authority
Submission Type: Unaudited/A-133

PHA Information

The following page will appear, confirming that you have successfully logged out of the system:

If the top navigation bar is not available, click on the browser's CLOSE  button in the top right corner of the page. The FASS-PH application will close and the desktop will display.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Thank you for visiting the Department of Housing and Urban Development's Online Security System

Logged Out

You have successfully logged out. The window will close in 10 seconds.


[Click to Close Window!](#)

Content updated Nov 30, 2007

U.S. Department of Housing and Urban Development
451 7th Street S.W., Washington, DC 20410
Telephone: (202) 708-1112 TTY: (202) 708-1455

[Home](#) | [Privacy Statement](#)

3.4 Hints For Using The FASS-PH System

- ▲ Only open one session at a time. Multiple browser sessions may cause data corruption with FASS-PH submissions.
- ▲ Do not mark any FASS-PH web pages as favorite. Access the application via the PIH-REAC Online Systems page.
- ▲ Use only recommended browsers.
- ▲ Do not use the browser Back or Forward buttons unless instructed.
- ▲ Do not re-click  while the system is processing

4.0 COMMON SYSTEM FEATURES

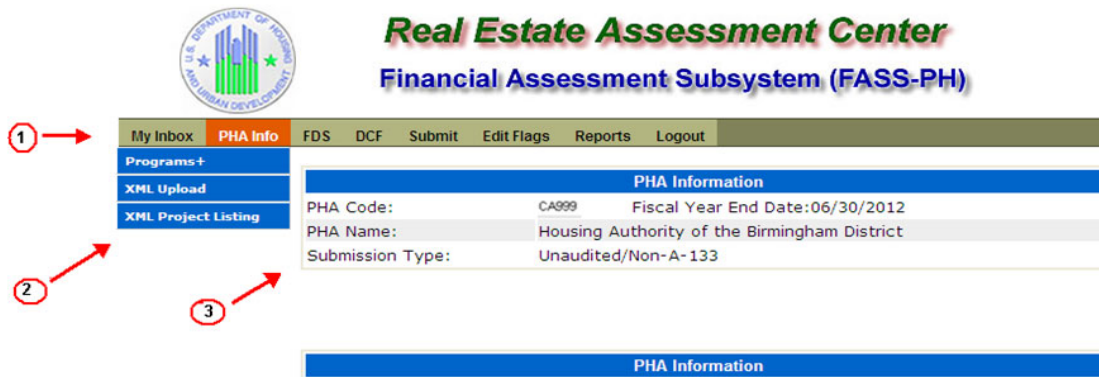
4 COMMON SYSTEM FEATURES

4.1 Standard Page Layout

The system consists of data entry pages that allow authorized PHA users to enter financial information for submission to HUD. Most of these pages follow a standard layout which contains navigation menus and information sections in the same location on each page, as shown in the example below:

On most pages you will see:

1. A gold navigation bar at the top of the page with standard links
2. A blue navigation menu at the top left of the page
3. PHA and Submission Information at the top center of the page



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

① → My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

② → Programs+
XML Upload
XML Project Listing

③ → PHA Information

PHA Information	
PHA Code:	CA999 Fiscal Year End Date: 06/30/2012
PHA Name:	Housing Authority of the Birmingham District
Submission Type:	Unaudited/Non-A-133

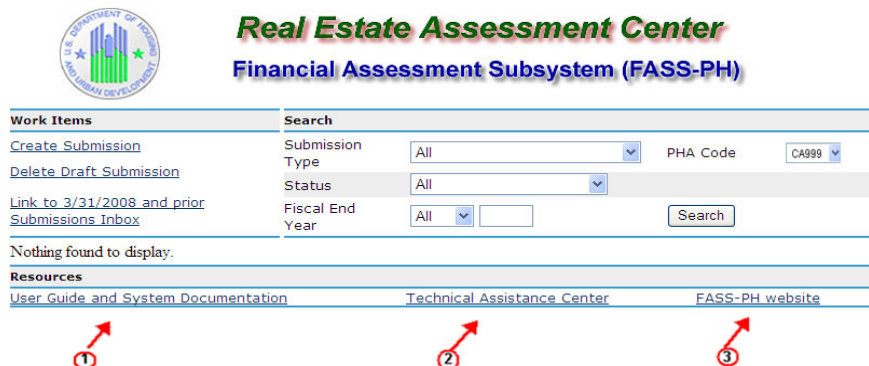
PHA Information

4.2 Inbox Page Layout

The **Inbox** is the Primary FASS-PH page. Its layout is slightly different from the standard layout, as shown in the example below:

This page has a navigation menu on the top left, under the title **“Work Items”**. Help and assistance links are at the bottom of the page, under the title **“Resources”**

1. [User Guide and System Documentation](#) can be accessed with a single click
2. [Technical Assistance Center](#) link
3. [FASS-PH website](#) link



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

① → My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

② → Programs+
XML Upload
XML Project Listing

③ → PHA Information

Work Items	
Create Submission Delete Draft Submission Link to 3/31/2008 and prior Submissions Inbox	

Nothing found to display.

Search	
Submission Type	All
Status	All
Fiscal End Year	All
PHA Code	CA999
<input type="button" value="Search"/>	

Resources

User Guide and System Documentation	Technical Assistance Center	FASS-PH website
---	---	---------------------------------

① → ② → ③ →



Note

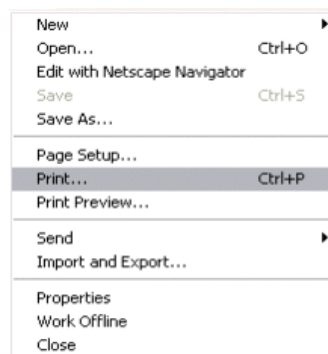
Remember to save your work before leaving a page. To avoid losing work, use the underlined system links to move from page to page NOT the browser **Back** and **Forward** buttons (unless instructed otherwise).

4.3 Printing Pages

To print pages, use the browser Print  icon at the top of the page

or

select the **File** menu and select **Print**.



4.4 Contacting the Technical Assistance Center

If you have questions about using the FASS-PH system, you can contact the PIH-REAC Technical Assistance Center by phone or by email.

4.4.1 By Phone

You can call the REAC Technical Assistance Center with system questions toll-free Monday through Friday, 7:00 a.m. to 8:30 p.m., Eastern Time at **1-888-245-4860**.

4.4.2 By Email



Real Estate Assessment Center **Financial Assessment Subsystem (FASS-PH)**

At the bottom of the FASS-PH page, click on the [Technical Assistance Center](#).

Work Items	Search
Create Submission	Submission Type: <input type="text" value="All"/> PHA Code: <input type="text" value="CA999"/>
Delete Draft Submission	Status: <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year: <input type="text" value="09/30"/> <input type="text" value="2012"/> <input type="button" value="Search"/>
Nothing found to display.	
Resources	
User Guide and System Documentation	Technical Assistance Center
	FASS-PH website



4.0 Common System Features

The **PIH-REAC Technical Assistance Center (TAC)** page displays. Follow the instructions on the page.

PIH-REAC Technical Assistance Center (TAC)

The TAC serves as the primary point of contact for PIH program and business area inquiries.
Customers may call the TAC Monday through Friday, 7:00am - 8:30pm EST.

TAC Notice:

When calling **choose the best option** for your request, be logged into the REAC system, be ready to share:

- your ID number
- PHA Code
- TIN number
- PHA number
- FYE
- error message and
- any other specific information needed to answer your inquiry.

PIH-REAC Technical Assistance Center: Phone: 1-888-245-4860

- Press 1 - Disaster Assistance
- Press 2 - WASS Secure Systems Problems (Password Resets, BPRs, AKCs)
- Press 3 - For Inspectors Only
- Press 4 - PIH/PTC Program Requests
- Press 5 - Public Housing Requests (Financial, Management Certifications, Resident Issues)
- Press 6 - Housing Multifamily Requests (Physical Inspection and Financial Issues)

PIH-REAC TAC Fax: 202-485-0280 or 202-485-0274

Add the TAC's URL to your 'Favorites' and **contact us** to get a prompt response.

You may also reach us through email at REAC_TAC@hud.gov. You will receive a response by return email or telephone.

[Print Friendly Version](#)

[SHRE](#) [f](#) [t](#) [in](#)

Jump to...

- Phone
- Fax
- Mail

Indian Housing

ONAP ensures that safe, decent and affordable housing is available to Native American families and creates economic opportunities for Tribes and Indian housing residents.

[LEARN MORE](#)

Housing Choice Voucher

Housing Choice Vouchers allow very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing.

[LEARN MORE](#)

Public Housing

Providing decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities.

[LEARN MORE](#)

The **Real Estate Assessment Center (REAC) Technical Assistance Center Submission** page will display.

Click in the blank fields to enter the information requested.

Click on **Submit** near the bottom of the page to send the question or comments to the REAC Technical Assistance Center.

Real Estate Assessment Center

About REAC

Business area products

Business partners

Online systems

Common questions

Calendar

Industry user guides

Library

Directory

Training

Technical support

Contact us

HUD news

Homes

Communities

Working with HUD

Resources

Tools


Let's talk


Webcasts

Mailing lists

Contact us

Help





contact us

Customer Service Center Submission

Please fill out this form to assist us with answering your question. If confidentiality is an issue, please call the REAC Customer Service Center directly at 1-888-245-4860.

* = required fields

Your Contact Information:

First Name*:

Last Name*:

Email Address*:

Please Confirm Email Address*:

Phone Number*:

Fax Number:

Web User ID:

Address*:

City*:


State*:

Zipcode*:

I prefer follow-up and response via*: ☒ Email ☐ Phone

Your Question:

Please tell us your question. Please include any relevant information/codes/error messages that will assist us with addressing your particular issue.

 If necessary, upload a file:

External User Manual

4-3

12/6/2013

Page 5.16-19

6/1/21

5.0 CREATING FINANCIAL SUBMISSIONS

5 CREATING FINANCIAL SUBMISSIONS

The main purpose of the system is to create financial submissions in a secure and controlled manner. The information below describes how to use the system to prepare Balance Sheets, Income Statements, Data Collection forms, etc. for each program and asset management project managed by your PHA. One “submission” equals all of the required documents, Balance Sheets, Income Statements, Notes, DCF data etc. for your PHA in one fiscal reporting period.

5.1 Inbox

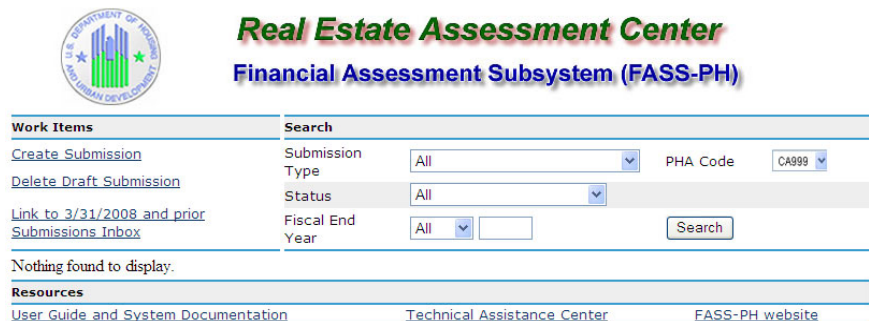
The log on procedures described in section 3 brought you to the **Inbox**, the first page of the FASS-PH system. From this page, the major activities of the system are launched.

The main activities initiated from this page are:

Create Submission

Delete Submission.

You can also **Link to the 3/31/2008 and prior Submissions Inbox**, which is an entirely separate program not covered in this manual.



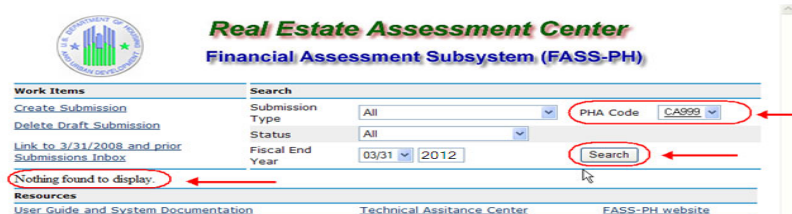
Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

Work Items	Search
Create Submission	Submission Type: <input type="text" value="All"/> PHA Code: <input type="text" value="CA999"/>
Delete Draft Submission	Status: <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year: <input type="text" value="All"/> <input type="text" value="2012"/> <input type="button" value="Search"/>
Nothing found to display.	
Resources User Guide and System Documentation Technical Assistance Center FASS-PH website	

Whether you **Create** a new financial submission or modify an existing one depends on whether or not there is one already created that matches your criteria.

To determine this:

- Choose your **PHA code** from the drop-down menu on the right of the page
- Enter the **Fiscal Year End** data you want (or specify “All” and leave the year blank),
- Set the **Submission Type** and **Status** to “All”
- Press .




Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

Work Items	Search
Create Submission	Submission Type: <input type="text" value="All"/> PHA Code: <input type="text" value="CA999"/>
Delete Draft Submission	Status: <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year: <input type="text" value="03/31"/> <input type="text" value="2012"/> <input type="button" value="Search"/>
Nothing found to display.	
Resources User Guide and System Documentation Technical Assistance Center FASS-PH website	

You may see a search result of “Nothing found to display” as above . . .

5.0 Creating Financial Submissions

... or you may see a list of existing submissions as shown below:



Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

Work Items	Search
Create Submission	Submission Type: <input type="text" value="All"/> PHA Code: <input type="text" value="CA999"/>
Delete Draft Submission	Status: <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year: <input type="text" value="03/31"/> <input type="text" value=""/> <input type="button" value="Search"/>


2 Submission(s) found, displaying all Submission(s).1

Status	PHA Code	PHA name	Type	Fiscal Year End	Date Received	Submitter/Reviewer
Draft	CA999	Hometown Housing Authority	Unaudited/Non-A-133	06/30/2012		M00202 ←
Draft	CA999	Hometown Housing Authority	Audited/Non-A-133	06/30/2012		M00202 ←

Resources
User Guide and System Documentation Technical Assistance Center FASS-PH website

5.1.1 Creating a new Submission

If the listed submissions do not show the fiscal year end you plan to use, you know that no drafts have yet been started for your PHA for this fiscal reporting period. Make sure the **PHA Code** is correct, and then select "[Create Submission](#)" to create a new submission for this PHA.



Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

Work Items	Search
Create Submission	Submission Type: <input type="text" value="All"/> PHA Code: <input type="text" value="CA999"/>
Delete Draft Submission	Status: <input type="text" value="All"/>
Link to 3/31/2008 and prior Submissions Inbox	Fiscal End Year: <input type="text" value="09/30"/> <input type="text" value="2012"/> <input type="button" value="Search"/>

Nothing found to display.

Resources
User Guide and System Documentation Technical Assistance Center FASS-PH website

A PHA Information data entry page will display:

5.0 Creating Financial Submissions

Complete this page, insuring that each of the fields is correct for your submission and that the **Reporting Ending Date** year is filled in (See section 5.2, below).

Once you have saved the PHA Information page successfully, you have created, at least, a skeleton version of your draft submission.

Any further visits to the system to create or add data for your submission will be done using the **Modify Submission** procedure.



Real Estate Assessment Center **Financial Assessment Subsystem (FASS-PH)**

PHA Information	
PHA Code	CA999
PHA Name	Hometown Housing Authority
EIN Number	N/A
Address(line1)	123 Fifth Street
Address(line2)	
City	Hometown
State	CA
Zip Code	99999
Reporting Ending Date	06/30 (Four Digit Year)
Submission Type	<input checked="" type="radio"/> Unaudited/Non-A-133 <input type="radio"/> Unaudited/No Audit <input type="radio"/> Unaudited/A-133 <input type="radio"/> Audited/Non-A-133 <input type="radio"/> Audited/A-133
Asset Management	<input checked="" type="radio"/> Asset Management without COCC/Elimination <input type="radio"/> Asset Management with Elimination Only <input type="radio"/> Asset Management with COCC/Elimination
Component Unit	<input type="checkbox"/> Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)
Submission Option	<input checked="" type="radio"/> Blank Submission <input type="radio"/> Download Submission
Save	
Back to My Inbox	

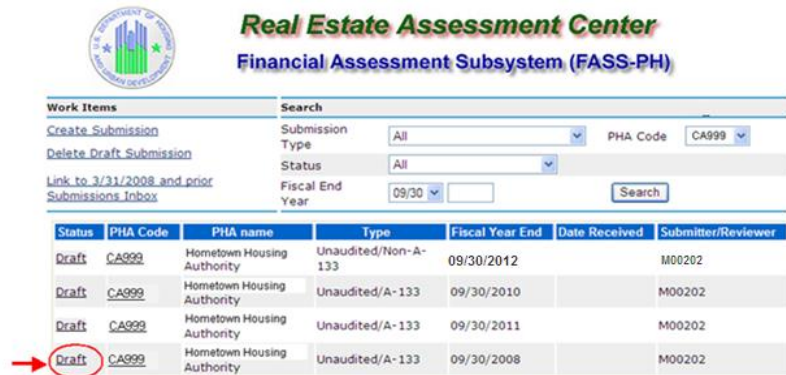
5.1.2 Modifying an existing Draft Submission

One submission includes Balance Sheets and Income Statements for all Programs and all Projects for your PHA for a given fiscal reporting period. Therefore, you will, no doubt, require a number of sessions to enter all the required data. Once the skeleton draft submission is established, you will use the **Modify Draft Submission** procedure for each subsequent session to add further information.

Before creating a new submission, you should have searched to see if any draft submissions already existed for your PHA. If your PHA already had financial data submissions associated with it, then instead of the “Nothing found to display” message, a list displaying each submission would display on the page, as in the next example.

5.0 Creating Financial Submissions

In this example, you would select one of the Draft submissions listed by clicking in the **Status** column to arrive at the **PHA Information Page** shown below.



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

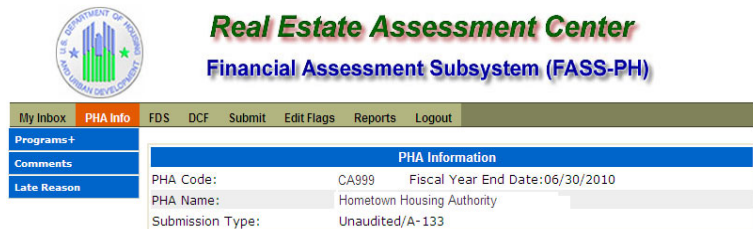
Work Items

[Create Submission](#)
[Delete Draft Submission](#)
[Link to 3/31/2008 and prior Submissions Inbox](#)

Search

Submission Type: PHA Code:
Status:
Fiscal Year End:

Status	PHA Code	PHA name	Type	Fiscal Year End	Date Received	Submitter/Reviewer
Draft	CA999	Hometown Housing Authority	Unaudited/Non-A-133	09/30/2012		M00202
Draft	CA999	Hometown Housing Authority	Unaudited/A-133	09/30/2010		M00202
Draft	CA999	Hometown Housing Authority	Unaudited/A-133	09/30/2011		M00202
Draft	CA999	Hometown Housing Authority	Unaudited/A-133	09/30/2008		M00202



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox **PHA Info** **FDS** **DCF** **Submit** **Edit Flags** **Reports** **Logout**

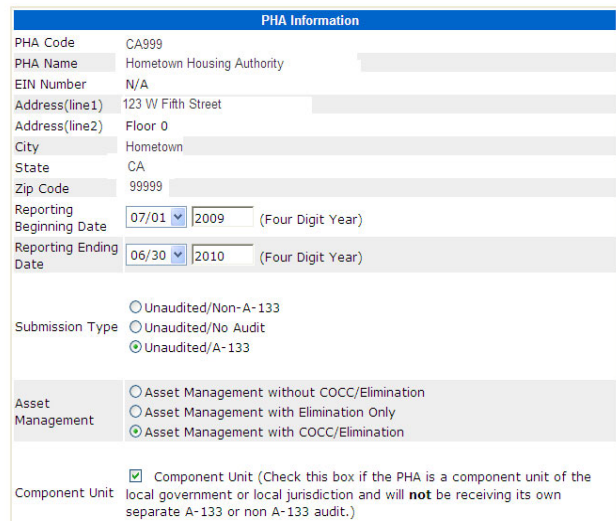
Programs+
Comments
Late Reason

PHA Information

PHA Code: CA999 Fiscal Year End Date: 06/30/2010
PHA Name: Hometown Housing Authority
Submission Type: Unaudited/A-133

Notice that the **PHA Information Page** is different from the page that displayed for the initial creation of the submission.

Because the PHA Information has been established, the **gold navigation bar** on top and the **blue navigation menu** on the left side are now present, giving you the tools to proceed with the building of your draft submission.



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox **PHA Info** **FDS** **DCF** **Submit** **Edit Flags** **Reports** **Logout**

Programs+
Comments
Late Reason

PHA Information

PHA Code: CA999
PHA Name: Hometown Housing Authority
EIN Number: N/A
Address(line1): 123 W Fifth Street
Address(line2): Floor 0
City: Hometown
State: CA
Zip Code: 99999
Reporting Beginning Date: 07/01 2009 (Four Digit Year)
Reporting Ending Date: 06/30 2010 (Four Digit Year)
Submission Type: ☐ Unaudited/Non-A-133 ☐ Unaudited/No Audit ☒ Unaudited/A-133
Asset Management: ☐ Asset Management without COCC/Elimination ☐ Asset Management with Elimination Only ☒ Asset Management with COCC/Elimination
Component Unit: ☒ Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)

5.0 Creating Financial Submissions

5.2 PHA Information Page

The PHA Information page allows users to verify and enter basic information about a PHA and the type of programs under which they are funded. Based on this information, the system generates the appropriate data entry pages for the user to complete and submit financial data to HUD.

The page contains basic information about the PHA, including name, PHA code, address, and fiscal year end date. To create a new submission in the system, you must insure that all the fields on the page are correct for the submission you are creating:

5.2.1 Reporting Beginning Date (month/day)

Select one of the 4 month/day options from the dropdown (01/01, 04/01, 07/01, 10/01). This dropdown is defaulted to the current fiscal year beginning quarter for the selected PHA Code.

5.2.2 Reporting Beginning Date (year)

Enter a four-digit fiscal year beginning date.

*Example: Enter **2007** in the text box.*

5.2.3 Reporting End Date (month/day)

Select one of the 4 month/day options from the dropdown (03/31, 06/30, 09/30, 12/31). This dropdown is defaulted to the current fiscal year end quarter for the selected PHA Code.

5.2.4 Reporting End Date (year)

Enter a four-digit fiscal year end date.

*Example: Enter **2008** in the text box.*

5.2.5 Submission Type

Select a radio button from one of the five submission types

- ☐ Un-audited/A-133
- ☐ Un-audited/Non A-133
- ☐ Un-audited/No Audit
- ☐ Audited/A-133
- ☐ Audited/Non A-133).

The screenshot shows the 'PHA Information' form. The 'Reporting Beginning Date' field has a dropdown menu set to '04/01' and a text box containing '2011'. The 'Reporting Ending Date' field has a dropdown menu set to '03/31' and a text box containing '2012'. Both date fields are circled in red. The 'Submission Type' section has two radio buttons: 'Audited/Non-A-133' and 'Audited/A-133', with the latter being selected and circled in red. The 'Asset Management' section has five radio buttons: 'Non-Asset Management with Elimination Only', 'Non-Asset Management with COCC/Elimination', 'Non Asset Management', 'Asset Management without COCC/Elimination', and 'Asset Management with Elimination Only', with the last one being selected. The 'Component Unit' section has a checkbox labeled 'Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)' which is currently unchecked. A 'Save' button is at the bottom right.

Please remember that an Un-audited Submission must be created in the system before an Audited Submission can be created.

5.0 Creating Financial Submissions

5.2.6 Asset Management type

Choose the appropriate Asset Management Type from the radio buttons on the page. Three or 6 choices will appear, depending on the type of PHA you represent.

For a PHA with Section 8 housing only, the following choices will be present.

- ☐ Non Asset Management with Elimination Only
- ☐ Non Asset Management with COCC/ Elimination
- ☐ Non Asset Management

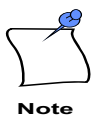
For a PHA with Low Rent or Low Rent combined, with more than 400 units, the following three choices will be present.

- ☐ Asset Management with Elimination Only
- ☐ Asset management with COCC/ Elimination
- ☐ Asset Management without COCC / Elimination

For a PHA with Low Rent or Low Rent combined, with less than 400 units, all 6 choices will be present

- ☐ Non Asset Management with Elimination Only
- ☐ Non Asset Management with COCC/ Elimination
- ☐ Non Asset Management
- ☐ Asset Management with Elimination Only
- ☐ Asset management with COCC/ Elimination
- ☐ Asset Management without COCC / Elimination

PHA Information	
PHA Code	CA999
PHA Name	Housing Authority of the City of Fayette
EIN Number	N/A
Address(line1)	123 Fourth Street
Address(line2)	
City	Hometown
State	CA
Zip Code	99998
Reporting Beginning Date	10/01 2009 (Four Digit Year)
Reporting Ending Date	09/30 2010 (Four Digit Year)
Submission Type	<input type="radio"/> Unaudited/Non-A-133 <input checked="" type="radio"/> Unaudited/No Audit <input type="radio"/> Unaudited/A-133
Asset Management	<input type="radio"/> Non-Asset Management with Elimination Only <input checked="" type="radio"/> Non-Asset Management with COCC/Elimination <input type="radio"/> Non Asset Management <input type="radio"/> Asset Management without COCC/Elimination <input type="radio"/> Asset Management with Elimination Only <input type="radio"/> Asset Management with COCC/Elimination
Component Unit	<input type="checkbox"/> Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)
<input type="button" value="Save"/>	



Note

Be very careful to select the correct Asset Management type. This field cannot be changed later, since it determines what types of forms the program knows to expect. To change this field once you have started building the submission, you would have to delete the submission and start a new one.

5.2.7 Accounting Method

If this category is present, select one of the two options.

- Full Accrual
- Modified Accrual

Accounting Method	<input checked="" type="radio"/> Full Accrual <input type="radio"/> Modified Accrual
-------------------	---

Modified Accrual will be present on the page **only for Section 8 Only PHAs.**

5.0 Creating Financial Submissions

5.2.8 Component Unit designation

Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.

PHA Information	
PHA Code	CA999
PHA Name	Housing Authority of the City of Fayette
EIN Number	N/A
Address(line1)	123 Fourth Street
Address(line2)	
City	Hometown
State	CA
Zip Code	99998
Reporting Beginning Date	10/01 2009 (Four Digit Year)
Reporting Ending Date	09/30 2010 (Four Digit Year)
Submission Type	<input type="radio"/> Unaudited/Non-A-133 <input checked="" type="radio"/> Unaudited/No Audit <input type="radio"/> Unaudited/A-133
Asset Management	<input type="radio"/> Non-Asset Management with Elimination Only <input checked="" type="radio"/> Non-Asset Management with COCC/Elimination <input type="radio"/> Non Asset Management <input type="radio"/> Asset Management without COCC/Elimination <input type="radio"/> Asset Management with Elimination Only <input type="radio"/> Asset Management with COCC/Elimination
Component Unit	<input type="checkbox"/> Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)
<input type="button" value="Save"/>	

5.2.9 Submission Option

Submission Option	<input checked="" type="radio"/> Blank Submission <input type="radio"/> Download Submission
-------------------	---

Select one of the two submission options.

- Blank Submission
- Download Submission (previous version)



Note

If you attempt to use the **Download Submission** button to change the submission type for a rejected submission, you will receive an error message. You cannot make corrections or changes to an already rejected submission. **To change the Submission Type**, you must download the rejected submission into a draft with the same submission type then change the type *after creating the new submission*.

If a **Low Rent/Combined PHA** is resubmitting data after receiving a **Late Presumptive Failure** or if a **Section 8 Only PHA** is resubmitting data after receiving a **Failure to Submit**, the Download Last Submission Version can only be used if a prior submission with valid data exists for the same fiscal year. If the only available submission is the blank late presumptively failed submission you must select the **Blank Submission** download option. In either case, you should confirm that the Reporting Beginning Date and Reporting Ending Date are accurate prior to completing the submission.

5.2.10 Edit Check of PHA Information Page

Click on . If the application detects any errors or omissions on the form, an error message will be returned and the form will not be processed until the problem is corrected.

Example 1: Fiscal year was omitted for **Reporting Ending Date**

<p>The submission has following error, please return to Create Submission</p> <p>Invalid Reporting Ending Date. Please check the Fiscal Year End Date or enter a valid four digit year</p>

For this error, adding the correct fiscal year and clicking on will resubmit the page for processing.

Example 2: Fiscal year 2009 was entered in **Reporting Ending Date** field in 2008 before 2008 processing was completed for this PHA.

<p>System Response Message</p> <p>Please use your Browser Back button to return to the previous screen.</p> <p>The Reporting Ending Date is not a valid fiscal year end date for this PHA. Please select a valid fiscal year end date.</p>
--

For this error, click on the “**Back**” browser arrow at the top left of your screen to return to the previous page, and enter the correct information.

Example 3: This error message was generated because the PHA created a second draft for the same period.

<p>The submission has following error, please return to inbox</p> <p>The system has one existing unaudited submission.</p>

For this error, verify that the fields are correct or modify them, fill in the correct fiscal year, and click on at the bottom. The **PHA Information** page will re-appear, with the top menu items and navigation links present.

5.3 Select or Add Programs for the PHA

Once the PHA Information page is complete, there is one more step required before creating a Balance Sheet or Income Statement. You must select all the programs through which your PHA receives funding. If you attempt to select FDS from the top, gold row of options before you have identified the programs, nothing will happen. The FDS link is disabled until programs have been selected. ***(The exception to this rule is XML Upload, where programs are determined by the uploaded files.)***



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox **PHA Info** FDS DCF Submit Edit Flags Reports Logout

Programs+ Comments Late Reason

PHA Information

PHA Code: CA999 Fiscal Year End Date: 06/30/2010
 PHA Name: Hometown Housing Authority
 Submission Type: Unaudited/A-133

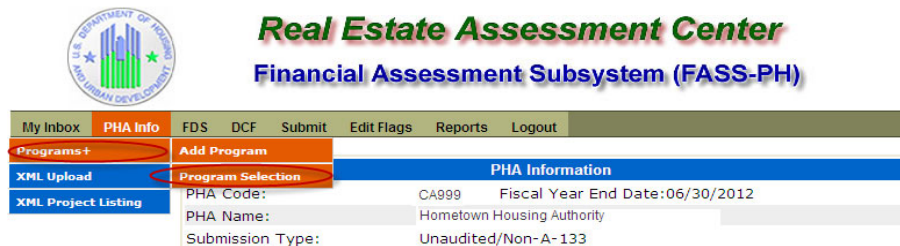
PHA Information

PHA Code: CA999
 PHA Name: Hometown Housing Authority
 EIN Number: N/A
 Address(line1): 123 W Fifth Street
 Address(line2): Floor 0
 City: Hometown
 State: CA
 Zip Code: 99999
 Reporting Beginning Date: 07/01/2009 (Four Digit Year)
 Reporting Ending Date: 06/30/2010 (Four Digit Year)
 Submission Type: ☐ Unaudited/Non-A-133
☐ Unaudited/No Audit
☒ Unaudited/A-133
 Asset Management: ☐ Asset Management without COCC/Elimination
☐ Asset Management with Elimination Only
☒ Asset Management with COCC/Elimination
 Component Unit: ☒ Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate A-133 or non A-133 audit.)

Save

5.3.1 Select Programs for the PHA

(If you are using XML Upload, do not add any programs until after the Upload is complete. Refer to XML Upload Manual)



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox **PHA Info** FDS DCF Submit Edit Flags Reports Logout

Programs+ **Add Program**
 XML Upload **Program Selection**
 XML Project Listing

PHA Information

PHA Code: CA999 Fiscal Year End Date: 06/30/2012
 PHA Name: Hometown Housing Authority
 Submission Type: Unaudited/Non-A-133

Select the **Programs+** and **Program Selection** links at the top of the **PHA Information** page, as shown here.

5.0 Creating Financial Submissions

A list of all active Programs will be displayed with check boxes to the right to enable you to select those appropriate to your PHA.



Note

If your PHA has low rent Public Housing, two of the Programs are pre-selected for you,

**Low Rent Public Housing,
and
Public Housing Capital Fund
Program.**

Not all Low Rent PHAs have a Capital Fund Program. If you do not, you can un-check this program by clicking on the check-box.

Select the appropriate programs by clicking the corresponding checkboxes in the *Select* column. A checkmark ☒ appears in the box. Click the checkbox again to deselect the program. Check all the programs applicable to your PHA then click **Save**.



Note

The “**Other Federal Programs 1, 2, and 3**” can be used when a federal program does not have a CFDA number. Simply click the corresponding checkbox as you would for any other program.

Program Selection		
CDFA#	Name of Program	Select
14.182	N/C S/R Section 8 Programs	<input type="checkbox"/>
14.312	New Approach Anti-Drug Grants	<input type="checkbox"/>
14.850	Low Rent Public Housing	<input checked="" type="checkbox"/>
14.852	Public Housing_Comprehensive Improvement Assistance Program	<input type="checkbox"/>
14.853	Public Housing_Tenant Opportunities Program	<input type="checkbox"/>
14.854	Public and Indian Housing Drug Elimination Program	<input type="checkbox"/>
14.855	Section 8 Rental Voucher Program	<input type="checkbox"/>
14.856	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	[Details]
14.857	Section 8 Rental Certificate Program	<input type="checkbox"/>
14.858	Hope I	<input type="checkbox"/>
14.859	Public Housing_Comprehensive Grant Program	<input type="checkbox"/>
14.860	Head Start Public Housing Early Childhood/Development Demonstration	<input type="checkbox"/>
14.861	PIH - Family Investment Corporation	<input type="checkbox"/>
14.863	PIH - Youth Sports Program	<input type="checkbox"/>
14.864	Economic Development and Supportive Services Program	<input type="checkbox"/>
14.866	Revitalization of Severely Distressed Public Housing	<input type="checkbox"/>
14.868	New Approach Anti-Drug Grants	<input type="checkbox"/>
14.871	Housing Choice Vouchers	<input checked="" type="checkbox"/>
14.872	Public Housing Capital Fund Program	<input checked="" type="checkbox"/>
8	Other Federal Program 1	<input type="checkbox"/>
9	Other Federal Program 2	<input type="checkbox"/>
91	Other Federal Program 3	<input type="checkbox"/>
	General Fixed Assets Account Group	<input type="checkbox"/>
	General Long-Term Debt Account Group	<input type="checkbox"/>
	Fiduciary	<input type="checkbox"/>
	Debt Service Fund	<input type="checkbox"/>
	State/Local	<input type="checkbox"/>
	Internal Service Fund	<input type="checkbox"/>
	Business Activities	<input type="checkbox"/>

Save **Reset**

5.3.2 Add a Program

If the program you want is not on the master list of programs, you can add it to the list. Select the **Programs+** and **Add Program** links at the top of the PHA Information page, as shown.



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

My Inbox	PHA Info	FDS	DCF	Submit	Edit Flags	Reports	Logout
Programs+	Add Program						
XML Upload	Program Selection	PHA Information					
XML Project Listing	PHA Code:	CA999	Fiscal Year End Date:06/30/2012				
	PHA Name:	Hometown Housing Authority					
	Submission Type:	Unaudited/Non-A-133					

5.0 Creating Financial Submissions

The **Add Program** page will display:



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

CFDA#

Federal Agency:

Program Name:

If you know the *CFDA#* of the program you wish to add, enter it in the blank field, then click .

or

If you do not know the *CFDA#*, click on the Down Arrow button to the right of the *Federal Agency* field to view a list of federal agencies. Click on an agency to select it; then, click . All the programs associated with that agency will be listed in the *Program Name* drop-down menu. Click on the Down Arrow button for this menu, and select the program you want to add.

or

If a specific federal agency is not listed in the Federal Agency dropdown menu, select "Other Federal Programs" from this alphabetic list, and click . "Other Federal Program 1, 2 & 3" will be listed in the *Program Name* drop-down menu. Click on the Down Arrow button for this menu, and select one of these three programs.



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

Finally, click

to add the program, as shown here.

CFDA#

Federal Agency:

Program Name:

You will be returned to the **Program Selection** page. The added program will appear at the bottom of the list, with a checked box ☒ next to the new program, indicating that it was automatically selected.

Finally, click to complete the program selection process.

CFDA#	Program Name	Selected
	State/Local	<input type="checkbox"/>
	Fiduciary	<input type="checkbox"/>
	Component Units	<input type="checkbox"/>
	Internal Service Fund	<input type="checkbox"/>
93.556	Family Preservation and Support Services	<input checked="" type="checkbox"/>
14.103	Interest Reduction Payments_Rental and Cooperative Housing for Lower I	<input checked="" type="checkbox"/>
14.181	Supportive Housing for Persons with Disabilities	<input checked="" type="checkbox"/>

5.4 Navigating to the Correct FDS Balance Sheets

5.0 Creating Financial Submissions

(If you are using XML Upload, do not perform these steps until after the XML upload has taken place. Refer to XML Upload Manual)

Each PHA will prepare a number of Balance Sheets and Income Statements based on how it is structured and what programs it manages. Each Program and each Asset Management Project (“Project”) within the PHA will require its own **Financial Data Schedule** consisting of these two documents. The following sections show how to navigate to the appropriate Balance Sheet and Income Statement data input forms based on the structure of your organization. The selections you made on the **PHA Information** page, especially for Asset **Management Type** and **Accounting Method** (for a Section 8 Only PHA), will have already set shortcuts for you in your navigation path.



Note

In this system, for each FDS, the Balance Sheet must be completed before the Income Statement. The system will allow you to input data into the Income Statement, but until the Balance Sheet is complete, the Income Statement validation logic will not be satisfied.

5.4.1 Select the Balance Sheet for an Appropriate Project

From the PHA Information page, select **FDS** on the top navigation bar. A list of the Projects specific to your PHA will display, as shown here on the **Balance Sheet Project Listing**.

Select the Project with which you plan to work by clicking on the **Project Number** in the column on the right.

Project Id	Description	Project Number
24251	ELYTON VILLAGE	CA999999901
21367	METROPOLITAN GARDENS	CA999999901
21368	SOUTHTOWN	CA999999901
24252	CHARLES P MARKS VILLAGE	CA999999901
21369	JOSEPH H LOVEMAN VILLAGE	CA999999901
21370	TUXEDO COURT	CA999999901
24253	SMITHFIELD COURT	CA999999901



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

Balance Sheet
Income Statement

PHA Code: CA999 Fiscal Year End Date: 06/30/2012
PHA Name: Hometown Housing Authority
Submission Type: Unaudited/Non-A-133
Project Name: METROPOLITAN GARDENS
Project Status: Not Started
Select Entity: [Program List](#) [Project List](#) [Other Project](#)

Balance Sheet

Line Item #	Description	Value	Details
Assets			
Current Assets Cash:			
111	Cash - Unrestricted	\$	-
112	Cash - Restricted - Modernization and Development	\$	-
113	Cash - Other Restricted	\$	-

The **Balance Sheet** data entry form for that Project will display

5.4.2 Select the Balance Sheet for an “Other Project”



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

Balance Sheet
Income Statement

PHA Code: CA999
PHA Name: Hometown Housing Authority
Fiscal Year End Date: 03/31/2015
Submission Type: Unaudited/Non-A-133
Select Entity: [Program List](#) [Project List](#) [Other Project](#)

Balance Sheet - Project Listing

13 items found, displaying all items.

Project Id	Description	Project Number
Z	Weedy Gardens	CA99900001
123	Locust Rentals	CA99900002
991234	Valley Peaks	CA99900003
991235	Vista View Panorama	CA99900004
991236	Off Post Housing	CA99900005
991237	Asphalt Jungle	CA99900006
991238	Orderinda Courts	CA99900007

If the project on which you are reporting is in the “Other Project” category, meaning that it is in a state of development and not yet subject to full editing and scoring, but must still be reported, then select the [Other Project](#) on the **Balance Sheet Project Listing** page



Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

Balance Sheet
Income Statement

PHA Code: CA999
PHA Name: Hometown Housing Authority
Fiscal Year End Date: 03/31/2015
Submission Type: Unaudited/Non-A-133
Select Entity: [Program List](#) [Project List](#) [Other Project](#)

Balance Sheet - Other Project Listing

One item found.1

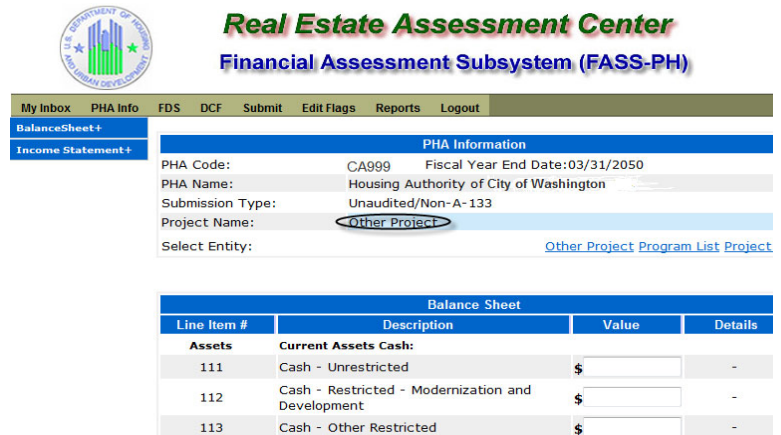
Project Id	Description	Project Number
999999999	Other Project	Other Project

The **Balance Sheet – Other Project Listing** page will display.

Select **Other Project** in the **Project Number** column, as shown here.

5.0 Creating Financial Submissions

The **Balance Sheet** data entry form will display.



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Submit Edit Flags Reports Logout

BalanceSheet+
Income Statement+

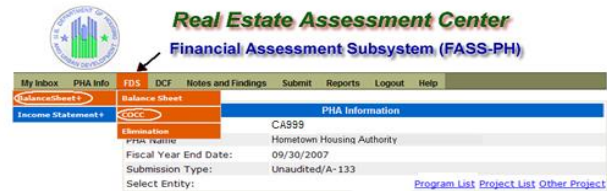
PHA Information

PHA Code: CA999 Fiscal Year End Date: 03/31/2050
 PHA Name: Housing Authority of City of Washington
 Submission Type: Unaudited/Non-A-133
 Project Name: Other Project
 Select Entity: [Other Project](#) [Program List](#) [Project](#)

Line Item #	Description	Value	Details
Assets			
Current Assets Cash:			
111	Cash - Unrestricted	\$	-
112	Cash - Restricted - Modernization and Development	\$	-
113	Cash - Other Restricted	\$	-

5.4.3 Select the Elimination Balance Sheet

First select **FDS** from the top navigation bar, then, from the blue menu at the top left of the page, select **Balance Sheet**. When the pop-up menu appears, select **Elimination**.



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

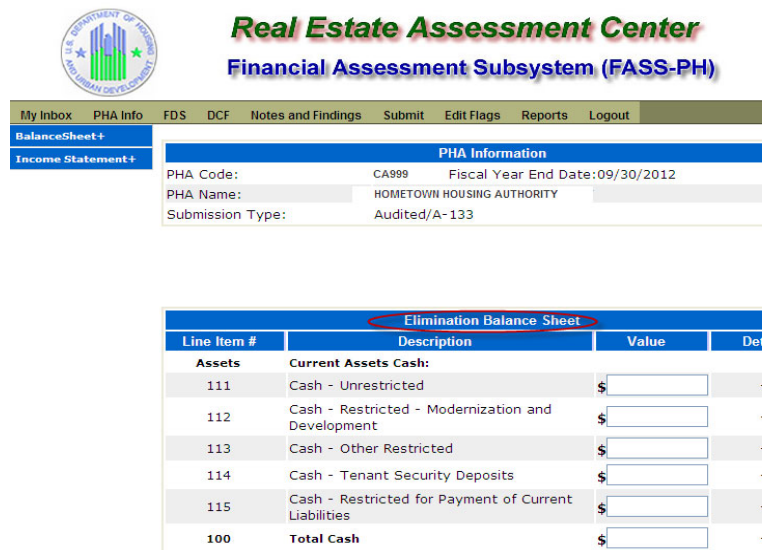
My Inbox PHA Info FDS DCF Notes and Findings Submit Reports Logout Help

BalanceSheet+
Income Statement+

PHA Information

PHA Code: CA999
 PHA Name: Hometown Housing Authority
 Fiscal Year End Date: 09/30/2007
 Submission Type: Unaudited/A-133
 Select Entity: [Program List](#) [Project List](#) [Other Project](#)

The **Elimination Balance Sheet** data entry form for your PHA will display.



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Notes and Findings Submit Edit Flags Reports Logout

BalanceSheet+
Income Statement+

PHA Information

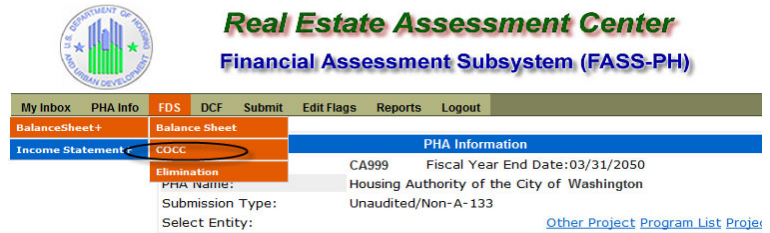
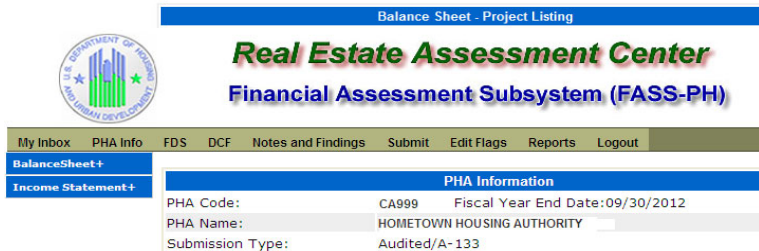
PHA Code: CA999 Fiscal Year End Date: 09/30/2012
 PHA Name: HOMETOWN HOUSING AUTHORITY
 Submission Type: Audited/A-133

Line Item #	Description	Value	De
Assets			
Current Assets Cash:			
111	Cash - Unrestricted	\$	
112	Cash - Restricted - Modernization and Development	\$	
113	Cash - Other Restricted	\$	
114	Cash - Tenant Security Deposits	\$	
115	Cash - Restricted for Payment of Current Liabilities	\$	
100	Total Cash	\$	

5.4.4 Select the COCC Balance Sheet

5.0 Creating Financial Submissions

First select **FDS** from the top navigation bar, then, from the blue menu at the top left of the page, select **Balance Sheet**. When the pop-up menu appears, select **COCC**.

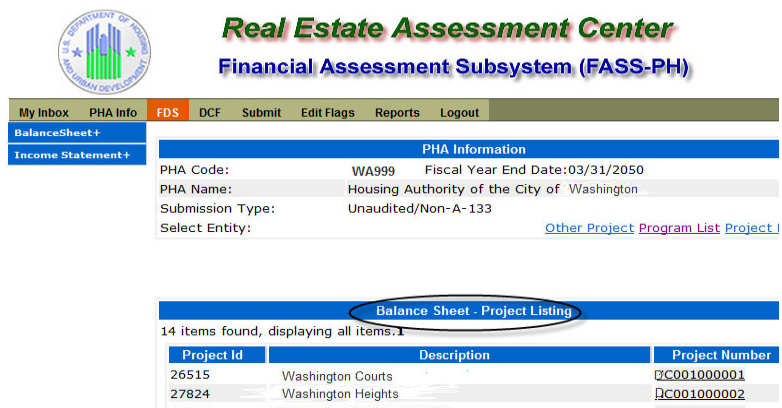



The **COCC Balance Sheet** appears.

COCC Balance Sheet			
Line Item #	Description	Value	0
Assets			
Current Assets Cash:			
111	Cash - Unrestricted	\$	
112	Cash - Restricted - Modernization and Development	\$	
113	Cash - Other Restricted	\$	
114	Cash - Tenant Security Deposits	\$	
115	Cash - Restricted for Payment of Current Liabilities	\$	
100	Total Cash	\$	

5.4.5 Select the Balance Sheet for a Program within the PHA

First select **FDS** from the top navigation bar of the PHA Information Page. A list of Projects for your PHA will be displayed. Above the list in blue are several options, including **Program List**. Select the **Program List** option, as shown.



5.0 Creating Financial Submissions

The list of **Projects** will be replaced by a list of the **Programs** you selected earlier (in Section 5.3) for your PHA.

Select a program by clicking in the Status column for that item.

The Balance Sheet data entry form for that program will display.

5.4.6 Select the Balance Sheet for a S8 Mod Rehab Project within the PHA

First select **FDS** from the top navigation bar. The Balance Sheet Project Listing will display, listing all (regular) Projects for the PHA. On this page, at the right, above the list is the option to select **Project List** or **Program List**, or **Mod Rehab Projects**, or **Other Project**. Click on the **Mod Rehab Projects** option.

CHAPTER 6 Audit Requirements

3/14	HUD MATRIX OF COMPLIANCE REQUIREMENTS	6.1-1
3/14	CFDA 14.871, SECTION 8 HOUSING CHOICE VOUCHERS (A-133 COMPLIANCE SUPPLEMENT)	6.2-1

PART 2 – MATRIX OF COMPLIANCE REQUIREMENTS

INTRODUCTION

This Part identifies the compliance requirements that are applicable to the programs included in this Supplement. Because Part 4 (Agency Program Requirements) and Part 5 (Clusters of Programs) do not include guidance for all types of compliance requirements that pertain to the program (see introduction to Part 4 for additional information), the auditor should use this Part 2 to identify the types of compliance requirements that apply. The box for each type of compliance requirement will either contain a “Y” (for “Yes” if the type of compliance requirement may apply) or be shaded (if the program normally does not have activity subject to this type of compliance requirement). **In addition, those programs with ARRA funding are shown in bold and, even if no other Special Tests and Provisions are applicable, “Special Tests and Provisions” is marked as “Y” due to the coverage of ARRA in Part 3-N.**

Even though a “Y” indicates that the compliance requirement applies to the Federal program, it may not apply at a particular non-Federal entity, either because that entity does not have activity subject to that type of compliance requirement or the activity could not have a material effect on a major program. For example, even though Real Property Acquisition and Relocation Assistance may apply to a particular program, it would not apply to a non-Federal entity that did not acquire real property covered by the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Similarly, a “Y” may be included under Procurement; however, the audit would not be expected to address this type of compliance requirement if the non-Federal entity charges only small amounts of purchases to a major program. The auditor should exercise professional judgment when determining which compliance requirements marked “Y” need to be tested at a particular non-Federal entity.

When a “Y” is present on the matrix and the auditor determines that the requirement should be tested at a non-Federal entity, the auditor should use Part 3, Compliance Requirements, and Part 4 (or 5), if applicable, in planning and performing the tests of compliance. For example, if a program entry in the matrix includes a “Y” in the Program Income column, Part 3 provides a general description of the compliance requirement. Part 3 also provides the audit objective and the suggested audit procedures for testing program income. Part 4 (or 5) may also include specific information on program income requirements pertaining to the program, such as restrictions on how program income may be used. Part 6, Internal Control, may be useful in assessing control risk and designing tests of internal control with respect to each applicable compliance requirement.

When a compliance requirement is shaded in the matrix, it normally does not apply to the program. However, if specific information comes to the auditor’s attention (e.g., during the normal review of the grant agreement or discussions with management) that provides evidence that a compliance requirement shaded in the matrix could have a material effect on a major program, the auditor would be expected to test the requirement. This circumstance should arise infrequently.

CFDA		Types of Compliance Requirements													
		A. Activities Allowed or Unallowed	B. Allowable Costs/Cost Principles	C. Cash Management	D. Davis-Bacon Act	E. Eligibility	F. Equipment and Real Property Management	G. Matching, Level of Effort, Earmarking	H. Period of Availability of Federal Funds	I. Procurement and Suspension and Debarment	J. Program Income	K. Real Property Acquisition and Relocation Assistance	L. Reporting	M. Subrecipient Monitoring	N.** Special Tests and Provisions
11 – Department of Commerce (DOC)															
11.010															
11.300	Y	Y	Y	Y			Y	Y						Y	Y
11.307															
11.557	Y	Y	Y	Y			Y	Y						Y	Y
11.558	Y	Y	Y		Y			Y			Y				
12 – Department of Defense (DoD)															
12.400	Y	Y	Y	Y	Y				Y	Y		Y		Y	Y
12.401	Y	Y	Y	Y		Y			Y	Y		Y		Y	Y
14 – Department of Housing and Urban Development (HUD)															
14.157	Y	Y	Y	Y	Y	Y						Y	Y		
14.169	Y	Y	Y			Y			Y			Y	Y	Y	
14.181	Y	Y	Y	Y	Y					Y			Y		
14.182								Y							
14.195										Y					
14.249															
14.856							Y	Y		Y				Y	
14.218															
14.253	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.254															
14.228	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.255															
14.231	Y	Y	Y			Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.235	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.238	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.239	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
14.241	Y	Y	Y			Y	Y	Y						Y	Y

Types of Compliance Requirements														
CFDA	A. Activities Allowed or Unallowed	B. Allowable Costs/Cost Principles	C. Cash Management	D. Davis-Bacon Act	E. Eligibility	F. Equipment and Real Property Management	G. Matching, Level of Effort, Earmarking	H. Period of Availability of Federal Funds	I. Procurement and Suspension and Debarment	J. Program Income	K. Real Property Acquisition and Relocation Assistance	L. Reporting	M. Subrecipient Monitoring	N.** Special Tests and Provisions
14.256	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y
14.257	Y	Y	Y				Y	Y		Y			Y	Y
14.850	Y	Y	Y	Y	Y	Y			Y	Y				
14.862	Y	Y	Y			Y	Y	Y	Y	Y			Y	Y
14.866	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	
14.889							Y	Y			Y			
14.867	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y		Y	Y
14.871														
14.879	Y	Y	Y										Y	Y
14.880											Y			
14.872									Y					
14.884	Y	Y	Y	Y							Y			Y
14.885														
14.873	Y	Y	Y	Y	Y									
14.881	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		
15 – Department of the Interior (DOI)														
15.021	Y	Y				Y			Y		Y		Y	
15.022	Y	Y							Y				Y	Y
15.030	Y	Y							Y					
15.042	Y	Y			Y		Y		Y		Y			
15.047	Y	Y	Y		Y		Y	Y	Y		Y			
15.225	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y
15.231	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y
15.236	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y
15.504	Y	Y	Y		Y		Y	Y	Y			Y	Y	
15.507	Y	Y	Y	Y	Y		Y	Y	Y				Y	

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**CFDA 14.871 SECTION 8 HOUSING CHOICE VOUCHERS****CFDA 14.879 MAINSTREAM VOUCHERS (MS5)****CFDA 14.880 FAMILY UNIFICATION PROGRAM (FUP)****I. PROGRAM OBJECTIVES**

The Housing Choice Voucher Program (HCVP) provides rental assistance to help very low-income families afford decent, safe, and sanitary rental housing. Mainstream Vouchers (MS5) enable families for whom the head, spouse, or co-head is a person with disabilities to lease affordable private housing of their choice. The Family Unification Program (FUP) vouchers assist families where children are separated from the family, or under threat of imminent separation, and youths ages 18-21 who left foster care at age 16 or older to lease decent, safe and sanitary housing in the private housing market.

II. PROGRAM PROCEDURES

The HCVP is administered by local public housing agencies (PHAs) authorized under State law to operate housing programs within an area or jurisdiction. The PHA accepts a family's application for rental assistance, selects the applicant family for admission, and issues the selected family a voucher confirming the family's eligibility for assistance. The family must then find and lease a dwelling unit suitable to the family's needs and desires in the private rental market. The PHA pays the owner a portion of the rent (a housing assistance payment (HAP)) on behalf of the family.

The subsidy provided by the HCVP is considered a tenant-based subsidy because when an assisted family moves out of a unit leased under the program, the assistance contract with the owner terminates and the family may move to another unit with continued rental assistance (24 CFR section 982.1).

HUD enters into Annual Contributions Contracts (ACCs) with PHAs under which the Department of Housing and Urban Development (HUD) provides funds to the PHAs to administer the programs locally. The PHAs enter into HAP contracts with private owners who lease their units to assisted families (24 CFR section 982.151).

In the HCVP, the PHA verifies a family's eligibility (including income eligibility) and then issues the family a voucher. The family has a minimum of 60 days to locate a rental unit where the landlord agrees to participate in the program (the PHA establishes the maximum number of days). The PHA determines whether the unit meets housing quality standards (HQS). If the PHA approves a family's unit and determines that the rent is reasonable, the PHA contracts with the owner to make HAPs on behalf of the family (24 CFR section 982.1(a)(2)).

The voucher subsidy is set based on the difference between the lower of the PHA's applicable payment standard for the family, the payment standard for the unit size rented, or the gross rent and the total tenant payment (generally 30 percent of the family's monthly adjusted income). This is the maximum amount of subsidy a family may receive regardless of the rent the owner charges for the unit (24 CFR part 982, subpart K). Under the HCVP, apart from the requirement

that the rent must be reasonable in relation to rents charged for comparable units in the private unassisted market, there generally is no limit on the amount of rent that an owner may charge for a unit. However, at initial occupancy of any unit where the gross rent exceeds the payment standard, a family may not pay more than 40 percent of adjusted monthly income toward rent and utilities (24 CFR section 982.508).

If the cost of utilities is not included in the rent to the owner, the PHA uses a schedule of utility allowances to determine the amount an assisted family needs to cover the cost of utilities. The PHA's utility allowance schedule is developed based on utility consumption and rate data for various unit sizes, structure types, and fuel types. The PHA is required to review its utility allowance schedules annually and to adjust them if necessary (24 CFR section 982.517).

The PHA must inspect units leased under the HCVP at the time of initial leasing and at least annually thereafter to ensure the units meet HQS. The PHA must also conduct supervisory quality control HQS inspections (24 CFR sections 982.305 and 982.405).

PHAs must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements. PHAs are required to maintain a HAP contract register or similar record in which to record the PHA's obligation for monthly HAPs. This record must provide information as to: the name and address of the family, the name and address of the owner, dwelling unit size, the beginning date of the lease term, the monthly rent payable to the owner, monthly rent payable by the family to the owner, and the monthly HAP (24 CFR section 982.158).

The Section 8 Management Assessment Program (SEMAP) is HUD's assessment program to measure the performance of PHAs that administer the HCVP. Under SEMAP, PHAs submit an annual or biennial, depending on the size and previous SEMAP scores, certification, Form HUD-52648 (*OMB No. 2577-0215*), to HUD concerning their compliance with program requirements under 14 indicators of performance (24 CFR part 985).

In the HCVP, required program contracts and other forms must be word-for-word in the form prescribed by HUD Headquarters. Any additions to or modifications of required program contracts or other forms must be approved by HUD Headquarters (24 CFR section 982.162).

In addition, housing agencies that are contract administrators for this program must comply with the HUD Uniform Financial Reporting Standards rule. Accordingly, PHAs that administer Section 8 tenant-based housing assistance payment programs are required to submit financial statements, prepared in accordance with generally accepted accounting principles (GAAP), in the electronic format specified by HUD. The unaudited financial statement is due 2 months after the PHA's fiscal year end and the audited financial statement is due 9 months after its fiscal year end (24 CFR section 5.801). The financial statement must include the financial activities of this program.

Under the homeownership option of the HCVP, implemented in October 2000, a PHA may choose to provide assistance to a qualified first-time homebuyer to subsidize the family's monthly homeownership expenses. The homeownership option is operated by a PHA as a

separate sub-program of the HCVP, which is subject to somewhat different rules (24 CFR sections 982.625 through 982.641).

HUD uses HUD-52681-B via the Voucher Management System (VMS) to monitor the PHA's HCVP financial and operational performance. In 2008, HUD published Notice PIH 2008-09, which clarified the financial reporting requirements and deadlines for those PHAs that administer the HCVP and HCVP-related programs. Beginning in calendar year 2012, the HCVP program implemented revised cash management procedures (see Notice PIH 2011-67, December 9, 2011) to mitigate the accrual of excess HAP funds at the PHA. HUD will distribute funds to PHAs monthly, based on the most recent HUD assessment of needs. This process does not alter the funding allocation a PHA is entitled to receive each year; however, it will result in the elimination, or near elimination, of the Net Restricted Asset (NRA) accounts maintained by the PHA. The process of disbursing only the funds required for current HAP costs will result in the establishment of HUD-held ACC Reserves, also referred to as "program reserves."

Veterans Affairs Supportive Housing

The 2008 Consolidated Appropriations Act (Pub. L. No. 110-161, 121 Stat. 2414-2415), enacted December 26, 2007, initiated funding for the HUD-Veterans Affairs Supportive Housing (HUD-VASH) voucher program, as authorized under Section 8(o)(19) of the US Housing Act of 1937 (42 USC 1437f(o)(19)). The VASH program is included in CFDA 14.871. The HUD-VASH program combines HUD HCVP rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs at its medical centers and in the community. VASH HCVP program is administered in accordance with regular HCVP requirements (24 CFR part 982). However, Pub. L. No. 110-161 allows HUD to waive or specify alternative requirements for any provision of any statute or regulation that HUD administers in connection with this program in order to effectively deliver and administer HUD-VASH voucher assistance.

The HUD-VASH operating requirements (including the waivers and alternative requirements from HCVP rules) were published in the *Federal Register* on March 23, 2012 (see Notice FR-5596-N-01, 77 FR 17086-17090, Implementation of the HUD-VA Supportive Housing Program). Notice PIH 2011-53 (HA) provides further guidance on the reporting and portability requirements of VASH and Notice PIH 2011-50 (HA) addresses how PHAs can use project-basing of HUD-VASH vouchers. The VASH program is included in CFDA 14.871; however for FASS-PH reporting for PHAs with a fiscal year end of March 31, 2011 and earlier, PHAs were to record rental assistance activities under CFDA 14.VSH. Starting in calendar year (CY) 2011, all original VASH increments and renewals will be funded under the "VO" program type (i.e., the Housing Choice Voucher (HCV) program housing assistance payment (HAP) funding code) and are included in the PHA's monthly VO disbursements. Because of this change in funding, CY 2011 and subsequent VASH HAP reporting was to be accounted for under the HCVP (CFDA 14.871) and no longer was to be reported in 14.VSH. Special reporting instructions were provided to PHAs and are located at http://portal.hud.gov/huddoc/vash_reporting_inst.pdf. Administrative fee-related revenues and expenses should be recorded under the HCVP as CFDA 14.871 on the FDS. PHAs are required to submit family data using HUD-50058 in PIC, and HAP and leasing information using HUD-52681-B via the VMS.

Family Unification Program

FUP Vouchers are made available to families for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care or in preventing the reunification of the child or children with their families. FUP Vouchers also may be used to assist youths at least 18 years old and not more than 21 years old, who left foster care at age 16 or older and who lack adequate housing. FUP Vouchers enable these families and youths to lease decent, safe and sanitary housing that is affordable in the private-housing market. The FUP is administered in accordance with the FUP Notice of Funding Availability:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hc v/family and regular HCVP requirements (24 CFR parts 982 and 985). Revenues and expenses should be recorded under the HCVP, CFDA 14.871 on the FDS. PHAs also are required to submit family data (HUD-50058), including identifying whether the participant is a FUP family or a FUP youth in PIC. PHAs submit HAP and leasing information using HUD-52681-B via VMS.

Non-Elderly Disabled

Various appropriations acts have provided separate funding for non-elderly disabled (NED) vouchers, which are administered in accordance with regular HCVP requirements (24 CFR part 982) and are included in under CFDA 14.871. Related revenues and expenses should be recorded under the HCVP, 14.871 on the FDS. PHAs are also required to submit family data (HUD-50058) in PIC, and HAP and leasing information using HUD-52681-B via the VMS.

Disaster Housing Assistance Program

The Disaster Housing Assistance Program (DHAP) is a program designed by the Federal Emergency Management Agency (FEMA) and HUD to serve families displaced by catastrophic disaster. Through an Interagency Agreement (IAA) executed by both federal agencies, on FEMA's behalf, HUD has the authority to design, implement, and administer DHAP to provide temporary rental assistance to individuals displaced by disaster. The DHAP was established to provide rental assistance, security and utility deposits, and case management services for families who were displaced by Hurricanes Katrina, Rita, Gustav and Ike. The DHAP has now been extended to assist eligible families displaced by Hurricane Sandy (DHAP-Sandy) (with funds from CFDA 97.048; 97.049; and 97.050). The IAA between FEMA and HUD, applicable to DHAP Sandy, will expire on December 31, 2014. The DHAP-Sandy funding is separate and distinct from the PHA's regular voucher program, in terms of the source and use of the funding. The PHA is required to maintain records that allow for the easy identification of families assisted under DHAP-Sandy, and must report monthly leasing and expenditure for such families separately from housing choice voucher families under the VMS. The PHA must maintain a separate HAP register for DHAP-Sandy to record and control assistance payments for rent subsidies. The PHAs report DHAP-Sandy family information to HUD through the Disaster Information System (DIS). A PHA administering DHAP-Sandy does not complete a HUD-50058, or enter any information on a DHAP-Sandy family into the PIC system.

The underlying authority for DHAP-Sandy is the Department of Homeland Security's general grant authority under Section 102(b)(2) of the Homeland Security Act of 2002, 6 USC 112(b)(2), and Sections 306(a), 408(b)(1), and 426 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 USC 5149(a), 5174(b)(1), and 5189d, respectively.

Disaster Housing Assistance Program - Vouchers

The Consolidated and Continuing Appropriations Act, 2012 (Pub. L. No: 112-55) provided funding for the Disaster Housing Assistance Program-Ike (DHAP-Ike) for families to be converted into the HCVP. PHAs were invited by letter to apply based on their participation in the program. These vouchers are reported in VMS under the "DHAP to HCV" line, and are non-renewable; when a family leaves the program, the PHA cannot reissue that voucher to another family. The vouchers are known as temporary vouchers that are subject to the provisions found in 24 CFR parts 982 and 985. PHAs are also required to submit family data using HUD-50058 in PIC, and HAP and leasing information using HUD-52681-B via the VMS.

Mainstream Vouchers (MS5)

The Omnibus Appropriations Act of 2009, Pub. L. No. 111-8, authorized funding for the Mainstream Vouchers program under Section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 USC 8013(d)(2)). PHAs authorized under State law to develop or operate housing assistance programs may apply for the program. In some instances, nonprofit agencies may also apply for housing vouchers. Mainstream Vouchers provide housing assistance payments to participating owners on behalf of eligible tenants, i.e., families having the head, spouse, or co-head with disabilities. The Mainstream Vouchers program is administered in accordance with regular HCVP requirements (24 CFR parts 982 and 985). However, for FASS-PH reporting, PHAs are to record rental assistance activities under CFDA 14.879. Administrative fee-related revenues and expenses should be recorded under the HCVP, under CFDA 14.879 in the FDS. PHAs are also required to submit family data (HUD-50058) in PIC, and HAP and leasing information using HUD-52681, and HUD-52681-B via the VMS.

Source of Governing Requirements

The HCVP regulations are found in 24 CFR parts 5, 982, 983, and 985.

Availability of Other Program Information

Copies of PIH notices can be found at <http://www.hud.gov/offices/adm/hudclips/> or <http://www.hud.gov/offices/pih/regs/index.cfm>. The Supplement to the Financial Management Handbook, Department of Housing and Urban Development Handbook 7475.1, Changes in Financial Management and Reporting for Public Housing Agencies Under the New Operating Fund Rule (Handbook 7475.1), can be found at <http://www.hud.gov/offices/pih/publications/notices/07/pih2007-9suppl.pdf>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. PHAs may use HCVP and Mainstream Voucher funds only for HAPs to participating owners, and for administrative fees (24 CFR sections 982.151 and 982.152).
 - a. Accumulated administrative fees from 2003 funding and prior may be used for any housing related purpose. Unspent administrative fees accumulated after January 1, 2005 (i.e., fees from 2004 and later funding, see III.L.1.e.(4)(a), “Financial Reporting – Financial Reports”) may be used only to support the HCVP. These funds still are considered to be administrative fee reserves, and are subject to all of the requirements applicable to administrative fee reserves including, but not limited to, those in 24 CFR section 982.155. The fees accumulated from 2004 and later funding must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities. PHAs must maintain and report balances for both funding sources (see notice PIH 2010-7(HA) dated March 12, 2010) (Division I, Title II, Section (5) of Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, 118 Stat. 3296, and subsequent appropriations acts; see Section 5 of Notice PIH 2005-01 and Notice PIH 2010-7(HA); 24 CFR section 982.155).
 - b. CY HAP funding must be used for CY HAP and later HAP expenses. PHA’s HAP equity balance also known as “net restricted assets” provides the balance of the unspent HAP at any given point in time. A negative HAP equity balance at the calendar year end indicates that the PHA has or will use the next year HAP funding for last year’s HAP expense. PHAs are not allowed to use current year HAP to fund HAP liabilities associated with prior years (2005 Appropriations Act each subsequent appropriations act; see Section 15 of Notice PIH 2008-15).
 - c. HAP funding can be used only to support the payment of HAP expenses. Transfers of HAP and administrative fees, even temporarily, to support another program or use are not allowed, and could be considered a breach of the ACC (see III.L.1.e.(3), “Reporting--Financial Reporting--FDS Transfer Line Items”). Such use may result in civil penalties or sanctions (24 CFR section 985.109).

2. PHAs are allowed to recover their indirect costs related to the HCVP through the use of a fee-for-service model in lieu of a cost allocation plan. In order for a PHA to use a fee-for-service model, the PHA must create a central office cost center (COCC) (24 CFR section 990.280(d)). (Also see Section 7.8 of Handbook 7475.1 and Section 2 of Notice PIH 2008-17). HUD has established the following as the types of fees the COCC can charge for the HCVP:

- a. HCVP management fee, and
- b. Bookkeeping fee.

HUD is required to publish a notice in the *Federal Register* that reflects the amount that can be claimed by PHAs administering the program. As of September 6, 2006, HUD has determined that, for PHAs that elect to use a fee-for-service methodology for their HCVPs (as allowed under 2 CFR part 225 (OMB Circular A-87)), a management fee of up to 20 percent of the administrative fee or up to \$12 per unit month (PUM) per voucher leased, whichever is higher, is reasonable. PHAs also can charge the HCVP a bookkeeping fee of \$7.50 PUM per voucher leased (see 71 FR 52710, HUD Notice – Public Housing Operating Fund Program; Guidance on Implementation of Asset Management, September 6, 2006, Section VIII) (42 USC 1437f(q)(1)).

3. The 2005 Appropriations Act and subsequent appropriations acts prohibit the use of appropriated funds by any PHA for “over-leasing.” Over-leasing occurs when a PHA has more unit months under a HAP contract for the CY than are available under its ACC baseline, even if the PHA has sufficient Budget Authority to support the additional unit months. Over-leasing is measured on a CY basis. If a PHA engages in over-leasing, it must identify other non-HAP sources to pay for the over-leasing. In addition, the 2008 Appropriations Act and subsequent appropriations acts require that administrative fees be based on actual leasing as of the first day of the month (Division I, Title II, Section (5) of Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, 118 Stat. 3295; Division K, Title II, Section (1) of Consolidated Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat. 2413; See Section 7 of Notice PIH 2005-01 and Section 6 of Notice PIH 2008-15). PHAs submit lease information via VMS. (See also III.L.1.d (1), “Reporting--Financial Reporting--Unit Months Leased”).
4. PHAs may use DHAP-Sandy funds
 - a. to provide eligible families with rental assistance, security and utility deposit assistance; and
 - b. for administrative, placement, and broker fees (See Section 4.d, PIH Notice 2013-14, Disaster Housing Assistance Program - Sandy (DHAP-Sandy) Operating Requirements, dated June 10, 2013).

B. Allowable Costs/Cost Principles

The amount of salary of PHA chief executive officers, other officers, and employees paid with Federal Fiscal Year 2012 through Federal Fiscal Year 2014 Section 8 HCV administrative fees and Section 9 Capital and Operating funds may not exceed the annual rate of basic pay payable for a Federal position at Level IV of the Executive Schedule (currently \$155,500) during the PHA's fiscal years 2012 through 2014 (Section 234 of Pub. L. No. 112-55, 125 Stat. 702, November 18, 2011, and carried forward in each subsequent appropriations act). Implementing guidance has been issued in PIH Notice 2012-14, "Guidance on Public Housing salary restrictions in HUD's Federal Fiscal Year (FFY) 2012 Appropriations Act (P.L. 112-55)," issued February 24, 2012 (http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/publications/notices).

C. Cash Management

Prior to January 1, 2012, PHAs received 1/12th of their HAP renewal allocation on a monthly basis. Effective January 1, 2012, HUD's revised cash management procedures require HUD to make monthly disbursements based on HUD's assessment of the cash needs of the PHA (Notice PIH 2011-67, December 9, 2011). For additional information, see Accounting Brief No. 19, June 2013, which is available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/fass/pha_briefs.

E. Eligibility**1. Eligibility for Individuals**

Most PHAs devise their own application forms that are filled out by the PHA staff during an interview with the tenant.

The head of the household signs (a) one or more release forms to allow the PHA to obtain information from third parties; (b) a federally prescribed general release form for employment information; and (c) a privacy notice. Under some circumstances, other members of the family are required to sign these forms (24 CFR sections 5.212 and 5.230).

The PHA must do the following:

- a. As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516).
- b. For both family income examinations and reexaminations, obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions

from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 982.516).

- c. Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR section 5.601 *et seq.*) (24 CFR sections 982.201, 982.515, and 982.516).
 - d. Select tenants from the HCVP waiting list (see III.N.1, "Special Tests and Provisions – Selection from the Waiting List") (24 CFR sections 982.202 through 982.207).
 - e. Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR section 982.516).
- 2. **Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable**
 - 3. **Eligibility for Subrecipients – Not Applicable**

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. HUD-52681-B, *Voucher for Payment of Annual Contributions and Operating Statement (OMB No. 2577-0169)*. The PHA submits this form electronically to HUD via the VMS monthly on the same basis of accounting (full or modified) as the PHA prepares its annual financial submission to HUD through the FASS-PH system. Congress has instructed HUD to use VMS data to determine renewal funding levels. HUD also uses VMS data for other funding, monitoring, and SEMAP-related decisions. HUD relies on the audit of the key line items below to determine the reasonableness of the data submitted for the purposes of calculating funding under the program.

Key Line Items – The following categories contain critical information:

- (1) Unit Months Leased
- (2) HAP Expenses
- (3) All Specific Disaster Voucher Programs

- e. *Financial Reports (OMB No. 2535-0107)* – Financial Assessment Subsystem, FASS-PH. The Uniform Financial Reporting Standards (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASS-PH system is one of HUD’s main monitoring and oversight systems for the HCVP.

Key FDS Line Information – The following line items contain critical information:

- (1) FDS Revenue Line Items: The accuracy of these revenue items should be reviewed in conjunction with the participant’s annual budget authority, payment schedules, and other reports.
 - (a) FDS Line 70600-010 – (Housing Assistance Payments)
 - (b) FDS Line 70600-020 – (Ongoing Administrative Fees Earned)
 - (c) FDS Line 71100 – (Investment Income – Unrestricted)
 - (d) FDS Line 72000 – (Investment Income – Restricted)
- (2) FDS Expenditure Line Items: The accuracy of these expenditure items should be reviewed in conjunction with Chapter 7 of the Supplement to HUD Handbook 7475.1, revised April 2007, which provides HUD guidance on maximum fees allowed and associated fee expenses.
 - (a) FDS Line 91300 – (Management Fee)
 - (b) FDS Line 91310 – (Book-Keeping Fee)
 - (c) FDS Line 96900 – (Total Operating Expenses)
 - (d) FDS Line 97300 – (Housing Assistance Payments)

- (3) FDS Transfer Line Items: The accuracy of these transfer items should be reviewed in conjunction with supporting documentation and/or HUD approvals. For FDS reporting, cash and investments in a cash pool or working capital account should be reported as such and not reflected as due to/ due from. Amounts reported on these FDS Lines could represent unallowable costs (see III.A.1.c, “Activities Allowed or Unallowed”).
- (a) FDS Line 144 – (Inter Program – Due From)
 - (b) FDS Line 10020 – (Operating Transfer Out)
 - (c) FDS Line 10030 – (Operating Transfers From/To Primary Government)
 - (d) FDS Line 10040 – (Operating Transfer From/To Component Unit)
 - (e) FDS Line 11040 – (Prior Period Adjustments, Equity Transfers, and Correction of Errors)
- (4) FDS Equity Line Items:
- (a) FDS Line 11170 – (Administrative Fee Equity)

This line represents the administrative fee equity for the Section 8 HCVP only. Amounts reported in this line should not be commingled with other voucher-related activities. It is equal to the beginning administrative fee equity balance plus the total administrative fee revenue minus total administrative expense. Prior to the 2004 funding, administrative fees could be used for any housing related purposes. In the 2004 and later appropriations acts, Congress limited the use of these administrative fees to Section 8 housing-related activities only (see III.A.1.a, “Activities Allowed and Unallowed”).
 - (b) FDS Line 11180 – (Housing Assistance Payments Equity)

This line represents the HAP equity for the HCVP only. Amounts reported in this line should not be commingled with other voucher-related activities as outlined in PIH-Notice 2012-21. It is equal to the beginning HAP equity plus total HAP revenue minus total HAP expense. Current CY appropriated HAP funding cannot be used to fund prior CY HAP deficits. Additionally, such funds may be used only for HCVP rental assistance purposes and may not be

transferred, advanced, or loaned to another program (see III.A.1.b, “Activities Allowed or Unallowed”).

- (c) Recent Office of Inspector General (OIG) reports have noted deficiencies in the reporting of equity balances. Material deficiencies by the entity may require reconciling of prior-year data to establish valid equity balances.

2. Performance Reporting

- a. HUD-52648, *SEMAP Certification – Addendum for Reporting Data for Deconcentration Bonus Indicator (OMB No. 2577-0215)* – PHAs with jurisdiction in metropolitan Fair Market Rent areas have the option of submitting data to HUD with their annual SEMAP certifications on the percent of their tenant-based Section 8 families with children who live in, and who have moved during the PHA fiscal year to, low poverty census tracts in the PHA’s principal operating area. Submission of this information with the SEMAP certification makes the PHA eligible for bonus points under SEMAP (24 CFR section 985.3(h)).

Key Line Items – The following line items contain critical information:

- (1) Line 1a – *Number of Section 8 families with children assisted by the HA in its principal operating area at the end of the last PHA fiscal year (FY) who live in low poverty census tracts*
 - (2) Line 1b – *Total Section 8 families with children assisted by the PHA in its principal operating area at the end of the last PHA FY*
 - (3) Line 1c – *Percent of all Section 8 families with children residing in low poverty census tracts in the PHA’s principal operating area at the end of the last PHA FY*
 - (4) Line 2a – *Percent of all Section 8 families with children residing in low poverty census tracts at the end of the last completed PHA FY*
 - (5) Line 2b – *Number of Section 8 families with children who moved to low poverty census tracts during the last completed PHA FY*
 - (6) Line 2c – *Number of Section 8 families with children who moved during the last completed PHA FY*
- b. HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043)* – For each public and Indian housing grant that involves development, operating, or modernization assistance, the prime recipient must submit Form HUD 60002 (24 CFR sections 135.3(a) and 135.90).

Key Line Items – The following line items contain critical information:

- (1) 3. Dollar Amount of Award
- (2) 8. Program Code
- (3) Part I, Column C – Total Number of New Hires that are Sec. 3 Residents
- (4) Part II, Contracts Awarded, 1. Construction Contracts
 - (a) A. Total dollar amount of construction contracts awarded on the project
 - (b) B. Total dollar amount of construction contracts awarded to Section 3 businesses
 - (c) D. Total number of Section 3 businesses receiving construction contracts
- (5) Part II, Contracts Awarded, 2. Non-Construction Contracts
 - (a) A. Total dollar amount of all non-construction contracts awarded on the project/activity
 - (b) B. Total dollar amount of non-construction contracts awarded to Section 3 businesses
 - (c) D. Total number of Section 3 businesses receiving non-construction contracts

3. Special Reporting

HUD-50058, *Family Report* (OMB No. 2577-0083) – The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA's jurisdiction under portability (24 CFR part 908 and 24 CFR section 982.158).

Key Line Items – The following line items contain critical information.

- a. Line 2a – *Type of Action*
- b. Line 2b – *Effective Date of Action*
- c. Line 3b, 3c – *Names*
- d. Line 3e – *Date of Birth*

- e. Line 3n – *Social Security Numbers*
- f. Line 5a – *Unit Address*
- g. Line 5h, 5i – *Unit Inspection Dates*
- h. Line 7i – *Total Annual Income*
- i. Lines 2k and 17a – *Family's Participation in the Family Self Sufficiency (FSS) Program*
- j. Line 17k (2) – *FSS Account Balance*

4. Subaward Reporting under the Transparency Act – Applicable

N. Special Tests and Provisions

1. Selection from the Waiting List

Compliance Requirement – The PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Except as provided in 24 CFR section 982.203 (Special admission (non-waiting list)), all families admitted to the program must be selected from the waiting list. “Selection” from the waiting list generally occurs when the PHA notifies a family whose name reaches the top of the waiting list to come in to verify eligibility for admission (24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207).

Audit Objective – Determine whether the PHA is following its own selection policies in selecting applicants from the waiting list to become participants.

Suggested Audit Procedures

- a. Review the PHA’s applicant selection policies.
- b. Test a sample of new participants admitted to the program to ascertain if they were selected from the waiting list in accordance with the PHA’s applicant selection policies.
- c. Test a sample of applicant names that reached the top of the waiting list to ascertain if they were admitted to the program or provided the opportunity to be admitted to the program in accordance with the PHA’s applicant selection policies.

2. Reasonable Rent

Compliance Requirement – The PHA’s administrative plan must state the method used by the PHA to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA determination must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance, and utilities provided by the owner.

The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

Audit Objective – Determine whether the PHA is documenting the determination that the rent to owner is reasonable in accordance with the PHA’s administrative plan at initial leasing and during the term of the contract.

Suggested Audit Procedures

- a. Review the PHA’s method in its administrative plan for determining reasonable rent.
- b. Test a sample of leases for newly leased units and ascertain if the PHA has documented the determination of reasonable rent in accordance with the PHA’s administrative plan.
- c. Test a sample of leases for which the PHA is required to determine reasonable rent during the term of the HAP contract and ascertain if the PHA has documented the determination of reasonable rent in accordance with the PHA’s administrative plan.

3. Utility Allowance Schedule

Compliance Requirement – The PHA must maintain an up-to-date utility allowance schedule. The PHA must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

Audit Objective – Determine whether the PHA has reviewed utility rate data within the last 12 months and has adjusted its utility allowance schedule if there has been a rate change of 10 percent or more in a utility category or fuel type since the last time the utility allowance schedule was revised.

Suggested Audit Procedures

- a. Review PHA procedures for obtaining and reviewing utility rate data each year.
- b. Review data on utility rates that the PHA obtained during the last 12 months and ascertain, based on data available at the PHA, if there has been a change of 10 percent or more in a utility rate since the last time the utility allowance schedule was revised, and if so, verify that the PHA revised its utility allowance schedule to reflect the rate increase.

4. Housing Quality Standards Inspections

Compliance Requirement – The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

Audit Objective – Determine whether the PHA documented the required annual HQS inspections and quality control re-inspections.

Suggested Audit Procedure

- a. Review the PHA's procedures for performing HQS inspections and quality control re-inspections.
- b. Test a sample of units for which rental assistance was paid during the fiscal year and review inspection reports to ascertain if the unit was inspected.
- c. Review the PHA's reports of re-inspections to ascertain if quality control re-inspections were performed.

5. HQS Enforcement

Compliance Requirement – For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract. The owner is not responsible for a breach of HQS as a result of the family's failure to pay for utilities for which the family is responsible under the lease or for tenant damage. For family-caused defects, if the family does not correct the cited HQS deficiencies within the specified correction period, the PHA must take prompt and vigorous action to enforce the family obligations (24 CFR sections 982.158(d) and 982.404).

Audit Objective – Determine whether the PHA documented enforcement of the HQS.

Suggested Audit Procedures

- a. Select a sample of units with failed HQS inspections during the audit period from the PHA's logs or records of failed HQS inspections.
- b. Verify that the files document that the PHA required correction of any cited life threatening HQS deficiencies within 24 hours of the inspection and of all other HQS deficiencies within 30 calendar days of the inspection or within a PHA-approved extension.
- c. If the correction period has ended, verify that the files contain a unit inspection report or evidence of other verification documenting that any PHA-required repairs were completed.
- d. Where the file shows that the owner failed to correct the cited HQS deficiencies within the specified time frame, verify that documents in the file show that the PHA properly stopped (abated) HAPs or terminated the HAP contract.
- e. Where the file shows that the family failed to correct the cited HQS deficiencies within the specified time frame, verify that documents in the file show that the PHA took action to enforce the family obligations.

6. Housing Assistance Payment

Compliance Requirement – The PHA must pay a monthly HAP on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and HAP register. (24 CFR section 982.158 and 24 CFR part 982, subpart K).

Audit Objective – Determine whether owners are receiving, and HUD is billed for, correct HAPs.

Suggested Audit Procedures

- a. Review PHAs' quality control procedures for maintaining the HAP register.
- b. Verify that HAP contracts or contract amendments agree with the amount recorded on the HAP register and the amount on 12u of the HUD-50058.

7. Operating Transfers and Administrative Fees

Compliance Requirement – The ACC establishes the amounts HUD will provide a PHA for HAP and administrative fees. HAP may not be used to cover administrative expenses nor may HAP (including Net Restricted Assets – HAP (NRA)) be loaned, advanced, or transferred to other component units or other programs such as Public and Indian Housing (CFDA 14.850) (24 CFR sections 982.151 and 982.152).

Audit Objectives – Determine whether transfers/advances of HCVP funds were properly conducted and HCVP HAP and administrative fee funding were used appropriately.

Suggested Audit Procedures

- a. Selected a sample of transactions related to the following FDS Lines:

144 – Inter Program – Due From

124 – Accounts receivable – other government

125 – Accounts receivable – miscellaneous

10020 – Operating transfers out)

10030 – Operating transfers from/to primary government

10040 – Operating transfer from/to component unit)

11170 – Administrative fee equity

11180 – Housing assistance payment equity.

- b. Test for improper transfers or inappropriate use of funds.

8. Depository Agreements

Compliance Requirement – PHAs are required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safeguards for Federal funds and provide third-party rights to HUD. Among the terms in many agreements are requirements for funds to be placed in an interest-bearing account (24 CFR section 982.156).

Audit Objective – Determine whether the PHA has entered into the required depository agreements.

Suggested Audit Procedures

- a. Verify the existence of the agreements.
- b. Verify that the PHA has met the terms of the agreements, including that funds are placed in an interest-bearing account if required by the depository agreement.

9. Rolling Forward Equity Balances

Compliance Requirement – PHAs are required to maintain complete and accurate accounts. In addition, the ACC requires PHA to properly account for program activity. Proper accounting requires that (1) account balances are properly maintained, (2) records and accounting transactions support a proper roll-forward of equity, and (3) errors are corrected as detected. Several HUD OIG audits reports have noted that PHAs have not been accounting and reporting HAP and Administrative Fee equity accounts properly. This has resulted in several PHAs not being funded correctly and has resulted in OIG findings against HUD and PHAs. If audit testing, account analysis, or third-party (e.g., HUD) information, provides evidence that the current HAP and Administrative Fee equity is not correctly stated, the PHA is required to correct the account balance. Errors affecting these accounts could have begun starting with 2004 or 2005 financial statements (24 CFR section 982.158).

Audit Objective – Determine whether equity balances have been reconciled and rolled forward correctly.

Suggested Audit Procedures

- a. If audit testing, account analysis, or third-party (e.g., HUD) information provides evidence that the current HAP and Administrative Fee equity is not correctly stated, verify that the PHA has corrected the account balances.
- b. Verify that, like any prior-year correction entry, these accounting transactions were properly made and the account balances for the HAP and Administrative Fee equity accounts were properly corrected.

IV. OTHER INFORMATION

The MTW program (CFDA 14.881) allows selected PHAs the flexibility to design and test various approaches to providing and administering housing assistance consistent with the MTW Agreement executed by the PHA and HUD. An MTW agency may combine funds from the following three programs:

Section 8 Housing Choice Vouchers (CDFA 14.871)

Public Housing Capital Fund (CFDA 14.872)

Public and Indian Housing (CFDA 14.850)

If a PHA is operating under an MTW Agreement, the auditor should look to the MTW Agreement to determine which funds are included in the MTW Agreement. Even though the Mainstream Vouchers program (CFDA 14.879) follows HCVP procedures, that program is excluded from the MTW program. If HCVP funds are transferred out of HCVP, pursuant to an MTW Agreement, they are subject to the requirements of the MTW Agreement and should not be included in the audit universe and total expenditures for HCVP when determining Type A programs. On the Schedule of Expenditures of Federal Awards, the amounts transferred out

should not be shown as HCVP expenditures but should be shown as expenditures for the MTW Demonstration program. Also, if other program funds are transferred into the HCVP account, pursuant to an MTW Agreement, all of the HCVP funds would then be considered MTW funds.

If the MTW agency does not transfer all the funds from the HCVP into the MTW account or another of the authorized programs, those funds would be considered, and audited, under the HCVP.

CHAPTER 7 Learning Activities

Learning Activity 7-1: Governmental GAAP

1. GAAP stands for:
 - a. Government accepted accounting principles
 - b. Generally accepted accounting principles
 - c. Government adopted accounting principles
 - d. None of the above
2. GAAP helps accounting professionals determine:
 - a. What transactions to record
 - b. When to record transactions
 - c. What reporting format to use
 - d. All of the above
3. The Uniform Financial Reporting Standards requires PHAs to submit year-end financial information for all HUD programs and business activities to HUD in accordance with GAAP.
 - a. True
 - b. False
4. A fund is defined as:
 - a. A separate entity for accounting and financial reporting purposes
 - b. A self-balancing set of accounts that record assets, liabilities, and operating activities.
 - c. Only b
 - d. Both a and b
5. One of the main purposes for using funds in governmental accounting is to separately account for the numerous programs and funding sources the government administers.
 - a. True
 - b. False
6. The basis of accounting refers to when revenues, expenditures, expenses, and transfers are recognized and reported in the financial statements.
 - a. True
 - b. False
7. The two basis of accounting are:
 - a. Modified accrual and governmental accrual
 - b. Full accrual and governmental accrual
 - c. Full accrual and enterprise accrual
 - d. Modified accrual and full accrual
8. Under the full accrual basis of accounting:
 - a. The receipt and disbursement of cash will primarily determine when transactions are recorded in the financial statements
 - b. The receipt and disbursement of cash does not determine when transactions are recorded in the financial statements

9. Under the modified accrual basis of accounting:
 - a. The receipt and disbursement of cash will primarily determine when transactions are recorded in the financial statements
 - b. The receipt and disbursement of cash does not determine when transactions are recorded in the financial statements
10. If the PHA is treating the HCV program as an enterprise fund, the basis of accounting that would be used is:
 - a. Modified accrual
 - b. Full accrual
11. If the PHA is treating the HCV program as a special revenue fund, the basis of accounting that would be used is:
 - a. Modified accrual
 - b. Full accrual
12. GASB 34 requires that PHAs prepare year-end financial information at the major fund level as well as the government wide level (entity wide).
 - a. True
 - b. False
13. For the entity-wide financial statement level the basis of accounting must be:
 - a. Modified accrual
 - b. Full accrual
14. GASB 34 requires the inclusion of a document called "Management's Discussion and Analysis" (MD&A) which is a narrative prepared by the auditor which provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions.
 - a. True
 - b. False
15. The MD&A is a required component of a PHA's audited submission to REAC.
 - a. True
 - b. False

Learning Activity 7-2: HAP Revenue Recognition

The Anywhere HA has a Housing Choice Voucher program with 136 ACC units. During the fiscal year the PHA had 1,423 unit months under lease. The PHA's 2020 fiscal year ended on 12/31. The accounting staff as part of the year-end reconciliation progress is performing various year-end reconciliations. One of those reconciliations is to determine HUD HAP funding for the fiscal year. Use the following information to answer questions 1 thru 4 below.

Background information on the PHA:

Fiscal year is a calendar year	12/31/2020
HUD Held Reserves beginning of the year	\$200,000
RNP at the beginning of the year	\$7,291
Interest earned on RNP funds in FY	\$75
Forfeiture of FSS escrow accounts	\$1,000
Annual budget authority	\$945,000
HUD disbursements to the PHA	\$945,000
Actual HAP expended (no over-leasing)	\$956,506

1. What is the actual HAP revenue that the PHA should recognize for the fiscal year?

2. What is the amount of AR HUD that should be recognized for the fiscal year?

3. What is the balance of the PHA's RNP account at 12/31/2020?

4. What is the balance of the HUD Held Reserve at 12/31/2020?

5. Will the PHA carry the HUD Held Reserve on the balance sheet of the HCV program?

Learning Activity 7-3: Analysis of a Completed FDS

Using the completed FDS that follows, answer the following questions.

1. The net profit or net loss of the program can be found on FDS line:
 - a. 97000
 - b. 10000
2. If there is an entry on line 71100, Investment Income – unrestricted, there should normally be an amount entered on which FDS Balance Sheet line?
 - a. 131 Investment – unrestricted
 - b. 132 Investment – restricted
 - c. 144 Inter program – due from
3. For a HCV program, it seems odd that the PHA does not have an entry on line 162.
 - a. True
 - b. False
4. If the PHA had portability accounts receivable, it would be recorded on line 121 Accounts Receivable – PHA projects.
 - a. True
 - b. False
5. Based on a review of lines 128 and 128.1, it would appear the PHA does not expect to collect much of its fraud receivables.
 - a. True
 - b. False
6. The amount the PHA has recorded on line 511.4, Restricted Net Position, most likely represents:
 - a. Administrative Fee Equity
 - b. HAP Equity
7. The \$40,000 entered on line 353, Non-current Liabilities – other, most likely represents:
 - a. Portability amounts owed to other PHAs
 - b. The portion of FSS Escrow accounts due beyond a 12-month period
8. This PHA is reporting a loss for the year.
 - a. True
 - b. False
9. Based on the FDS, the PHA's lease-up for the year was:
 - a. 90%
 - b. 80%
 - c. 97%
 - d. Less than 80%
10. The PHA had an increase in its unrestricted component of net position of how much?
 - a. \$249,093
 - b. \$57,077
 - c. \$277,967
11. Did the PHA spend all of its HAP funds during the year?
 - a. Yes
 - b. No

12. How much of the amount the PHA collected for fraud recovery was recorded to the HAP Equity?
 - a. \$13,131
 - b. \$6,565
13. Cash – other restricted, most likely consists of:
 - a. Excess Administrative Funds
 - b. Excess HAP Funds and Administrative Funds
 - c. Excess HAP funds and the current portion of FSS Escrow accounts
 - d. Restricted Investments
14. At the end of the fiscal year, the PHA's Administrative Fee Equity was:
 - a. \$277,967
 - b. \$738,051
 - c. \$460,084

SAMPLE FINANCIAL DATA SCHEDULE - BALANCE SHEET

FDS Line Item No.	Description	HCV
111	Cash-unrestricted	368,032
112	Cash-restricted-modernization and development	
113	Cash-other restricted	398,609
114	Cash-tenant security deposits	
115	Cash-restricted for payment of current liability	
100	Total Cash	766,641

121	Accounts receivable - PHA projects	
122	Accounts receivable - HUD other projects	
124	Accounts receivable - other government	
125	Accounts receivable - miscellaneous	
126	Accounts receivable - tenants	
126.1	Allowance for doubtful accounts - tenants	
126.2	Allowance for doubtful accounts - other	
127	Notes, Loans & Mortgages Receivable - Current	
128	Fraud recovery	34,761
128.1	Allowance for doubtful accounts - fraud	(33,533)
129	Accrued interest receivable	214
120	Total receivables, net of allowance for doubtful accounts	1,442

131	Investments - unrestricted	100,000
132	Investments - restricted	
135	Investments - Restricted for payment of current liability	
142	Prepaid expenses and other assets	616
143	Inventories	
143.1	Allowance for obsolete inventories	
144	Inter program - due from	
145	Assets held for sale	
150	Total Current Assets	868,699

161	Land	
162	Buildings	
163	Furniture, equipment & machinery - dwellings	
164	Furniture, equipment & machinery - administration	62,980
165	Leasehold improvements	
166	Accumulated depreciation	(45,841)
167	Construction in progress	
168	Infrastructure	
160	Total capital assets, net of accumulated depreciation	17,139

SAMPLE FINANCIAL DATA SCHEDULE - BALANCE SHEET

FDS Line Item No.	Description	HCV
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171	Notes, loans & mortgages receivable - Non-current	
172	Notes, loans & mortgages receivable - Non-current -past due	
173	Grants Receivable - Non-current	
174	Other assets	
176	Investment in joint venture	
180	Total Non-current Assets	17,139

190	Total Assets	885,838
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200	Deferred Outflows of Resources	-
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311	Bank overdraft	
312	Accounts payable <= 90 days	1,091
313	Accounts payable > 90 days past due	
321	Accrued wage/payroll taxes payable	7,165
322	Accrued compensated absences - current portion	2,191
324	Accrued contingency liability	
325	Accrued interest payable	
331	Accounts payable - HUD PHA Programs	
332	Accounts payable - PHA Projects	
333	Accounts payable - other government	
341	Tenant security deposits	
342	Unearned Revenue	
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	
344	Current portion of long-term debt - operating borrowings	
345	Other current liabilities	80,642
346	Accrued liabilities - other	
347	Inter program - due to	7,932
348	Loan liability - current	
310	Total Current Liabilities	99,021

SAMPLE FINANCIAL DATA SCHEDULE - BALANCE SHEET

FDS Line Item No.	Description	HCV
351	Capital Projects/Mortgage Revenue Bonds	
352	Long-term debt, net of current- operating borrowings	
353	Non-current liabilities- other	40,000
354	Accrued compensated absences - Non-current	8,766
355	Loan Liability - Non-current	
356	FASB 5 Liabilities	
357	Accrued Pension and OPEB Liability	
350	Total Non-Current Liabilities	48,766
300	Total Liabilities	147,787
400	Deferred Inflows of Resources	-
508.4	Invested in capital assets, net of related debt	17,139
511.4	Restricted Net Position	277,967
512.4	Unrestricted Net Position	442,945
513	Total Equity/Net Position	738,051
600	Total Liabilities and Equity/Net Position	885,838

SAMPLE FINANCIAL DATA SCHEDULE - INCOME STATEMENT DATA

FDS Line Item No.	Description	HCV
70300	Net tenant rental revenue	
70400	Tenant revenue - other	
70500	Total Tenant Revenue	
70600-010	Housing assistance paymens	2,989,777
70600-020	Ongoing administrative fees earned	337,946
70600-030	Hard to house fee revenue	
70600-031	FSS Coordinator	
70600-040	Actual independent public accounting audit costs	
70600-050	Total preliminary fees earned	
70600-060	All other fees	
70600-070	Admin fee calculation description	
70600	HUD PHA operating grants	3,327,723
70610	Capital Grants	
70710	Management Fee	
70720	Asset Management Fee	
70730	Book-Keeping Fee	
70740	Front Line Service Fee	
70750	Other Fees	
70700	Total Fee Revenue	
70800	Other government grants	
71100-010	Housing Assistance Payment	
71100-020	Administrative Fee	23,949
71100	Investment income - unrestricted	23,949
71200	Mortgage interest income	
71300	Proceeds from disposition of assets held for sale	
71310	Cost of sale of assets	
71400-010	Housing Assistance Payment	6,565
71400-020	Administrative Fee	6,566
71400	Fraud recovery	13,131
71500	Other revenue	37,246
71600	Gain or loss on the sale of fixed assets	
72000-010	Housing Assistance Payment	
72000-020	Administrative Fee	
72000	Investment income - restricted	-
70000	Total Revenue	3,402,049
91100	Administrative salaries	180,851
91200	Auditing fees	1,881
91300	Management Fees	
91310	Book-Keeping Fees	
91400	Advertising & Marketing	
91500	Employee benefit contributions- administrative	71,046
91600	Office Expenses	
91700	Legal Expenses	
91800	Travel	
91810	Allocated Overhead	
91900	Other	57,866
91000	Total Operating-Administrative	311,644

SAMPLE FINANCIAL DATA SCHEDULE - INCOME STATEMENT DATA

FDS Line Item No.	Description	HCV
92000	Asset Management Fee	
92100	Tenant services - salaries	
92200	Relocation costs	
92300	Employee benefit contributions - tenant services	
92400	Tenant services - other	
92500	Total Tenant Services	-
93100	Water	
93200	Electricity	
93300	Gas	
93400	Fuel	
93500	Labor	
93600	Sewer	
93700	Employee benefit contributions- utilities	
93800	Other utilities expense	
93000	Total Utilities	
94100	Ordinary maintenance and operations - labor	
94200	Ordinary maintenance and operations - materials & other	
94300	Total Ordinary Maintenance and Operations Contracts	
94500	Employee benefit contribution - ordinary maintenance	
94000	Total Maintenance	
95100	Protective services - labor	
95200	Protective services- other contract costs	
95300	Protective services - other	
95500	Employee benefit contributions- protective services	
95000	Total Protective Services	
96110	Property Insurance	
96120	Liability Insurance	2,602
96130	Workmen's Compensation	
96140	All other Insurance	
96100	Total Insurance Premiums	2,602
96200	Other General Expenses	
96210	Compensated absences	
96300	Payments in lieu of taxes	
96400	Bad debt - tenant rents	
96500	Bad debt - mortgages	
96600	Bad debt - other	11,057
96800	Severance expense	
96000	Total Other General Expenses	11,057
96710	Interest on Mortgage (or Bonds) Payable	
96720	Interest on Notes Payable (Short and Long Term)	
96730	Amortization of Bond Issue Costs	
96700	Interest expense and Amortization Cost	
96900	Total Operating Expenses	325,303
97000	Excess Revenue Over Operating Expenses	3,076,746

SAMPLE FINANCIAL DATA SCHEDULE - INCOME STATEMENT DATA

FDS Line Item No.	Description	HCV
97100	Extraordinary maintenance	
97200	Casualty losses - Non-capitalized	
97300-010	Mainstream 1 & 5 YEAR	
97300-020	Home-Ownership	
97300-025	Litigation	
97300-030	Hope VI	
97300-035	Moving to Work	
97300-040	Tenant Protection	
97300-050	All Other	2,815,795
97300	Housing assistance payments	2,815,795
97350	HAP Portability-In	
97400	Depreciation expense	6,634
97500	Fraud losses	
97800	Dwelling units rent expense	
90000	Total Expenses	3,147,732
10010	Operating transfer in	
10020	Operating transfer out	
10030	Operating transfers from/to primary government	
10040	Operating transfers from/to component unit	
10070	Extraordinary items, net gain/loss	
10080	Special items, net gain/loss	
10091	Inter Project Excess Cash Transfer In	
10092	Inter Project Excess Cash Transfer Out	
10093	Transfers between Programs and Projects - In	
10094	Transfers between Programs and Projects - Out	
10100	Total other financing sources (uses)	
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	254,317
11020	Required Annual Debt Principal Payments	
11030	Beginning equity	483,734
11040-010	Prior period adjustments and correction of errors - Editable	
11040-020	Prior period adjustments and correction of errors - Editable	
11040-030	Prior period adjustments and correction of errors - Editable	
11040-040	Prior period adjustments and correction of errors - Editable	
11040-050	Prior period adjustments and correction of errors - Editable	
11040-060	Prior period adjustments and correction of errors - Editable	
11040-070	Equity Transfers	
11040-080	Equity Transfers	
11040-090	Equity Transfers	
11040-100	Equity Transfers	
11040-110	Equity Transfers	
11040	Prior period adjustments, equity transfers and correction of errors	

SAMPLE FINANCIAL DATA SCHEDULE - INCOME STATEMENT DATA

FDS Line Item No.	Description	HCV
11170-001	Administrative Fee Equity - Beginning Balance	403,007
11170-010	Administrative Fee Revenue	337,946
11170-020	Hard to House Fee Revenue	
11170-021	FSS Coordinator Grant	
11170-030	Audit Costs	
11170-040	Investment Income	23,949
11170-045	Fraud Recovery Revenue	6,566
11170-050	Other Revenue	20,553
11170-051	Comment for Other Revenue	Port-in Adm/HAP
11170-060	Total Administrative Fee Revenues	389,014
11170-080	Total Operating Expenses	325,303
11170-090	Depreciation Expense	6,634
11170-095	Housing Assistance Portability In	
11170-100	Other Expenses	
11170-101	Comment for Other Expenses	
11170-110	Total Expenses	331,937
11170-002	Net Administrative Fee	57,077
11170-003	Administrative Fee Equity - Ending Balance	460,084
11170-005	Pre-2004 Administrative Fee Reserves	0
11170-006	Post-2003 Administrative Fee Reserves	460,084
11170	Administrative Fee Equity	460,084
11180-001	HAP Equity - Beginning Balance	80,727
11180-010	HAP Revenue	2,989,777
11180-015	Fraud Recovery Revenue	6,565
11180-020	Other Revenue	22,222
11180-021	Comment for Other Revenue	FSS Forfeitures
11180-025	Investment Income	-
11180-030	Total HAP Revenue	3,018,564
11180-080	Housing Assistance Payments	2,815,795
11180-090	Other Expenses	5,529
11180-091	Comment for Other Expenses	
11180-100	Total HAP expenses	2,821,324
11180-002	Net HAP Income	197,240
11180-003	HAP Equity - Ending Balance	277,967
11180	HAP Equity	277,967
11190-210	Total ACC HCV Units	7,956
11190-220	Unfunded Units	
11190-230	Other Adjustments	
11190	Unit Months Available	7,956
11210	Unit Months Leased	7,679

Learning Activity 7-4: The HUD Chart of Accounts**Part I**

1. PHAs are required to use the HUD chart of accounts in their general ledger.
 - a. True
 - b. False
2. The source document for the HUD chart of accounts is the Financial Data Schedule (FDS) Line Definition Guide.
 - a. True
 - b. False
3. The FDS uses the following format for balance sheet accounts:
 - a. Five-digit numbers
 - b. Three-digit numbers
4. The FDS uses the following format for income statement accounts:
 - a. Five-digit numbers
 - b. Three-digit numbers
5. The FDS is a HUD prescribed template for the submission of year-end financial information to the REAC and although the underlying financial data must be accounted for and reported in accordance with GAAP, the FDS may not be used as an entity's top-level financial statements.
 - a. True
 - b. False
6. Current assets can best be defined as:
 - a. Only cash
 - b. Only cash and investments
 - c. All resources that are reasonably expected based on the plans and intentions of the PHA, to convert into cash or its equivalent during the current operating cycle.
 - d. None of the above
7. Excess HAP cash not invested is considered:
 - a. Cash - unrestricted
 - b. Cash - restricted
8. Cash accumulated as a result of earning excess administrative fees is considered:
 - a. Cash - unrestricted
 - b. Cash - restricted
9. Accumulated cash for FSS escrow accounts not invested is considered:
 - a. Cash - unrestricted
 - b. Cash - restricted
10. Accounts receivable - PHA projects, primarily represents in the HCV program:
 - a. Amounts due from another PHA under portability
 - b. Amounts owed to another PHA under portability
11. Accounts receivable - HUD other projects, represents in the HCV program amounts:
 - a. The PHA owes HUD
 - b. HUD owes the PHA

12. Fraud recovery (accounts receivable), represents in the HCV program:
 - a. only the amount that will go back to HUD
 - b. The full amount of the receivable
13. Anytime a PHA records an accounts receivable on the FDS, there must also be a corresponding entry in an allowance account.
 - a. True
 - b. False
14. An allowance account as it relates to accounts receivable represents amounts that are not expected to be collected.
 - a. True
 - b. False
15. HAP funds that are invested are considered:
 - a. Investments - unrestricted
 - b. Investments - restricted
16. The accumulation of cash from excess administrative fees earned if invested is considered:
 - a. Investments - unrestricted
 - b. Investments - restricted
17. PHA management can place restrictions on cash and or investments.
 - a. True
 - b. False

Part II

18. PHAs that do not maintain separate checking accounts for each program and use one program or fund to handle all cash, will use inter-program - due from and inter-program due to, in order to manage cash resources.
 - a. True
 - b. False
19. Whether there will be fixed assets such as administrative furniture, equipment and machinery recorded on the balance sheet of the HCV program will depend on the PHA's threshold to capitalize purchases for these items.
 - a. True
 - b. False
20. If the PHA has recorded fixed assets on the balance sheet of the HCV program such as furniture, equipment and machinery, one would also expect to find on the balance sheet of the HCV program accumulated depreciation.
 - a. True
 - b. False
21. In the HCV program, one would expect to find on the balance sheet of the HCV program notes, loans, and mortgages receivable.
 - a. True
 - b. False

22. Bank overdraft should be used to show the overdrawn cash position of the HCV program when using Inter-program due from and Inter-program due to when the inter-fund has not been settled at year-end.
 - a. True
 - b. False
23. PHAs using accrual based accounting to account for the HCV program will most likely have some accrued wages/payroll taxes payable on the balance sheet for the HCV program at year-end.
 - a. True
 - b. False
24. Accrued compensated absences current and long-term portion found on the balance sheet of the HCV program, typically represents unpaid vacation and or sick time for HCV program employees if the PHA has an obligation to pay these amounts to employees at termination.
 - a. True
 - b. False
25. If there is a liability amount in accounts payable–PHA projects on the balance sheet of the HCV program, this amount most likely represents amounts due to:
 - a. HUD
 - b. The receiving PHA under the portability provision of the HCV program
 - c. The initiating PHA under the portability provision of the HCV program
 - d. None of the above
26. Under current HCV program rules, it will be common that the balance sheet of the HCV program will show a payable to HUD if the PHA received excess ABA (HAP disbursements) as of the end of the PHA’s fiscal year.
 - a. True
 - b. False
27. If the balance sheet for the HCV program is showing unearned revenue at the end of the PHA’s fiscal year, this amount most likely represents unearned:
 - a. HAP funds
 - b. Administrative Fees
28. If the balance sheet for the HCV program at the PHA’s fiscal year end is showing “other current liabilities,” it most likely will represent:
 - a. Tenant security deposits
 - b. The long-term portion of FSS Escrow account balances
 - c. The amount of FSS Escrow account balances that are due within 12 months of the balance sheet date
 - d. None of the above

29. At the PHA's fiscal year end, the two most common non-current liabilities on the balance sheet of the HCV program are:
 - a. Account payable vendors and deferred revenue
 - b. Accrued wage/payroll taxes payable and accrued compensated absences - current portion
 - c. Bank overdraft and accounts payable vendors
 - d. Non-current liabilities other and accrued compensated absences non-current
30. On the balance sheet for the HCV program, for PHAs using the accrual basis of accounting the accumulation of unspent HAP funds will be reflected in the following equity account:
 - a. Restricted
 - b. Unrestricted
31. On the balance sheet for the HCV program, for PHAs using the accrual basis of accounting the accumulation of unspent administrative fee funds will be reflected in the following equity account:
 - a. Restricted
 - b. Unrestricted

Part III

32. All funds received from HUD to support the HCV program will be recorded as HCV program revenue in:
 - a. HUD capital grants
 - b. HUD PHA operating grants
 - c. Management Fees
 - d. Part of it will be recorded in HUD capital grants and part of it will be recorded in HUD PHA operating grants
33. Management fee and bookkeeping fee revenue is typically earned by the COCC when a PHA has adopted the fee-for-service method vs. cost allocation method to recover indirect costs of program administration.
 - a. True
 - b. False
34. Interest earned on excess administrative fees earned and invested in the HCV program is recorded as:
 - a. Investment income - restricted
 - b. Investment income - unrestricted
35. Any interest in excess of \$500 that is earned on excess HAP funds invested in the HCV program is recorded as:
 - a. Investment income - restricted and ultimately to AP-HUD
 - b. Investment income - unrestricted and ultimately to AP-HUD

- 36. Tenant services employees salary expense for the HCV program is recorded as part of administrative salaries.
 - a. True
 - b. False
- 37. On the income statement of the HCV program, utilities expense will most likely be related to the utilities expense for the HCV administrative offices.
 - a. True
 - b. False
- 38. The receiving PHA administering a port-in family for another PHA under the portability provisions of the HCV program will record the HAP expense as part of its HCV program HAP expense.
 - a. True
 - b. False
- 39. Housing assistance payments expense on the income statement of the HCV program can represent:
 - a. HAP to owners
 - b. Utility reimbursement payments to program participants
 - c. Mortgage payments made under the Homeownership program
 - d. Contributions to FSS escrow accounts for FSS participants
 - e. All of the above
- 40. Under current program regulations and statute, it is common that the memo account "Transfers Out" will be used in the HCV program.
 - a. True
 - b. False

Learning Activity 7-5: HCV Program Administrative Fees

1. PHAs earn an ongoing administrative fee based on units leased:
 - a. On the last day of the month
 - b. On the 15th day of the month
 - c. On the first day of the month
 - d. On the 15th day and last day of the month
2. HUD provides two fee rates for the payment of the ongoing administrative fee, a column A and a column B rate. The column A rate is earned for:
 - a. The first 7200 unit months leased in the calendar year
 - b. All units leased in excess of 7200 unit months in the calendar year
3. HUD provides two fee rates for the payment of the ongoing administrative fee, a column A and a column B rate. The column B rate is earned for:
 - a. The first 7200 unit months leased in the calendar year
 - b. All units leased in excess of 7200 unit months in the calendar year
4. HUD pays PHAs the ongoing administrative fee based on lease-up as reported in:
 - a. PIC
 - b. LOCCS
 - c. MTCS
 - d. VMS
5. Under current program regulations, HUD pays PHAs ongoing administrative fees based on previously reported lease-up and then adjusts those payments in subsequent periods based on actual lease-up.
 - a. True
 - b. False
6. As it relates to the payment of the ongoing administrative fee, if the Congress does not provide sufficient funding to pay all PHAs at 100% of eligibility, HUD may need to reduce amounts disbursed to PHAs. This process is known as:
 - a. Allotment
 - b. Abatement
 - c. Proration
 - d. None of the above
7. The PHA's Column A ongoing administrative fee rate is \$56.74 and the Column B rate is \$52.96. What would be the maximum ongoing fees the PHA could earn if 800 units were leased each month for the entire calendar year? Assume the PHA is not leasing more than its baseline number of units (ACC units) and there is no proration.
 - a. \$544,704
 - b. \$508,416
 - c. \$408,528
 - d. \$535,632

8. PHAs that administer a small program (fewer than 200 vouchers) or administer a program over a large geographic area may be eligible for a higher administrative fee.
 - a. True
 - b. False
9. PHAs that administer the HCV program in multiple fee areas, can request that HUD blend their ongoing administrative fee rate so that they only have a single Column A and B rate to use.
 - a. True
 - b. False
10. PHAs may be eligible for a special fee known as a “housing conversion fee.” This fee typically relates to providing the PHA a fee for taking on additional tenant based vouchers that were converted from project based assistance of some type.
 - a. True
 - b. False
11. PHAs may be eligible for a special fee known as a “homeownership closing fee” if they have an HCV homeownership program. The amount paid for a homeownership closing (assuming HUD has funding available) is:
 - a. \$200
 - b. \$5,000
 - c. \$500
 - d. HUD does not pay a special homeownership closing fee.
12. If the PHA has a HCV homeownership program, HUD determines a PHA’s eligibility to receive homeownership fees based on data in:
 - a. PIC
 - b. LOCCS
 - c. MTCS
 - d. VMS
13. During the PHA’s fiscal year (which also happens to be a calendar year), based on the total units months leased the PHA was eligible to earn \$680,376 in ongoing administrative fees. However, due to proration at 95% of eligibility, HUD only paid the PHA \$646,357 during the calendar year. For the calendar year the PHA would record HUD revenue as:
 - a. \$680,376 and book the unpaid balance of \$34,019 as a HUD receivable
 - b. \$646,357 only as the PHA does not know at the year-end whether HUD will ever pay the amount withheld due to proration
14. HUD has been paying the PHA its ongoing administrative fee based on an estimate of lease-up. At the end of its fiscal year the PHA has determined based on actual lease-up it was overpaid by \$34,019. This over paid amount at year end will be recorded as:
 - a. Accounts payable to HUD
 - b. Unearned revenue

15. HUD typically does a final calendar year reconciliation of a PHA's ongoing administrative fees. This reconciliation may occur after the PHA has already closed and reported year-end financial information on the previous fiscal year. If because of this reconciliation HUD pays additional administrative fees to the PHA for a previous fiscal year the PHA will treat the payment of the additional administrative fees as:
- a. A prior period adjustment to revenue for the previously reported fiscal year
 - b. Revenue in the fiscal year received

Learning Activity 7-6: Recovering Indirect Cost of HCV Program Administration

1. When PHAs provide centralized administrative services to all programs they operate and the elimination of one or more programs does not impact the level of administrative costs, these centralized services are typically referred to as:
 - a. Direct costs of program administration
 - b. Indirect costs of program administration
2. 2 CFR 200, Subpart E, Cost Principles, provides that indirect costs can be recovered using one of two methods. These methods are:
 - a. Direct cost accounting and indirect cost allocation plan
 - b. Indirect cost allocation plan or fee-for-service
 - c. 2 CFR 200, Subpart E, Cost Principles, only allows for recovery based on an indirect cost allocation plan
 - d. It doesn't matter since HCV program regulations do not allow PHAs to charge indirect costs to the HCV program
3. If a statute passed by Congress prescribes policies or procedures that differ from those of OMB Circulars, the provision of the statute will govern.
 - a. True
 - b. False
4. When a PHA uses the indirect cost method, indirect costs will be collected into one or more “cost pools” and these costs will be allocated to the programs benefiting from the services by use of one or more cost drivers.
 - a. True
 - b. False
5. Although some costs such as alcoholic beverages are unallowable as direct costs to a Federal program, these costs could be included in the PHA’s cost pool and become part of indirect costs which could be allocated to all Federal programs being administered by the PHA.
 - a. True
 - b. False
6. Regardless of whether a cost is described in 2 CFR 200, Subpart F, Cost Principles as unallowable, in order to charge a cost to a Federal program the cost must also meet the general tests of allowability specified in 2 CFR 200, Subpart F, Cost Principles.
 - a. True
 - b. False
7. In determining whether a cost may be charged to a Federal program, the PHA should also determine whether the cost is also authorized or not prohibited under state or local laws or regulations.
 - a. True
 - b. False

8. During the year, based on the provisions of the PHA's Indirect Cost Plan all programs were charged indirect costs. However, the Director of Finance decides the HCV program needs to show a better bottom line and so decides to shift some of the indirect costs allocated to the HCV program based on the plan to other programs. This activity will be considered:
- An allowable adjustment
 - Unallowable as it would be considered cost shifting
9. PHAs that have more than 400 public housing units, adopt asset management for the public housing program, and who did not establish a COCC will be required to separate direct vs. indirect cost of program operations, including for the HCV program. This will be accomplished by recording indirect costs through a special FDS line item, Allocated Overhead (91810).
- True
 - False
10. Assume the PHA is using a single cost driver to allocate indirect costs to the various programs it administers. Using the following data how much of the total indirect costs would be allocated to the HCV program?
- | |
|---|
| Total Indirect Costs = \$571,500 |
| PH Program Direct Labor % = 38.60% |
| HCV Program Direct Labor % = 33.33% |
| Other Grant Program Direct Labor % = 12.28% |
| State Program Direct Labor % = 15.79% |
- \$388,729
 - \$190,481
 - \$122,534
 - \$155,487
11. One of the major differences in the concept of a Central Office Cost Center (COCC) vs. an Indirect Cost Pool, is that the costs within the COCC:
- Are not allocated out to programs
 - Are recovered to the extent the COCC can earn enough in fees
 - If greater than the fees earned, will create a loss
 - All of the above

12. If the COCC incurs an operating loss for the fiscal year, possible options the COCC has to cover the loss include:
 - a. Loans from HAP Equity (Restricted Net Position)
 - b. Unrestricted Net Position accumulated by the COCC in previous years
 - c. Transfers of post 2004 HCV program Administrative Fee Equity (Unrestricted Net Position)
 - d. Contributions or donations of funds from a non-federal source of funding
 - e. b and d
13. HUD envisions that a PHA that is using fee-for-service instead of cost allocation will implement it across all the programs the PHA administers.
 - a. True
 - b. False
14. A key feature of the fee-for-service system is that all fees paid to the COCC regardless of whether they are paid from federal funds are considered defederalized once they are paid to the COCC.
 - a. True
 - b. False
15. The HCV program may pay the COCC the following fees if the PHA has adopted a fee-for-service methodology to recover indirect costs (select all that apply):
 - a. Asset management fee
 - b. Bookkeeping fee
 - c. Property management fee
 - d. Program management fee
16. The maximum program management fee the HCV program may pay the COCC is:
 - a. 20 percent of the on-going administrative fees earned in the HCV program
 - b. \$12.00 per leased voucher on the first of the month
 - c. 20 percent of the on-going administrative fees earned in the HCV program or \$12.00 per leased voucher on the first of the month
 - d. None of the above, the HCV program is not allowed to pay any fees to the COCC
17. The maximum bookkeeping fee the HCV program may pay the COCC is:
 - a. \$12.00 per leased voucher on the first of the month
 - b. 20 percent of the on-going administrative fees earned in the HCV program
 - c. \$7.50 per leased voucher on the first of the month
 - d. None of the above, the HCV program is not allowed to pay any fees to the COCC
18. PHA management may charge the HCV program less than the maximum allowed fees but not more than the maximum amount without HUD approval.
 - a. True
 - b. False

19. For PHAs that have adopted fee-for-service, the fees the COCC charges the HCV program will be recorded as an expense to (select all that apply):
 - a. Allocated overhead (FDS line item 91810)
 - b. Management fees (FDS line item 91300)
 - c. Bookkeeping fees (FDS line item 91310)
 - d. None of the above, the HCV program is not allowed to pay any fees to the COCC

20. Although HUD has not established precise guidelines as yet for the HCV program, if you were trying to determine whether the amount of indirect costs that were charged the HCV program were reasonable under an indirect cost allocation system, what might be a useful benchmark?
 - a. Whether the program can afford to cover the full allocation
 - b. Compare the total indirect costs charged to the HCV program with the total amount that would be charged the program under a fee-for-service arrangement
 - c. The amount charged doesn't matter as long as the PHA follows its cost allocation plan
 - d. Not a concern because the PHA can simply re-allocated costs to another program if a particular program can't bare the total indirect cost burden it would receive under the indirect cost plan.

Learning Activity 7-7: Year-End Closing Requirements

1. The UFRS require PHAs that administer HUD programs to submit financial information in compliance with GAAP in a format as prescribed by HUD.
 - a. True
 - b. False
2. PHAs must use the Financial Assessment Subsystem for Public Housing (FASS-PH) which contains a web based template known as the Financial Data Schedule (FDS) to submit year-end financial data to HUD-REAC.
 - a. True
 - b. False
3. Although there are some exceptions, generally PHAs are required to report year-end financial information on all the programs and activities (entity-wide reporting) that they administer.
 - a. True
 - b. False
4. An example of an exception to the entity-wide reporting requirement is (select all that apply):
 - a. A PHA that is a stand-alone primary government with multiple programs
 - b. A Section 8 only PHA that is considered a primary government
 - c. A Section 8 only PHA that is part of a nonprofit agency that is mostly non-housing related or part of a larger non-general purpose government agency (such as a state housing finance agency or state development authority)
 - d. A PHA that operates as part of a larger general purpose government such as a city, county or state
5. Typically PHAs must report financial information to REAC for each federal program with its own CFDA number, however, several types of special use vouchers are reported as part of the regular voucher program CFDA number (14.871). Examples of some of these include (select all that apply):
 - a. Litigation vouchers
 - b. Mainstream 1 year vouchers
 - c. Moving to Work vouchers
 - d. Mainstream 5 year vouchers
 - e. Family Unification vouchers

6. Typically PHAs are required to submit year-end financial information to REAC based on their FYE date as recorded in PIC. In what case can a PHA report using a different FYE date than that shown in PIC?
 - a. When a PHA is considered a primary government
 - b. When a PHA is a Section 8 only PHA that is part of a larger government or non-profit which has a different FYE date than the recorded in PIC.
 - c. When a PHA is a Section 8 only PHA that is considered a primary government
 - d. None of the above
7. PHAs are required to submit unaudited and audited year-end financial information to the REAC. When is the unaudited submission due to the REAC?
 - a. Nine months after the PHA's FYE
 - b. 60 days after the PHA's FYE
8. PHAs are required to submit unaudited and audited year-end financial information to the REAC. When is the audited submission due to the REAC?
 - a. Nine months after the PHA's FYE
 - b. Two months after the PHA's FYE
9. PHAs that need extra time to complete their FDS submissions may request additional time from HUD. There are two types of requests, Extension Request and Waiver Request. Which type of request would be used to request more time to complete the unaudited submission?
 - a. Extension Request
 - b. Waiver Request
10. PHAs that need extra time to complete their FDS submissions may request additional time from HUD. There are two types of requests, Extension Request and Waiver Request. Which type of request would be used to request more time to complete the audited submission?
 - a. Extension Request
 - b. Waiver Request
11. If a PHA fails to comply with the year-end reporting requirements, HUD may impose a sanction on a non-compliant PHA. The sanction is a reduction of the PHA's earned ongoing administrative fee. For the unaudited submission, when will the sanction begin?
 - a. On the 1st day of the 3rd month following the end of the PHA's fiscal year end
 - b. On the 15th day of the 3rd month following the end of the PHA's fiscal year end
 - c. On the 16th day of the 3rd month following the end of the PHA's fiscal year end
 - d. On the 31st day of the 3rd month following the end of the PHA's fiscal year end.
12. Before a PHA can submit financial data to the REAC, a new submission must be created in FASS-PH for the fiscal year that ended. Creating a new submission is accomplished in FASS-PH using the:
 - a. Inbox link
 - b. Unusual Circumstances link
 - c. Reports link
 - d. Create New Submission link

13. Once the PHA has created a new submission (the data container to collect financial information for the fiscal year that closed), some additional set-up is required. Of the items listed below which is not a required set-up step when creating a new submission?
 - a. Entering the reporting beginning date
 - b. Entering the reporting ending date
 - c. Selecting the submission type
 - d. Selecting the download option
 - e. Entering the PHA's ACC code, name, and address
14. Another important step in creating a new submission is to select the programs the PHA will be reporting on to the REAC. This is accomplished using the Program Selection tab. Which is not correct about selecting programs to report on?
 - a. The system will default and select all programs that were reported on in the previous year
 - b. Any new program that was not reported on in the previous year must be "added" to the program selection list and then checked once added
 - c. For programs without known CFDA numbers, the user can check one of three Other Federal Programs in order to be able to report on the program
 - d. A federal program with a known CFDA number not listed on the Program Selection tab cannot be added without HUD's help.
15. Anytime a user enters data into the FASS-PH online system, before moving to a new window the user must always do the following to prevent from losing the data that was just entered:
 - a. Submit data
 - b. Save data
 - c. Validate date
 - d. Nothing is required
16. Once a new submission has been created the PHA user may begin entering financial data for each program that was selected in the Program Selection tab by using the:
 - a. Inbox tab
 - b. PHA Info tab
 - c. Financial Data Schedule tab
 - d. Data Collection Form tab
17. Before financial data can actually be submitted to the REAC:
 - a. Data for all programs that were selected in the Program Selection tab must have data entered
 - b. Data must be saved
 - c. Data must be validated
 - d. All of the above

18. There are three types of unaudited submissions. When a PHA has selected "Unaudited Non A-133 Audit, this means:
 - a. Federal funding expended by the PHA is equal to or greater than \$750,000 and the submission therefore requires the completion of a single audit.
 - b. Federal funding expended by the PHA is less than \$750,000, but the PHA expects to complete an audit anyway.
 - c. Federal funding expended by the PHA is less than \$750,000, and no audit will be completed.
 - d. None of the above
19. The OMB Data Collection Form (DCF) is required as part of the PHA's unaudited and audited submission. The amount of information that is completed on the DCF will depend on whether the submission is for the unaudited or the audited.
 - a. True
 - b. False
20. A single audit is required if a PHA has expended:
 - a. \$100,000 or more in federal funds
 - b. \$300,000 or more in federal funds
 - c. \$750,000 or more in federal funds
21. One of the main purposes of the OMB Data Collection Form is to provide information to the government as to whether the auditor has determined during the Single Audit if the PHA has complied with statute and regulations regarding the use of federal funds.
 - a. True
 - b. False
22. If a PHA's submission is rejected by the REAC, the PHA must resubmit its financial data which will require creating a new submission. In order to save time in resubmitting data the PHA can:
 - a. Download a blank submission when creating the new submission
 - b. Download last submission version when creating the new submission
23. Those PHAs that are using the fee-for-service model to recover the indirect costs of program administration will also have to report on the financial activities of the COCC in its own column on the FDS.
 - a. True
 - b. False
24. Since fees paid to the COCC by the HCV program represent inter-fund activity, these amounts must be eliminated on the FDS to prevent the top level financial statements from double reporting income and expense. Eliminations are accomplished through a separate column on the FDS called the Elimination Column.
 - a. True
 - b. False

25. Considering the following financial information, what amounts would need to be eliminated on the FDS?

Income/Expense Items	HCV Program	COCC
70710 - Management Fee		\$90,000
70730- Bookkeeping Fee		\$15,000
91300 - Management Fee	\$90,000	
91310 - Bookkeeping Fee	\$15,000	

- Only the \$90,000 and \$15,000 recorded as revenue in the COCC
- Only the \$90,000 and \$15,000 recorded as an expense in the HCV program
- Both the revenue of \$90,000 and \$15,000 in the COCC plus the expense of \$90,000 and \$15,000 in the HCV Program
- None of the amounts need to be eliminated

Learning Activity 7-8: Completing an Actual Year-End Closing for an HCV Program (Accrual-based Accounting)

The El Cajon Housing Authority has reconciled all general ledger accounts for its Dec. 31, 2020, year-end and has prepared a trial balance.

The following information is available about the housing authority:

- The PHA's baseline count is 1,020 units.
- The beginning equity accounts are as follows:

Administrative Equity	\$ 1,103,051
HAP Equity	\$ 175,699

- The PHA recorded 11,506 unit months leased during the year.
- The PHA's administrative fee rates are as follows (there is no proration):

Column A	\$ 51.75
Column B	\$ 48.36

- The current portion of the FSS escrow liability account has been estimated at 20% of the total account balance.
- The current portion of the compensated absences accrual has been estimated at 20% of the total.

From data provided complete the following:

1. Calculate the HAP and Administrative Equity account balances as required on FDS line items 11170 and 11180. Assume any Administrative Fee Equity is post-2003 accumulations.
2. Calculate ratios to evaluate the program using the form provided.
3. Calculate administrative fees earned using the form provided.
4. Fill in appropriate amounts on the FDS balance sheet and income statement for the following line items:
 - All cash and investment accounts
 - Accrued Compensated Absences, Current Portion
 - Accrued Compensated Absences, Non-current Portion
 - Other Current Liabilities
 - Non-current Liabilities - other
 - Invested in Capital Assets, Net of Related Debt
 - Restricted Net Position
 - Unrestricted Net Position
 - Investment Income - unrestricted
 - Investment Income - restricted
 - Insurance Premiums Line Items
5. Calculate all totals to ensure schedules are in balance.

**Trial Balance - El Cajon Housing Authority
Housing Choice Voucher Program
FYE 12/31/20**

6/1/21

FDS Line		Preclosing-GAAP basis		Closing Entries		Adjusted Balance	
Item No.	Account Description	Debit	Credit	Debit	Credit	Debit	Credit
91800	Travel	2,000			2,000		
91900	Staff Training	8,048			8,048		
91900	Accounting Fees	8,571			8,571		
91900	Office Rent	5,569			5,569		
91900	Administrative Expense - Other	20,984			20,984		
92100	FSS Salaries	36,050			36,050		
92300	Employee Benefits - FSS	15,502			15,502		
96110	Insurance - Property	763			763		
96120	Insurance - General Liability	1,900			1,900		
96130	Insurance - Worker's Comp	1,200			1,200		
96200	Administrative Fee - Portability	2,237			2,237		
96600	Bad Debt - Fraud	5,460			5,460		
97300	HAP Payment - Landlord	5,127,136			5,127,136		
97300	Utility Payments	27,025			27,025		
97300	HAP - FSS Payments	57,150			57,150		
97350	HAP - Portability Payments	21,232			21,232		
97400	Depreciation Expense	5,270			5,270		
Column Totals		\$ 8,045,828	\$ 8,045,828	\$ 6,479,233	\$ 6,479,233	\$ 2,187,708	\$ 2,187,708
Net Income (Loss)			\$ 621,113				

El Cajon Housing Authority Admin Fee Calculation

Total Unit Months Leased:

Admin Fee Rates

Column A

(1st 7200 UMLs)

Column B

(UMLs > 7200)

UML Per Fee Category

Admin Fees Earned

(fee rate X UML)

Total Admin Fees Earned

(Column A + Column B)

El Cajon Housing Authority
Year End Analysis Ratios

Unit Utilization Rate:

- | | |
|---|--|
| A. Number of Unit Months Leased for the Year: | <input style="width: 95%;" type="text"/> |
| B. Number of Unit Months Available for Lease: | <input style="width: 95%;" type="text"/> |
| C. Unit Utilization Rate (A divided by B): | <input style="width: 95%;" type="text"/> |

Funding Utilization Rate:

- | | |
|---|--|
| A. Actual HAP for the Year: | <input style="width: 95%;" type="text"/> |
| B. HUD Authorized HAP Funding Level: | <input style="width: 95%;" type="text"/> |
| C. Funding Utilization Rate (A divided by B): | <input style="width: 95%;" type="text"/> |

Average HAP Cost:

- | | |
|---|--|
| A. Actual HAP for the Year: | <input style="width: 95%;" type="text"/> |
| B. Number of Unit Months Leased for the Year: | <input style="width: 95%;" type="text"/> |
| C. Average HAP (A divided by B): | <input style="width: 95%;" type="text"/> |

Balance Sheet
12/31/2020

FDS Line Item No.	Description	HCV
111	Cash-unrestricted	
112	Cash-restricted-modernization and development	
113	Cash-other restricted	
114	Cash-tenant security deposits	
115	Cash-restricted for payment of current liability	
100	Total Cash	

121	Accounts receivable - PHA projects	3,891
122	Accounts receivable - HUD other projects	
124	Accounts receivable - other government	
125	Accounts receivable - miscellaneous	
126	Accounts receivable - tenants	
126.1	Allowance for doubtful accounts - tenants	
126.2	Allowance for doubtful accounts - other	
127	Notes, Loans & Mortgages Receivable - Current	
128	Fraud recovery	24,500
128.1	Allowance for doubtful accounts - fraud	(18,250)
129	Accrued interest receivable	3,136
120	Total receivables, net of allowance for doubtful accounts	13,277

131	Investments - unrestricted	
132	Investments - restricted	
135	Investments - Restricted for payment of current liability	
142	Prepaid expenses and other assets	3,487
143	Inventories	
143.1	Allowance for obsolete inventories	
144	Inter program - due from	
145	Assets held for sale	
150	Total Current Assets	

FDS Line Item No.	Description	HCV
161	Land	
162	Buildings	
163	Furniture, equipment & machinery - dwellings	
164	Furniture, equipment & machinery - administration	116,491
165	Leasehold improvements	
166	Accumulated depreciation	(103,965)
167	Construction in progress	
168	Infrastructure	
160	Total capital assets, net of accumulated depreciation	12,526

171	Notes, loans & mortgages receivable - Non-current	
172	Notes, loans & mortgages receivable - Non-current -past due	
173	Grants Receivable - Non-current	
174	Other assets	
176	Investment in joint venture	
180	Total Non-current Assets	12,526

190	Total Assets	
-----	---------------------	--

200	Deferred Outflows of Resources	-
-----	---------------------------------------	---

311	Bank overdraft	
312	Accounts payable <= 90 days	10,280
313	Accounts payable > 90 days past due	
321	Accrued wage/payroll taxes payable	43,642
322	Accrued compensated absences - current portion	
324	Accrued contingency liability	
325	Accrued interest payable	
331	Accounts payable - HUD PHA Programs	
332	Accounts payable - PHA Projects	
333	Accounts payable - other government	
341	Tenant security deposits	
342	Unearned Revenue	
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	
344	Current portion of long-term debt - operating borrowings	
345	Other current liabilities	
346	Accrued liabilities - other	
347	Inter program - due to	
348	Loan liability - current	
310	Total Current Liabilities	

FDS Line Item No.	Description	HCV
351	Capital Projects/Mortgage Revenue Bonds	
352	Long-term debt, net of current- operating borrowings	
353	Non-current liabilities- other	
354	Accrued compensated absences - Non-current	
355	Loan Liability - Non-current	
356	FASB 5 Liabilities	
357	Accrued Pension and OPEB Liability	
350	Total Non-Current Liabilities	
300	Total Liabilities	
400	Deferred Inflow of Resources	-
508.4	Invested in capital assets	12,526
511.4	Restricted Net Assets	
512.4	Unrestricted Net Assets	
513	Total Equity/Net Assets	
600	Total Liabilities and Equity/Net Assets	

Project Income Statement
12/31/2020

FDS Line Item No.	Description	HCV
70300	Net tenant rental revenue	
70400	Tenant revenue - other	
70500	Total Tenant Revenue	
70600-010	Housing assistance paymens	5,762,900
70600-020	Ongoing administrative fees earned	580,838
70600-030	Hard to house fee revenue	
70600-040	FSS Coordinator	
70600-050	Actual independent public accounting audit costs	
70600-060	Total preliminary fees earned	
70600-070	All other fees	
70600-080	Admin fee calculation description	
70600	HUD PHA operating grants	6,343,738
70610	Capital Grants	
70710	Management Fee	
70720	Asset Management Fee	
70730	Book-Keeping Fee	
70740	Front Line Service Fee	
70750	Other Fees	
70700	Total Fee Revenue	
70800	Other government grants	
71100-010	Housing Assistance Payment	
71100-020	Administrative Fee	
71100	Investment income - unrestricted	
71200	Mortgage interest income	
71300	Proceeds from disposition of assets held for sale	
71310	Cost of sale of assets	
71400-010	Housing Assistance Payment	6,562
71400-020	Administrative Fee	6,562
71400	Fraud recovery	13,124
71500	Other revenue	51,319
71600	Gain or loss on the sale of fixed assets	
72000-010	Housing Assistance Payment	
72000-020	Administrative Fee	
72000	Investment income - restricted	
70000	Total Revenue	
91100	Administrative salaries	344,322
91200	Auditing fees	5,001
91300	Management Fees	
91310	Book-Keeping Fees	
91400	Advertising & Marketing	274
91500	Employee benefit contributions- administrative	148,995
91600	Office Expenses	10,338
91700	Legal Expenses	
91800	Travel	2,000
91810	Allocated Overhead	
91900	Other	46,265
91000	Total Operating-Administrative	557,195

FDS Line Item No.	Description	HCV
92000	Asset Management Fee	
92100	Tenant services - salaries	36,050
92200	Relocation costs	
92300	Employee benefit contributions - tenant services	15,502
92400	Tenant services - other	
92500	Total Tenant Services	51,552
93100	Water	
93200	Electricity	
93300	Gas	
93400	Fuel	
93500	Labor	
93600	Sewer	
93700	Employee benefit contributions- utilities	
93800	Other utilities expense	
93000	Total Utilities	
94100	Ordinary maintenance and operations - labor	
94200	Ordinary maintenance and operations - materials & other	
94300	Total Ordinary Maintenance and Operations Contracts	
94500	Employee benefit contribution - ordinary maintenance	
94000	Total Maintenance	
95100	Protective services - labor	
95200	Protective services- other contract costs	
95300	Protective services - other	
95500	Employee benefit contributions- protective services	
95000	Total Protective Services	
96110	Property Insurance	
96120	Liability Insurance	
96130	Workmen's Compensation	
96140	All other Insurance	
96100	Total Insurance Premiums	
96200	Other General Expenses	2,237
96210	Compensated absences	
96300	Payments in lieu of taxes	
96400	Bad debt - tenant rents	
96500	Bad debt - mortgages	
96600	Bad debt - other	5,460
96800	Severance expense	
96000	Total Other General Expenses	7,697
96710	Interest on Mortgage (or Bonds) Payable	
96720	Interest on Notes Payable (Short and Long Term)	
96730	Amortization of Bond Issue Costs	
96700	Interest expense and Amortization Cost	
96900	Total Operating Expenses	
97000	Excess Revenue Over Operating Expenses	

FDS Line Item No.	Description	HCV
97100	Extraordinary maintenance	
97200	Casualty losses - Non-capitalized	
97300-010	Mainstream 1 & 5 YEAR	
97300-020	Home-Ownership	
97300-025	Litigation	
97300-030	Hope VI	
97300-035	Moving to Work	
97300-040	Tenant Protection	
97300-050	All Other	5,211,311
97300	Housing assistance payments	5,211,311
97350	HAP Portability-In	21,232
97400	Depreciation expense	5,270
97500	Fraud losses	
97800	Dwelling units rent expense	
90000	Total Expenses	
10010	Operating transfer in	
10020	Operating transfer out	
10030	Operating transfers from/to primary government	
10040	Operating transfers from/to component unit	
10070	Extraordinary items, net gain/loss	
10080	Special items, net gain/loss	
10091	Inter Project Excess Cash Transfer In	
10092	Inter Project Excess Cash Transfer Out	
10093	Transfers between Programs and Projects - In	
10094	Transfers between Programs and Projects - Out	
10100	Total other financing sources (uses)	
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	
11020	Required Annual Debt Principal Payments	
11030	Beginning equity	1,291,276
11040-010	Prior period adjustments and correction of errors - Editable	
11040-020	Prior period adjustments and correction of errors - Editable	
11040-030	Prior period adjustments and correction of errors - Editable	
11040-040	Prior period adjustments and correction of errors - Editable	
11040-050	Prior period adjustments and correction of errors - Editable	
11040-060	Prior period adjustments and correction of errors - Editable	
11040-070	Equity Transfers	
11040-080	Equity Transfers	
11040-090	Equity Transfers	
11040-100	Equity Transfers	
11040-110	Equity Transfers	
11040	Prior period adjustments, equity transfers and correction of errors	

FDS Line Item No.	Description	HCV
11170-001	Administrative Fee Equity - Beginning Balance	
11170-010	Administrative Fee Revenue	
11170-020	Hard to House Fee Revenue	
11170-021	FSS Coordinator Grant	
11170-030	Audit Costs	
11170-040	Investment Income	
11170-045	Fraud Recovery Revenue	
11170-050	Other Revenue	
11170-051	Comment for Other Revenue	
11170-060	Total Administrative Fee Revenues	
11170-080	Total Operating Expenses	
11170-090	Depreciation Expense	
11170-095	Housing Assistance Portability In	
11170-100	Other Expenses	
11170-101	Comment for Other Expenses	
11170-110	Total Expenses	
11170-002	Net Administrative Fee	
11170-003	Administrative Fee Equity - Ending Balance	
11170-005	Pre-2004 Administrative Fee Reserves	
11170-006	Post-2003 Administrative Fee Reserves	
11170	Administrative Fee Equity	
11180-001	HAP Equity - Beginning Balance	
11180-010	HAP Revenue	
11180-015	Fraud Recovery Revenue	
11180-020	Other Revenue	
11180-021	Comment for Other Revenue	
11180-025	Investment Income	
11180-030	Total HAP Revenue	
11180-080	Housing Assistance Payments	
11180-090	Other Expenses	
11180-091	Comment for Other Expenses	
11180-100	Total HAP expenses	
11180-002	Net HAP Income	
11180-003	HAP Equity - Ending Balance	
11180	HAP Equity	
11190-210	Total ACC HCV Units	12,240
11190-220	Unfunded Units	
11190-230	Other Adjustments	
11190	Unit Months Available	12,240
11210	Unit Months Leased	11,506

Answers to Learning Activity 7-1

1. b
2. d
3. a
4. d
5. a
6. a
7. d
8. b
9. a
10. b
11. a
12. a
13. b
14. b
15. a

Answers to Learning Activity 7-2

1. What is the actual HAP revenue that the PHA should recognize for the fiscal year?

\$948,215 will be recognized as HAP revenue for the fiscal year. The actual HAP revenue earned for the fiscal year will be the greater of HUD disbursements to the PHA or need. Need equals the PHA's actual HAPs, plus other HAP like expenses (utility reimbursements, home ownership contributions, and FSS escrow contributions). Need may not include the cost of over leasing.

2. What is the amount of AR HUD that should be recognized for the fiscal year?

AR HUD will be booked at \$3,215. This can be derived as follows:

Total need (assume no over-leasing)	\$956,506
Less other income accrued to RNP	(\$1,000)
Less amounts in the RNP	(\$7,291)
Disbursements received	(\$945,000)
AR HUD	\$3,215

Note: The above example has not included any Fraud Recovery funds that would accrue to the RNP account. HUD has not yet made a policy decision with regard to when this offset will occur.

3. What is the balance of the PHA's RNP account at 12/31/2020?

The balance of the RNP account for the PHA at 12/31/2020 will be zero. This can be calculated as follows:

RNP at the beginning of the year	\$7,291
Used during FY 2020 for HAPs	(\$7,291)
Balance at 12/31/2020	\$0

4. What is the balance of the HUD Held Reserve at 12/31/2020?

The balance of the HUD Held Reserve will be \$196,785 This can be calculated as follows:

HUD Held Reserves beginning of the year	\$200,000
Needed for FY 2020	(\$3,215)
Balance at 12/31/2020	\$196,785

5. Will the PHA carry the HUD Held Reserve on the balance sheet of the HCV program?

The HUD Held Reserve will not be carried on the face of the HCV HUD Held Reserve balance sheet. However, the PHA will need this information for proper budget planning and utilization planning. HUD intends to provide this information to the PHA.

Answers to Learning Activity 7-3

1. b
2. a
3. b
4. a
5. a
6. b
7. b
8. b
9. c
10. b
11. b
12. b
13. c
14. c

14. a
15. b
16. a
17. b

Part II

18. a
19. a
20. a
21. b
22. b
23. a
24. a
25. b
26. b
27. b
28. c
29. d
30. a
31. b

Answers to Learning Activity 7-4

Part I

1. b
2. a
3. b
4. a
5. a
6. c
7. b
8. a
9. b
10. a
11. b
12. b
13. a

Part III

32. b
33. a
34. b
35. a
36. b
37. a
38. b
39. e
40. b

Answers to Learning Activity 7-5

1. c
2. a
3. b
4. d
5. a
6. c
7. d

$$(600 \times 12 = 7200 \times \$56.74 = \$408,528) +$$

$$(200 \times 12 = 2400 \times \$52.96 = \underline{\$127,104})$$

$$\$535,632$$
8. a
9. a
10. a
11. a
12. a
13. b
14. b
15. b

Answers to Learning Activity 7-6

1. b
2. b
3. a
4. a
5. b
6. a
7. a
8. b
9. a
10. b
11. d
12. e
13. a
14. a
15. b and d
16. c
17. c
18. a
19. b and c
20. b

Answers to Learning Activity 7-7

1. a
2. a
3. a
4. c and d
5. a, b and e
6. b
7. b
8. a
9. a
10. b
11. c
12. d
13. e
14. d
15. b
16. c
17. d
18. b
19. a
20. c
21. a
22. b
23. a
24. a
25. c

Answers to Learning Activity 7-8 are on the following pages

El Cajon Housing Authority Admin Fee Calculation

Total Unit Months Leased:

11,506

Admin Fee Rates

Column A

(1st 7200 UMLs)

Column B

(UMLs > 7200)

\$51.75

\$48.36

UML Per Fee Category

7,200

4,306

Admin Fees Earned

(fee rate X UML)

\$372,600

\$208,238

Total Admin Fees Earned

(Column A + Column B)

\$580,838

El Cajon Housing Authority
Year End Analysis Ratios

Unit Utilization Rate:

A. Number of Unit Months Leased for the Year:	11,506
B. Number of Unit Months Available for Lease:	12,240
C. Unit Utilization Rate (A divided by B):	94%

Funding Utilization Rate:

A. Actual HAP for the Year:	\$5,211,311
B. HUD Authorized HAP Funding Level:	\$5,762,900
C. Funding Utilization Rate (A divided by B):	90%

Average PUC Cost:

A. Actual HAP for the Year:	\$5,211,311
B. Number of Unit Months Leased for the Year:	11,506
C. Average PUC (A divided by B):	\$452.92

Balance Sheet - ANSWERS
12/31/2020

FDS Line Item No.	Description	HCV
111	Cash-unrestricted	808,575
112	Cash-restricted-modernization and development	
113	Cash-other restricted	71,782
114	Cash-tenant security deposits	
115	Cash-restricted for payment of current liability	
100	Total Cash	880,357

121	Accounts receivable - PHA projects	3,891
122	Accounts receivable - HUD other projects	
124	Accounts receivable - other government	
125	Accounts receivable - miscellaneous	
126	Accounts receivable - tenants	
126.1	Allowance for doubtful accounts - tenants	
126.2	Allowance for doubtful accounts - other	
127	Notes, Loans & Mortgages Receivable - Current	
128	Fraud recovery	24,500
128.1	Allowance for doubtful accounts - fraud	(18,250)
129	Accrued interest receivable	3,136
120	Total receivables, net of allowance for doubtful accounts	13,277

131	Investments - unrestricted	40,000
132	Investments - restricted	1,115,846
135	Investments - Restricted for payment of current liability	
142	Prepaid expenses and other assets	3,487
143	Inventories	
143.1	Allowance for obsolete inventories	
144	Inter program - due from	
145	Assets held for sale	
150	Total Current Assets	2,052,967

FDS Line Item No.	Description	HCV
161	Land	
162	Buildings	
163	Furniture, equipment & machinery - dwellings	
164	Furniture, equipment & machinery - administration	116,491
165	Leasehold improvements	
166	Accumulated depreciation	(103,965)
167	Construction in progress	
168	Infrastructure	
160	Total capital assets, net of accumulated depreciation	12,526

171	Notes, loans & mortgages receivable - Non-current	
172	Notes, loans & mortgages receivable - Non-current -past due	
173	Grants Receivable - Non-current	
174	Other assets	
176	Investment in joint venture	
180	Total Non-current Assets	12,526

190	Total Assets	2,065,493
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200	Deferred Outflows of Resources	-
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311	Bank overdraft	
312	Accounts payable <= 90 days	10,280
313	Accounts payable > 90 days past due	
321	Accrued wage/payroll taxes payable	43,642
322	Accrued compensated absences - current portion	5,480
324	Accrued contingency liability	
325	Accrued interest payable	
331	Accounts payable - HUD PHA Programs	
332	Accounts payable - PHA Projects	
333	Accounts payable - other government	
341	Tenant security deposits	
342	Unearned Revenue	
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	
344	Current portion of long-term debt - operating borrowings	
345	Other current liabilities	14,356
346	Accrued liabilities - other	
347	Inter program - due to	
348	Loan liability - current	
310	Total Current Liabilities	73,758

FDS Line Item No.	Description	HCV
351	Capital Projects/Mortgage Revenue Bonds	
352	Long-term debt, net of current- operating borrowings	
353	Non-current liabilities- other	57,426
354	Accrued compensated absences - Non-current	21,920
355	Loan Liability - Non-current	
356	FASB 5 Liabilities	
357	Accrued Pension and OPEB Liability	
350	Total Non-Current Liabilities	79,346
300	Total Liabilities	153,104
400	Deferred Inflow of Resources	-
508.4	Invested in capital assets, net of related debt	12,526
511.4	Restricted Net Assets	803,722
512.4	Unrestricted Net Assets	1,096,141
513	Total Equity/Net Assets	1,912,389
600	Total Liabilities and Equity/Net Assets	2,065,493

Project Income Statement - ANSWERS
12/31/2020

FDS Line Item No.	Description	HCV
70300	Net tenant rental revenue	
70400	Tenant revenue - other	
70500	Total Tenant Revenue	
70600-010	Housing assistance paymens	5,762,900
70600-020	Ongoing administrative fees earned	580,838
70600-030	Hard to house fee revenue	
70600-031	FSS Coordinator	
70600-040	Actual independent public accounting audit costs	
70600-050	Total preliminary fees earned	
70600-060	All other fees	
70600-070	Admin fee calculation description	
70600	HUD PHA operating grants	6,343,738
70610	Capital Grants	
70710	Management Fee	
70720	Asset Management Fee	
70730	Book-Keeping Fee	
70740	Front Line Service Fee	
70750	Other Fees	
70700	Total Fee Revenue	
70800	Other government grants	
71100-010	Housing Assistance Payment	
71100-020	Administrative Fee	22,252
71100	Investment income - unrestricted	22,252
71200	Mortgage interest income	
71300	Proceeds from disposition of assets held for sale	
71310	Cost of sale of assets	
71400-010	Housing Assistance Payment	6,562
71400-020	Administrative Fee	6,562
71400	Fraud recovery	13,124
71500	Other revenue	100,119
71600	Gain or loss on the sale of fixed assets	
72000-010	Housing Assistance Payment	-
72000-020	Administrative Fee	
72000	Investment income - restricted	-
70000	Total Revenue	6,479,233
91100	Administrative salaries	344,322
91200	Auditing fees	5,001
91300	Management Fees	
91310	Book-Keeping Fees	
91400	Advertising & Marketing	274
91500	Employee benefit contributions- administrative	148,995
91600	Office Expenses	10,338
91700	Legal Expenses	
91800	Travel	2,000
91810	Allocated Overhead	
91900	Other	46,265
91000	Total Operating-Administrative	557,195

FDS Line Item No.	Description	HCV
92000	Asset Management Fee	
92100	Tenant services - salaries	36,050
92200	Relocation costs	
92300	Employee benefit contributions - tenant services	15,502
92400	Tenant services - other	
92500	Total Tenant Services	51,552
93100	Water	
93200	Electricity	
93300	Gas	
93400	Fuel	
93500	Labor	
93600	Sewer	
93700	Employee benefit contributions- utilities	
93800	Other utilities expense	
93000	Total Utilities	
94100	Ordinary maintenance and operations - labor	
94200	Ordinary maintenance and operations - materials & other	
94300	Total Ordinary Maintenance and Operations Contracts	
94500	Employee benefit contribution - ordinary maintenance	
94000	Total Maintenance	
95100	Protective services - labor	
95200	Protective services- other contract costs	
95300	Protective services - other	
95500	Employee benefit contributions- protective services	
95000	Total Protective Services	
96110	Property Insurance	763
96120	Liability Insurance	1,900
96130	Workmen's Compensation	1,200
96140	All other Insurance	
96100	Total Insurance Premiums	3,863
96200	Other General Expenses	2,237
96210	Compensated absences	
96300	Payments in lieu of taxes	
96400	Bad debt - tenant rents	
96500	Bad debt - mortgages	
96600	Bad debt - other	5,460
96800	Severance expense	
96000	Total Other General Expenses	7,697
96710	Interest on Mortgage (or Bonds) Payable	
96720	Interest on Notes Payable (Short and Long Term)	
96730	Amortization of Bond Issue Costs	
96700	Interest expense and Amortization Cost	
96900	Total Operating Expenses	620,307
97000	Excess Revenue Over Operating Expenses	5,858,926

FDS Line Item No.	Description	HCV
97100	Extraordinary maintenance	
97200	Casualty losses - Non-capitalized	
97300-010	Mainstream 1 & 5 YEAR	
97300-020	Home-Ownership	
97300-025	Litigation	
97300-030	Hope VI	
97300-035	Moving to Work	
97300-040	Tenant Protection	
97300-050	All Other	5,211,311
97300	Housing assistance payments	5,211,311
97350	HAP Portability-In	21,232
97400	Depreciation expense	5,270
97500	Fraud losses	
97800	Dwelling units rent expense	
90000	Total Expenses	5,858,120
10010	Operating transfer in	
10020	Operating transfer out	
10030	Operating transfers from/to primary government	
10040	Operating transfers from/to component unit	
10070	Extraordinary items, net gain/loss	
10080	Special items, net gain/loss	
10091	Inter Project Excess Cash Transfer In	
10092	Inter Project Excess Cash Transfer Out	
10093	Transfers between Programs and Projects - In	
10094	Transfers between Programs and Projects - Out	
10100	Total other financing sources (uses)	
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	621,113
11020	Required Annual Debt Principal Payments	
11030	Beginning equity	1,291,276
11040-010	Prior period adjustments and correction of errors - Editable	
11040-020	Prior period adjustments and correction of errors - Editable	
11040-030	Prior period adjustments and correction of errors - Editable	
11040-040	Prior period adjustments and correction of errors - Editable	
11040-050	Prior period adjustments and correction of errors - Editable	
11040-060	Prior period adjustments and correction of errors - Editable	
11040-070	Equity Transfers	
11040-080	Equity Transfers	
11040-090	Equity Transfers	
11040-100	Equity Transfers	
11040-110	Equity Transfers	
11040	Prior period adjustments, equity transfers and correction of errors	

FDS Line Item No.	Description	HCV
11170-001	Administrative Fee Equity - Beginning Balance	1,115,577
11170-010	Administrative Fee Revenue	580,838
11170-020	Hard to House Fee Revenue	
11170-021	FSS Coordinator Grant	
11170-030	Audit Costs	
11170-040	Investment Income	22,252
11170-045	Fraud Recovery Revenue	6,562
11170-050	Other Revenue	30,247
11170-051	Comment for Other Revenue	Port-in Adm/HAP
11170-060	Total Administrative Fee Revenues	639,899
11170-080	Total Operating Expenses	620,307
11170-090	Depreciation Expense	5,270
11170-095	Housing Assistance Portability In	21,232
11170-100	Other Expenses	
11170-101	Comment for Other Expenses	
11170-110	Total Expenses	646,809
11170-002	Net Administrative Fee	(6,910)
11170-003	Administrative Fee Equity - Ending Balance	1,108,667
11170-005	Pre-2004 Administrative Fee Reserves	0
11170-006	Post-2003 Administrative Fee Reserves	1,096,141
11170	Administrative Fee Equity	1,108,667
11180-001	HAP Equity - Beginning Balance	175,699
11180-010	HAP Revenue	5,762,900
11180-015	Fraud Recovery Revenue	6,562
11180-020	Other Revenue	69,872
11180-021	Comment for Other Revenue	FSS Forfeitures
11180-025	Investment Income	-
11180-030	Total HAP Revenue	5,839,334
11180-080	Housing Assistance Payments	5,211,311
11180-090	Other Expenses	
11180-091	Comment for Other Expenses	
11180-100	Total HAP expenses	5,211,311
11180-002	Net HAP Income	628,023
11180-003	HAP Equity - Ending Balance	803,722
11180	HAP Equity	803,722
11190-210	Total ACC HCV Units	12,240
11190-220	Unfunded Units	
11190-230	Other Adjustments	
11190	Unit Months Available	12,240
11210	Unit Months Leased	11,506