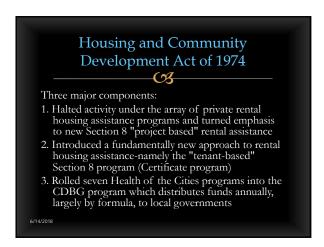
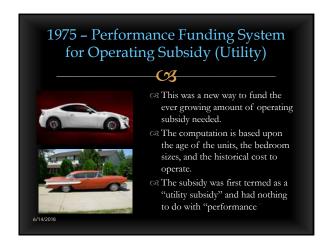
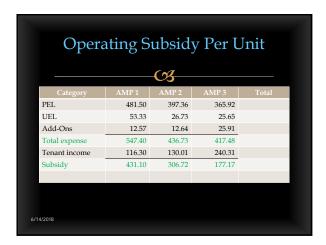


# Growth of HUD Public Housing 1941-1980 Number of Assisted Year Rental Housing Units 1941 24,000 Persons living in public housing senerally pay 30% of their monthly income toward rent, with the remaining costs being covered by the federal government. There are over 3,200 Public Housing Authorities nationwide managing 1.2 million units of public housing.

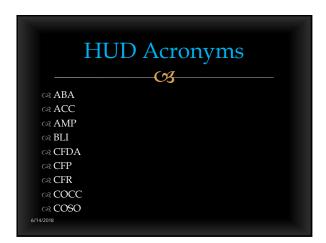


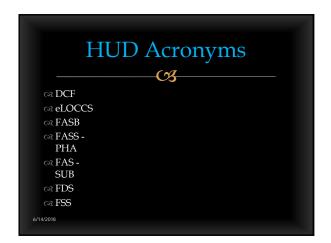


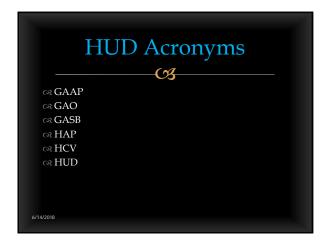


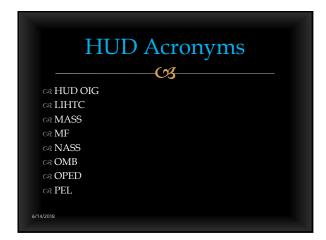


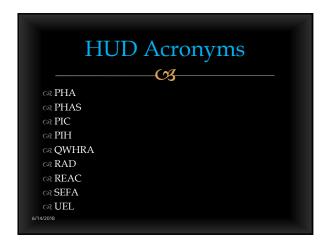












### WHAT IS RAD?

The Rental Assistance Demonstration Program was created in order to give public housing authorities a tool to improve in order to give public housing authorities a tool to impr public housing properties to address a backlog of \$26 billion in deferred maintenance.

1. The ability to leverage debt and equity in order to reinvest in public housing.

2. Allow for a more stable funding through long-term Section 8 contracts which must be renewed.

3. Continued Public Housing Stewardship.

4. Maintain the same 30% of income towards rent, and residents maintain same basic rights.

5. The program was sold to be revenue neutral

- 5. The program was sold to be revenue neutral.

### **Understanding Financial Statements**



○ Statement of Net Position (Balance Sheet):

- Statement of Net Position (Balance Shee
  Snapshot of one date in time
  Shows financial stability of the Agency
  Current vs. Noncurrent One Year
  Cash vs. Investments 90 Days
  Capital Assets and Debt
  Net Position 3 categories
  Investment in Capital Assets
  Restricted
  Investricted

Unrestricted
 What is HUD looking at?
 Managing your "Operating Reserves"

### Statement of Net Position (Balance Sheet)



- ∝ Assets = Liabilities & Net Position
- Current Assets less Current Liabilities = Operating funds available
- Operating Reserves
- $\ensuremath{\bowtie}$  Unrestricted amount divided by average monthly expenses = MENAR
- HUD wants 4 months of liquidity in the working capital

### 

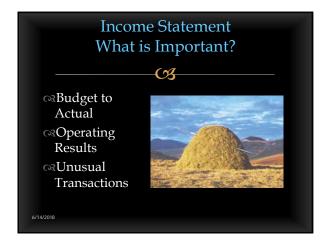
## Understanding Financial Statements C3 Results of Operations for a given period of time Are the numbers critical? How does this relate to the Statement of Net Position (Balance Sheet)? Where does the Net Income/(Loss) go? How is performance measured? What are "below the line" items and how should they be explained?

## Income Statement Net Income/(Loss) should tie to the Statement of Net Position (Balance Sheet) Net Income/(Loss) includes depreciation, so not entirely devoted to Unrestricted Net Position Does not show capital grants End of year statements/ audited financials will give better picture This report allows you to monitor your progress during the year

Description   Part   Descrip				rating Receipts & Expe t for Period Ended Apr					
Company									
March   Marc		Current Period	PUM	Year-To-Date	PUM	Bulgat 170	PUM	YTO Budget Over/Under	Annual Budge
March   Marc	OMERATING RECEIPTS								
	Dwelling Income								
Mod Freed Roses   10,710   28,40   76,60   70,00   70,	500343000 Dwelling Rental	18,779.90	234.67	75,436.34	235.74	74,080.00	293.50	3,356,14	222,340.0
		0.00		0.00	0.00	0.00	0.00	0.00	0.0
	Total Rental Income	18,775.90	234.67	75,436.14	255.74	74,080.00		1,356.14	222,340.0
Marco   Marc									
2006    2006	300340300 Operating Subsidy	12,989.00	162.36	\$1,626.00	255.46	52,727.00	164.77	03,795,009	138,161
	Total HUO-Contributions	12,989.00	162.36	\$1,006.00	259.46	53,727.00	164.77	(1,791.00)	158,185.0
	Other Income								
		2.37	0.25	35.17	0.11	304.36	1.04	(299.19)	1,003.0
\$\ \text{SQMS}   \$\ \text{Color between CF Specimens } \ \ \ \ \text{SQMS}   \$\ \text{Color between CF Specimens } \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			0.30	0.00	0.00	0.00	6.00	0.00	0.0
Management and August 11,254,07 et 23 11,254,07 et 24 11,254,07 et 25 11,254,0						2,250.00	7.03	(487.75)	6,750.0
Commission   Com	300369005 Other Income - CFF Operations	0.00	0.00	0.00	0.00	6.00	6.00	0.00	0.0
Marie	<b>Total Operating Income</b>	32,336.07	402.82	138,258.60	400.82	129,391.36	404.34	(3,131.76)	388,174.0
2002/2006 (April 2006   1.00	OPERATING EXPENSES								
200,000   1,									
2005/2007/1604							74.89	(1,183.68)	75,897.0
2002/2006 (Augusting Lane   14,00   4,01   1,016,00   74,1   1,174,00   74,1   1,174,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0   1,014,00   74,0			0.30	0.00	9.00	600	6.00	0.00	44
							3.90	01,242,150	3,750.0
	300K17980 Accounting Fees.	145.00	4.91	2,415:00	7.60	2,279.36	7.12	156-64	6,8351
Microsoftway   151.56   1.50				0.00	0.00	2,333.50	4.17	(1,393.36)	4,000.0
Note Administration         C.750-75         NLI         33.00-66         SSLI         \$1,500-86         SSLI         \$1,500-86         \$10,500-86	500418200 Senefits - Administrative	0.00	0.30	0.00	0.00	0.00	6.00	0.00	9.6
Month Section   Month Sectin   Month Section   Month Section   Month Section   Month Section					14.30	4,793.00	14.79	(357.30)	14,199.0
	Total Administration	6,250.79	78.13	29,800.48	99.12	33,560.44	104.88	(1,759.94)	100,645.0
2004/2000 T/S - Rec, No & Other SY   207-40   1.34   768-66   2.40   1.166-72   1.65   (366-00)   1,55   (366-00)   1,									
30042200 Benefits - Tenset Services 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.			20.49		20.96	7,148.00	23.34	(434.06)	21,444.0
300K2500 T/S - Resident Participation Cents 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.							3.65	(398.04)	3,500.0
									0.0
				0.00	0.00	0.00	6.00	0.00	0.0
	900423000 T/S - Contract Cost - Training - Other	0.00	0.50	105.96	0.30	806.72	2.55	(710.76)	2,450.6
Tend Tenum Services 1,746.65 21.69 7,548.58 22.75 51,91.64 26.54 (2,542.86) 27,31	Tetal Tenant Services	1,746.85	21.89	7,588.58	29.75	9,191.66	28.54	(3,542.86)	27,3941

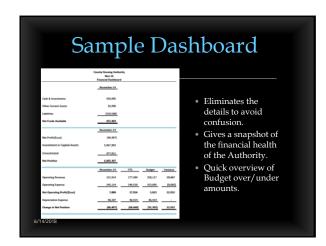
			creting Receipts & Expo et for Period Ended Apri					
		-	Uneselled	100,000				
	Current Period	PUM	Year To Gate	PUM	Budget YTD	PUM	Y10 Budget Over/Under	Annual Budge
Utilities								
100431200 Weler	1,319.54	36.49	5,315.67	16.74	7,500.00	23.64	(2.144.33)	23.986
300452300 Electricity	152.58	3.91	672.39	2.10	833.36	2.60	(361.17)	2,500
300433000 Gan	94.04	1.58	543.31	1.70	400.00	1.25	149.33	1,200
300439000 Other Utility Expense	1,319.54	36.49	5,355.67	16.74	7,500.00	23.44	(2,144.33)	22,500.0
Total Utilities	2,885.70	36.07	11,526.64	37.28	16,239.36	50.79	(4,306.72)	48,790.0
Ordinary Maintenance and Operation								
300443000 Labor - OM&O	6,528.75	81.61	27,229.33	85.07	29,402.00	91.88	(2,178.67)	88,206
300442000 Muturiuls - OMB/D	427.65	5.35	4,779.39	14.99	5,500.00	17.19	(721.63)	16,500.0
200443000 Contract Costs - OMBO	1,669.62	20.87	5,845.25	18.27	7,768.96	22.71	(1,423.15)	21,805.0
300443300 Benefits - Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	- 4
Total Ordinary Maint. & Operations	8,626.02	107.83	37,846.93	118.27	42,170.36	131.76	(4,323.40)	126,511
Protective Services								
300448000 Centract Cests - Pre Services	0.00	0.00	0.00	0.00	0.00	0.00	0.30	- 0
100448200 Benefits - Protective Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	- 0.0
Total Protective Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
General Expense								
300452000 Insurance	2,877.00	35.96	11,412.48	35.79	11,506.72	35.96	(76.24)	34,526
100452000 Payments in Lieu of Toxes	1,417.00	37.72	5,668.00	17.7%	5,666.72	17.71	1.26	17,000
300454000 Employee Benefit Contr.	6,229.50	277.79	26,665.62	83.30	26,529.00	89.12	(1,865.56)	85,557.
2004S7000 Collection Losses	(363.00)	(4.54)	(363-00)	(3.33)	1,166.70	3.45	(1,529.72)	3,500
Total General Expense	30,354.50	126.92	48,399.30	135.64	46,861.56	146.44	(1,466.06)	340,583
<b>Total Operating Expenses</b>	29,663.86	370.76	190,555.79	407.99	147,856.76	462.37	(17,401.016)	443,865
Non-Routine Maintenance								
100461000 Extraordinary Maintenance	0.00	0.90	0.00	0.00	0.00	0.00	0.00	
300462000 Cassalty Loss/Non-Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.80	
Total Non-Routine Maintenance	0.00	0.80	0.00	0.00	0.00	0.00	0.30	

	Coperating Recogns & Expenditures Report for Period English April 30, 1918							
	Current Period	PUM	Unaudited Year To-Date	PUM	Budget YTO	PUM	YYD-Budget Over/Under	Annual Budge
Depreciation								
100480000 Organization Expense	14,526.00	381.58	58,304.00	181.58	58,304.00	181.58	1.00	194,9124
Total Depreciation Expense	14,526.00	385.58	58,304.00	181.58	58,104.00	181.56	6.00	174,3121
Additions from Operations								
100752000 Replace NonExp Equipment	6.00	0.00	6.00	0.00	0.00	0.00	6.00	0.0
100754000 Property Setterment & Additions	5.00	1.00	6.00	0.80	0.00	0.00	1.00	
Total Additions from Operations	6.00	0.00	6.00	0.00	0.00	0.00	6.00	0.0
Total Operating Expenditures	64,189.86	552.36	188,659.79	589.57	206,060.76	643.95	(3.7,401.00)	618,181
Depreciation Nacked Out								
100480000 Depreciation Expense	(34,526.00)	(181.54)	(SA,104.00)	0.81.50)	(1A,204.00)	(581.56)	0.00	024,312.0
Total Operating Expenditures	29,663.86	370.78	130,595.79	407.99	147,956.76	462.37	(17,401.00)	443,869
Without Depreciation								
Residual Reseigns/(Deficit)	2,962.21	32.04	(3,296.53)	(7.57)	(18,565.40)	(14.00)	16,269.27	(35,695.0
			locountamin' Compila					

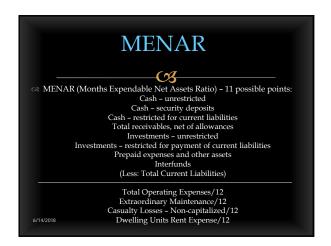


## Presenting Financial Statements COS \*\* Know your audience - what do they care about? \*\* The bottom line? \*\* How many months of reserves we have? \*\* Whether HUD will be happy? \*\* Whether the Auditor will be happy? \*\* Focus on key elements \*\* Cash (Unrestricted, Restricted - Federal & Local) \*\* Net Position \*\* Net Income/(Loss) \*\* Explain Net Position and how this shows the financial stability of the Agency

### 







### **Audited Financial Statements**



Financial and Compliance Audit required by the Uniform Administrative Requirements

- Must give an opinion on "financial position" in accordance with accounting rules (GASB).
- Must give an opinion on general governmental compliance requirements
- $\ensuremath{^{\bowtie}}$  Must give an opinion on the Single Audit Programs tested for compliance.

Auditor must be independent and licensed by the State Board of Accountancy – reviewed by the AICPA.

6/14/2018

### **Audited Financial Statements**



Which pages of the report are important?

- ☑ Auditor Results
- Schedule of Federal Financial Assistance
- Management Discussion & Analysis condensed comparative financial statements.
- Notes to Financials summarizes the operations of the Housing Authority, pertinent accounting policies and disclosure of material and required financial information.

As a commissioner what do I need to know about the financial and compliance audit of the agency?

6/14/2018

### **Audited Financial Statements**



Why is there so much information in the audit report?

- Audit report is meant to be issued to the Board of Commissioners, the local City or County, Department of Housing & Urban Development and banks doing business with the agency.
- Sinancial Data Schedule presents individual programs and funding sources (CFDA - Catalogue of Federal Domestic Assistance)
- © Financial Data Schedule by Asset Managed Property (AMP). All information from each Housing Authority is combined and presented to Congress in a combined countrywide reporting in order to make appropriate budgeting decisions.

6/14/2018

### Purpose of Budget To provide an estimate of revenues and expenses over a specific period of time Tool for property management Forecasting tool Measure of staff/financial performance Internal controls over expenditures It's a requirement



### 

6/14/2018

# Benefits of the Budget Knowledge Control Organization Communication Financial Allstars Efficiency

### Project-Based Budgeting Final Rule ©3 990.255 "PHAs shall also implement project-based management, project-based budgeting, and project based accounting, which are essential components of asset management" 990.280 (a) "Project-based budgeting and accounting will be applied to all programs and revenue sources that support projects under an ACC" 990.285 "Each PHA shall maintain project-based budgets...and make these budgets...available for review upon request by interested members of the public"

## Project-Based Budgeting Reporting Requirement See Project-based budgets do not need to be submitted to HUD See Exception: Troubled PHAs must submit project-based budgets to HUD for all properties Budget must be submitted to PHA's Chairman and each member of the board Budget must be made available upon request to interested members of the public

### Project-Based Budgeting Requirements



- $\ensuremath{\bowtie}$  Budget required for program and revenue sources that support projects under ACC, at the AMP level
- HUD will not prescribe specific budget format
- ⇔ PHA wide budget not required, but it's a pretty good idea!
- $\ensuremath{\bowtie}$  Any budget should be approved by the Board of Commissioners
- Budgets should be approved before the beginning of the year, and revised during the year

6/14/2018

### **Budget Review - Variance Analysis**



- ${\scriptstyle \bowtie} \ Identify \ significant \ variances$
- $\varpropto$  Explain variances
- $\bowtie$  Dollar Amount vs. % Change

6/14/2018

### Budgeting - Revenue

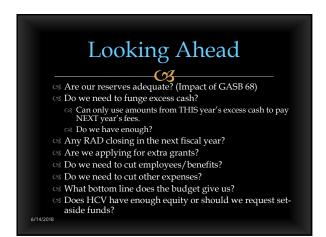


- ☑ Operating Subsidy
  - Remember Subsidy is based on a Calendar Year
  - Very difficult to predict at this time with proration
- cs Capital Funds
- What major improvements are you making?
- $\bowtie$  Do you even need operations money?
- ☑ Dwelling Rental

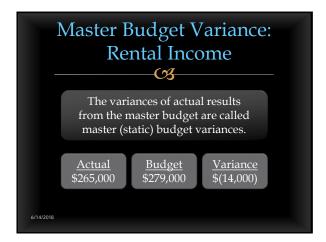
  - Are you expecting any demo/dispo next year?
  - Take current monthly rent roll \* 12 mor

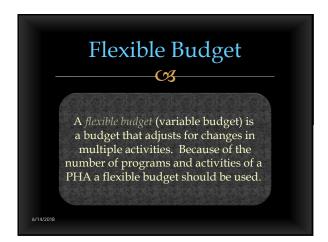
6/14/2018

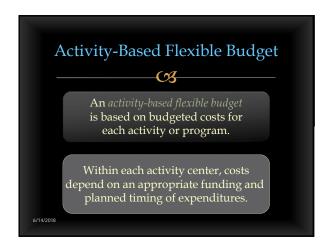




# A static Budget is prepared for only one level of a given type of activity. This is a budget based on a single level of activity. With HUD this is similar to a program budget for Public Housing or a CFP program budget.







Challenges in Budgeting	7
<u></u>	
□ Public Housing Subsidy shortfall/recapture	
○ Public Housing Capital Fund Program timing	
○ Calendar year funding vs fiscal year planning	
Planning for the unknown event – IG audit, fraud, natur disaster, employee turnover	al
Limited resources with the HCV program, and still tryin maintain quality	ig to
Transfer of funds between programs – legal restriction a understanding "nonfederal" funds.	nd
6/14/2018	