

CHAPTER 2. PHA OPERATING BUDGETS

2-1. PURPOSE.

The purpose of this Chapter is to provide PHAs with conceptual guidance regarding preparation and administration of the Operating Budget. The Chapter cites specific regulatory requirements, where applicable, including those related to the Performance Funding System (PFS).

2-2. OPERATING BUDGET DEFINITION.

A budget is a realistic estimate of operating receipts and expenditures for a given period of time to be used as a plan of operation and a monitoring tool to measure an agency's performance. It is an instrument through which the PHA expresses its thoughts and actions as to proposed activities, including overhead factors, and estimates and assigns available resources to accomplish planned objectives and goals. The purpose of the budget, as a financial summary and analysis of immediate and long-range operating programs and plans, is to provide the PHA with an effective instrument to control operations and achieve operating objectives in a balanced and business-like manner.

2-3. PHA ROLE IN THE OPERATING BUDGET PROCESS.

a. Board of Commissioners

The PHA Board of Commissioners, acting through its delegated officers, has the primary responsibility for ensuring that the PHA is operated in an efficient and economical manner and that its financial integrity is maintained.

This responsibility is exercised through the review, approval and control of the PHA Operating Budget(s) and Operating Budget revision(s) prior to submission to HUD for approval. Approval is expressed in a duly executed board resolution.

PHAs under the PFS are required by 24 CFR 990.112 to submit:

"...a certified copy of a Resolution of the Board of Commissioners stating that the Board has reviewed and approved the Operating Budget or Operating Budget revision and has found:

- (1) That the proposed expenditures are necessary in the efficient and economical operation of the housing for the purpose of serving low-income families.

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- (2) That the financial plan is reasonable in that:
 - (i) It indicates a source of funding adequate to cover all proposed expenditures.
 - (ii) It does not provide for use of Federal funding in excess of that payable under the provisions of these regulations (24 CFR 990).
 - (3) That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contract".

The content of the board resolution for PHAs not under the PFS is not specified but a similar resolution, duly executed, would be acceptable.

b. Executive Director

In most instances the Executive Director has the overall responsibility for budget preparation. The Executive Director is accountable for the soundness and validity of the budget estimates. This responsibility should not be delegated outside of the PHA (i.e., to a fee accountant). Although outside experts can be helpful in the budget preparation, the responsibility remains with the PHA.

c. Principal Staff

To the maximum extent feasible, all departments within the PHA should have input into the final budget estimates. Smaller PHAs with limited staff should, at a minimum, seek input from the maintenance staff.

2-4. OPERATING BUDGET FORMULATION.

- a. Since the PHA is required by the ACC to send its proposed operating budget to the Field Office not later than 90 days before the beginning of the PHA fiscal year, planning should be developed sequentially beginning early in the "Current Budget Year." This calls for coordinated effort by principal staff members, the Executive Director, and the Board. It will help if staff assignments in connection with planning and preparing a budget are made to each division of the PHA's organization. For example, Project and Organization Unit Managers should outline major operating problem areas and recommend specific corrective actions and improvement programs. The Maintenance Superintendent should develop plans and programs for routine and non-routine (including cyclical) maintenance of physical properties and essential property

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improvements. The Occupancy Section or the responsible staff official should develop plans and programs to maximize rental income and occupancy of available units.

- b. More comprehensive planning of the "Requested Budget" will be achieved if it is done as an adjunct to administration of the "Current Year" budget. This will contribute to effective execution of the PHA's program by providing a continuity in financial planning. With respect to planning and preparing the "Requested Budget," the following schedule is suggested:

- (1) First through sixth month of current year:
 - (a) Review actual financial statements of past year's activity. Compare actual activity of past year against the Operating Budget estimates for that year. Analyze differences between estimated activity and actual activity.
 - (b) Place actual activity of past year into historical data base. Review and analyze for trends.
 - (c) Reappraise the budgetary program and financial plan for the current budget year, taking into account completed major work programs and the present actual financial position.
 - (d) Make specific detailed staff assignments of studies and planning for the requested budget.
 - (e) Begin preparing worksheets for requested year's budget.
 - (f) Note progress of activities on major administration and operating programs
 - (g) Review trends of receipts and expenditures, relating them to the budgeted levels.
 - (h) Progress on the "Current Budget" year program should be studied in summary by the Executive Director and staff and tentative plans for formal revision of the budget, if necessary, as soon as possible after the close of the sixth month.
- (2) Seventh month of current year:

- (5) Maintain cash/investment balances on the 10th, 20th and 30th of each month (see Exhibit 2-2, Interest on General Fund Investments pages 2-30 thru 2-40).

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- (6) Review the Statement of Operating Receipts and Expenditures, Form HUD-52599 (both the semi-annual report for current year and the annual report for previous year).
- (7) Review the cost allocation system if more than one program is administered by the PHA.
- (8) Review Financial Workout Plan (FWP) for financially troubled (FT) PHAs and Workout Plan (WP) for operationally troubled (OT) PHAs, if applicable (see Troubled Public Housing Agency Handbook 7475.14).
- (9) Review Comprehensive Plan, if applicable (see CIAP Handbook 7485.1 REV-2).
- (10) Review Comprehensive Occupancy Plan, if applicable (see Performance Funding System (PFS) Handbook 7475.13).
- (11) Assure current posting of the general ledger.
- (12) Review HUD correspondence, issuances, reports and surveys (i.e., Project Engineering Surveys, Maintenance Operation Reviews, Utilities Reviews, Management Reviews, Occupancy Audits, etc.).
- (13) Review latest fiscal audit.
- (14) Review the Housing Manager's Certification status for all required employees (see 24 CFR 967).
- (15) Update salary comparability data for all administrative positions.
- (16) Review staff training needs.
- (17) Record utility consumption and cost records using Forms HUD-51466a, Gas Data; HUD-51466b, Electricity Data; and HUD-51466c, Water and Sewage Disposal Data. Review current rates. Contact utility companies to see if rate changes have been approved.
- (18) Review energy audit.
- (19) Obtain Maintenance Wage Rate Determination from HUD.

PHA
Owned Rental
Housing

Initial Operating Budget
submitted not later than
120 days
before the estimated date
of Initial Occupancy of
any project.
(original and 2 copies)

Period Covered in
Operating Budget is from
End of Initial Operating
Period through the end of
the First Full Fiscal Year

b. Initial Operating Budget-Section 23 Leased.

PHAs shall submit their first operating budget to the Field Office not later than the Date of Execution of the Annual Contributions Contract (ACC) covering a Section 23 Project. The first budget shall be prepared for the period from the Date of Execution of the Contract through the end of the first full fiscal year, as established under the terms of the contract, and shall govern the operation of the project for such period.

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Section 23 Leased

First Operating Budget
submitted not later
than date of ACC
Execution (original
and 2 copies)

Period covered in

Operating Budget is
from Date of
Execution of
Contract to the end
of PHA fiscal year

c. Subsequent Operating Budgets (Including Section 23 Leased).

PHAs shall submit subsequent operating budgets to their respective HUD Field Offices not earlier than 150 days nor later than 90 days before the expiration of the first and each succeeding fiscal year.

Fiscal Year Beginning (FYB)	Fiscal Year Ending (FYE)	Budget Due not earlier than 150 days	Budget Due Not Later than 90 days
10/1	9/30	5/1	7/1
1/1	12/31	8/1	12/1
4/1	3/31	11/1	1/1
7/1	6/30	2/1	4/1

d. Delayed Submissions.

A Field Office may authorize delayed submission of operating budgets under the following circumstances:

- (1) If the Performance Funding factors have not been published and distributed by the due date (PHA-owned projects only).
- (2) If the PHA submits a written request for delayed submission, indicating adequate justification for the delay and the anticipated date of submission.

In no event will a budget be approved by the Field Office after the end of the fiscal year involved.

2-6. BUDGET SUBMISSION REQUIREMENTS.

Each PHA operating a low-income public housing project under an approved Annual Contributions Contract (ACC) with the Department of Housing and Urban Development (HUD) must submit for HUD approval an annual operating budget (Form HUD-52564). The following tables provide a summary of forms and other materials required when submitting an Operating Budget for Rental Housing and Section 23.

BUDGET MATERIAL
REQUIREMENTS

PHA
OWNED RENTAL HOUSING

OPERATING BUDGET MATERIALS
FORM HUD 52564 52571
52566 52573
52567

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PERFORMANCE FUNDING
SYSTEM (PFS) MATERIALS
FORM HUD 52720 1/ 52721A
52720A 1/ 52721
52720B 1/ 52722B
52720C 1/ 52728-A 2/
52720D 52728-B 3/
52722A 52728-C 3/

Certificate of Reexamination of family
Income and Composition (24 CFR 960.209)

Resolution of the Board of Commissioners
approving the Operating Budget (Exhibit 2-7)

-
- Extract from minutes of the meeting
 - Certificate of Recording Office
 - HUD 52158, Maintenance Wage Rate
Determination
 - List of Housing Manager and Assisted
Housing Manager positions in
accordance with Handbook 7460.2 dated
November 1980, paragraph 24(b).
-

1/ No longer required starting FYB 4/1/86 and thereafter, unless PHA experiences a change of 5 percent or 1,000 units, whichever is less, or it is the PHA's initial request for subsidy other than audit cost under PFS. Form HUD 52720B last used in calculating Allowable Expense Level (AEL) must be attached to each PHA fiscal year original operating budget submission.

2/ Form HUD-52728-A is required annually from PHAs requesting operating subsidies.

3/ These forms comprise the Comprehensive Occupancy Plan which a PHA may elect to submit if categorized as a low occupancy PHA, and are not required otherwise.

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BUDGET MATERIAL
REQUIREMENTS

SECTION 23 LEASED

OPERATING BUDGET MATERIALS
FORM HUD 52564 52571
52566 52573
52567

REQUEST FOR PAYMENT OF SUBSIDIES FOR
OPERATIONS, - NON-PFS PROJECTS

FORM HUD 53087

Resolution of the Board of Commissioners
approving the Operating Budget (Exhibit 2-7)

Except for Form HUD-52564, PHAs may, with prior approval, use forms other than those prescribed above, provided the budget submission includes all the information called for by the prescribed forms.

Budget submission requirements may be found in the following primary references:

- a. Part Two, Consolidated Annual Contributions Contract, Article II. Operation, Section 407, Operating Budgets and Control of Operating Expenditures.

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b. Performance Funding System Handbook 7475.13 (PHA-owned projects only).

c. Field Office Monitoring Handbook 7460.7 REV. Change 4.

It is the responsibility of the PHA to submit a complete Operating Budget package to the Field Office for review. An Operating Budget Checklist (Exhibit 2-1) has been developed to reflect the materials required for budget submissions. It is recommended that the PHA complete the Operating Budget Checklist and submit it with the budget package to the Field Office. Upon receipt, the Field Office shall review the budget package for completeness using the Operating Budget Checklist. In instances of incomplete budget submission, PHAs shall receive written notification identifying the missing materials. A Budget Checklist also has been developed for Field Office use (Exhibit 3-2) as an attachment to the written notification of missing materials. Field Offices may use the sample letters found in Exhibit 3-3 as notification to a PHA that budget submission is incomplete.

2-7. GUIDANCE FOR COMPLETION OF BUDGET DOCUMENTS

(1) The following are supporting documents to the Operating Budget (Form HUD-52564):

- a. Summary of Budget Data and Justifications, Form HUD-52573 (4 pages). See Exhibit 2-2 for the form with instructions.
- b. Schedule of All Positions and Salaries, Form HUD-52566 (1 page). See Exhibit 2-3 for the form with instructions.
- c. Schedule of Administration Expense Other Than Salaries, Form HUD-52571 (1 page). See Exhibit 2-4 for the form with instructions.
- d. Schedule of Nonroutine Expenditures, Form HUD-52567 (1 page). See Exhibit 2-5 for the form with instructions.

(2) Complete these documents in conjunction with the corresponding line items on the Operating Budget. Unless specified herein, follow the instructions included on the forms. A copy of the instructions for Form HUD-52564 is shown in Exhibit 2-6. The Operating Budget (Form HUD-52564) and all the above mentioned supporting documents can be submitted on computer generated forms instead of the manually completed ones as long as the form conforms to the original.

2-8. OPERATING BUDGET EXECUTION.

The approved operating budget should be used to schedule activity on operating programs. Thus, the budget will be a "master plan" for management efforts and will provide a comprehensive checkpoint for staff and Board evaluation and control of progress in achieving operating objectives.

2-9. CONTROL OF BUDGETARY PROGRAMS.

Although the Executive Director, in most cases, is responsible for directing the budgetary program, the job of carrying out the program will be easier if each principal staff member is assigned the job of initiating action phases of the program related to his/her specialty, and each principal organizational unit official is delegated all necessary authority and responsibility to ensure the adequacy and effectiveness of budget execution and control with respect to his/her functional area. Periodically, the Executive Director should evaluate progress on the total program. The review should be related to the current financial situation, both actual and budgetary. This will provide an opportunity to pinpoint those phases of the program which require accelerated effort and to plan revision of the program, if necessary, because of current and prospective financial circumstances or other factors.

- a. The budget control methods and systems required will depend on the PHA's size and organization and the scope and complexity of its operations.

Exhibits 2-8 and 2-9 provide sample budget controls that PHAs may wish to adopt.

Exhibit 2-9 provides a sample budget control for all accounts included in the Statement of Operating Receipts and Expenditures (Form HUD-52599). The Executive Director may wish to utilize this type of a control to personally review income and expenditures on a monthly basis.

Larger PHAs may find it necessary to develop a series of formal organizational unit control reports and schedules. In any case, those additional records essential for clear evaluation of major budget elements should be developed. The detail and depth of analysis can be determined as individual circumstances demand.

- b. At a minimum, the system should incorporate a method to (a) review the level and trend of rental and other income items in order to determine the effectiveness of budgetary programs related to them, (b) earmark funds budgeted for specific routine purposes such as salaries, utilities, contracts, and materials, (c) measure the rate of expenditures to assure

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prudent use of operating funds and to evaluate adequacy of budgetary estimates, and (d) relate cumulative expenditures for each non-routine work program to its budgetary limitation, and determine the rate of progress toward its completion. The last named control will help in planning succeeding years' programs and financial requirements if carryover work appears probable or if current year budget revision is required.

2-10. BUDGET REVISION SUBMISSION REQUIREMENTS.

Budget revisions are required when necessary to achieve operations within controlled accounts enumerated in paragraph 2-13. As a general rule, formal budget revisions changing expenditures should not be prepared prior to the end of the first six months of operation in the fiscal year involved. Satisfactory evaluation of the need for a budget revision probably cannot be made at an earlier date. The Statement of Operating Receipts and Expenditures (Form HUD-52599) covering the first six-month period should be the basis for the mid-year review of the first six months of operations. In the event a budget revision is required because of anticipated overruns of controlled accounts, the revision should also reflect any significant changes (increases or decreases) in all budgeted receipts and expenditures. During the balance of the fiscal year following the mid-year review, a budget revision may be prepared and processed at any time if it appears that any controlled account will be overrun. No budget revision should be submitted solely because of a known increase in any one item without a determination that such increase cannot be absorbed in underruns of other items in the same controlled account of the consolidated budget (see paragraph 2-14, Budget Overruns). However, in order to give the Field Office adequate time for review, budget revisions should be submitted not later than 30 days prior to the end of the PHA fiscal year. In no event will a budget revision be approved by a Field Office after the end of the PHA fiscal year.

2-11. BUDGET REVISION MATERIAL REQUIREMENTS ARE:

- a. HUD-52564 Operating Budget, as well as revised schedules, if any of the schedules listed under Budget Material Requirements (see pages 2-9 thru 2-11) are affected by the submission.
- b. A narrative statement explaining and giving the justification for all significant revisions of the

budget.

- c. The Operating Budget or Operating Budget Revision Board of Commissioners Resolution and Certification (see Exhibit 2-7).
- d. If a budget revision is made to incorporate a PFS utility adjustment, Form HUD-52722B, Adjustment for Utility Consumption and Rates, must be submitted along with a Revised

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Form HUD-52721A, Calculation of Performance Funding System Operating Subsidy, for the fiscal year of the respective adjustment and Form HUD-52721, Direct Disbursement Payment Schedule Data - Operating Subsidy.

- e. If a budget revision is made to incorporate a PFS investment income or estimated rental adjustment, submit a Revised Form HUD-52721A for the fiscal year of the respective adjustments.
- f. If a budget revision is made because there are allowable changes, up or down, to the projected occupancy percentage used in the original budget submission, the PHA will submit Form HUD-52728-A, PHA Occupancy Percentage for a Requested Budget Year (RBY), along with a Revised Forms HUD-52721A for the fiscal year of the respective adjustments and Form HUD-52721.
- g. If a budget revision is being made that incorporates several adjustments, for the same fiscal year the adjustments may be consolidated and displayed on the Revised Form HUD-52721A for the fiscal year of the respective adjustments and Form HUD-52721.

2-12. NUMBER OF COPIES REQUIRED.

PHAs are required to submit an original and 2 copies of Budget Documents for review and approval, unless otherwise advised by the Field Office.

2-13. CONTROLLED CATEGORIES.

- a. PHAs subject to a limited budget review.

The controlled category for PHAs subject to a limited budget review is Total Operating Expenditures, Line 890 of the Operating Budget. Therefore, a budget

overrun will not occur unless the PHA incurs expenditures in excess of the Total Operating Expenditures approved by HUD in the applicable budget or budget revision.

Where the budget includes provision for extraordinary maintenance or substantial betterments and additions, Field Office approval of the budget will be conditioned on the PHA using the funds so provided solely for such work or for uncompleted work from the previous year under the provisions of Chapter 3, paragraph 3-14 (see Uncompleted or Deferred Work items).

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Examples:

- (1) If the approved budget includes three ranges at a total cost of \$900 and the actual cost for the three ranges is \$975, an overrun would not occur unless the PHA incurs expenditures in excess of the Total Operating Expenditures approved by the Field Office.
- (2) If the approved budget includes three ranges at a total cost of \$900, the PHA cannot buy one riding lawn mower at a total cost of \$900 instead without prior HUD approval.
- (3) If the fiscal year 1986 approved budget included \$20,000 for replacing a roof but the cost was not incurred until fiscal year 1987, the amount is automatically approved to be carried forward for an expenditure during 1987. It is, however, recommended that the PHA include the roof replacement in a budget or budget revision for fiscal year 1987.

- b. PHAs subject to a detailed budget review (including Section 23 Leased).

The controlled categories for PHAs subject to a detailed budget review are:

- (1) Total Administrative Expenses, Line 190 of the Operating Budget.
- (2) Total Routine Expenses, Line 600 of the Operating Budget.
- (3) Total Rent to Owners of Leased Dwellings, Line 610 of

the Operating Budget - Section 23 Leased only.

- (4) Extraordinary Maintenance, Line 710 of the Operating Budget. Both the total dollar amounts and the specific individual items are controlled.
- (5) Replacement of Equipment, Line 720 of the Operating Budget. Both the total dollar amounts and the specific individual items are controlled.
- (6) Betterments and Additions, Line 730 of the Operating Budget. Both the total dollar amounts and the specific individual items are controlled.

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- (7) Other Nonroutine Expenditures, Line 740 of the Operating Budget. Both the total dollar amounts and the specific individual items are controlled.

2-14. BUDGET OVERRUNS.

a. Definition.

A budget overrun is defined as any expenditure incurred in controlled categories in excess of the amount approved by HUD on the applicable Operating Budget or Operating Budget Revision (Form HUD-52564). Permissible exceptions not requiring prior HUD approval are as follows:

- (1) Expenditures incurred in emergencies where necessary to eliminate an immediate serious hazard to life, health or safety of the residents of a specific project.
- (2) Overruns attributed to increased utility expenses or terminal leave payments (i.e., if the difference between estimated and actual utility cost is equal to or greater than the overrun in Total Routine Expenses).
- (3) Uncompleted or deferred work items of extraordinary maintenance or betterments and additions budgeted (with HUD approval) in the prior year but not completed during that year.

All or any portion of the overrun may be declared an ineligible expenditure by the Field Office in accordance with Chapter 3 paragraph 3-15 on ineligible expenditures.

b. ACC Requirements.

The Annual Contributions Contract, Part Two, Article II, Section 407, Subsection H, states:

"(H) The PHA shall not (1) at any time after the end of the Initial Operating Period for any project incur any Operating Expenditures with respect to such project except pursuant to and in accordance with an approved Operating Budget for such Project, nor (2) during any Fiscal Year or other budget period, incur with respect to any Project expenditures in excess of the amounts included in approved Operating Budgets for Controlled Accounts as may be specified by the Government, nor (3) incur Operating Expenditures for any purpose or in any amount contrary to any condition or modification imposed by the Government upon any Operating Budget: Provided, that nothing in this subsection (H) shall preclude the incurring of expenditures in emergencies where necessary to eliminate an

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immediate serious hazard to life, health, or safety of the occupants of a Project, and that the amount of any such emergency expenditures shall be reported promptly to the Government and the Operating Budget amended accordingly."

c. Corrective Procedures for Overruns.

Operating budget overruns are a matter of serious concern to HUD. They may be indicative of poor financial management controls and have an adverse effect on the serviceability, efficiency, economy or stability of the PHA's housing operations. A PHA with an overrun needs to give prompt attention to identifying its cause and to implement corrective actions. In order to secure compliance, the Field Office may take several actions including:

- (1) Subjecting the PHA's operating budget and/or budget revisions to a detailed budget review;
- (2) Imposing explicit conditions or limitations on budget expenditures that are reasonably related to the overrun cause; and
- (3) Taking follow-up actions, such as special reporting requirements or field visits, to assure that corrective procedures are being made.

Additional information on overruns and their consequences may be found in Chapter 3, paragraph 3-15.

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EXHIBIT 2-1

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PHA
OPERATING BUDGET CHECKLIST

Submission (Check One)

Original Resubmission No. _____ Revision No. _____

PHA NAME _____ FYE _____

(The documents (original and 2 copies) checked are included in the operating budget package)

PHA USE	OPERATING BUDGET FORMS	FIELD OFFICE USE
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52564 (2 pages) Operating Budget	Included Missing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52566 Schedule of All Positions and Salaries	Included Missing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52567 Schedule of Nonroutine Expenditures	Included Missing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52571 Schedule of Administration Expense Other Than Salaries	Included Missing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52573 (4 pages) Summary of Budget Data and Justifications	Included Missing

PFS FORMS

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Included	Missing HUD-52720, Funding Formula Data Collection Form	Included Missing

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PHA OPERATING BUDGET CHECKLIST

PHA NAME _____		FYE _____	
PHA USE	PFS FORMS (con't)	FIELD OFFICE USE	
—	—	—	—
Included	Missing	Included	Missing
HUD-52720A Worksheet No. I: Multiplications			
—	—	—	—
Included	Missing	Included	Missing
HUD-52720B Worksheet No. II: Calculation of Variable Products and Formula Expense Level			
—	—	—	—
Included	Missing	Included	Missing
HUD-52720C (4 Pages) Worksheet No. III: Calculating Allowable Expense Level (First PFS Year Only)			
—	—	—	—
Included	Missing	Included	Missing
HUD-52720D Worksheet No. IV: Calculating Revised Allowable Expense Level			
—	—	—	—
Included	Missing	Included	Missing
HUD-52722A Calculation of Allowable Utilities Expense Level			
—	—	—	—
Included	Missing	Included	Missing
HUD-52721A (2 Pages) Calculation of PFS Operating Subsidy			
—	—	—	—
Included	Missing	Included	Missing
HUD-52721 (5 Pages) Direct Disbursement Payment Schedule Data - Operating Subsidy			

1/ Forms should be submitted with a budget revision.

OPERATING BUDGET CHECKLIST

PHA NAME			FYE	
PHA USE	PFS FORMS (con't)		FIELD OFFICE USE	
—	—	HUD-52722B Adjustment for	—	—
—	—	Utility Consumption and	—	—
Included	Missing	Rates 1/	Included	Missing
—	—	HUD-52728-A: PHA	—	—
—	—	Occupancy Percentage for a	—	—
Included	Missing	Request Budget Year (RBY)	Included	Missing
—	—	HUD-52728-B: Vacancy	—	—
—	—	Reduction Goal for Low	—	—
Included	Missing	Occupancy PHAs	Included	Missing
—	—	HUD-52728-C: Comprehensive	—	—
—	—	Occupancy Plan Schedule	—	—
Included	Missing		Included	Missing
—	—	Estimated Investment Income	—	—
—	—	(EII) Schedule	—	—
Included	Missing		Included	Missing
—	—	Target Investment Income	—	—
—	—	(TII) Schedule 1/	—	—
Included	Missing		Included	Missing
—	—	Certification of Reexamination	—	—
—	—	of Family Income and Compo-	—	—
Included	Missing	sition (24 CFR 960.209)	Included	Missing

1/ Forms should be submitted with a budget revision.

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EXHIBIT 2-1

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PHA
OPERATING BUDGET CHECKLIST

PHA NAME			FYE	
PHA USE	PFS FORMS (con't)		FIELD OFFICE USE	
—	—	Resolution of the Board	—	—
—	—	of Commissioners Approving	—	—
Included	Missing	the Operating Budget	Included	Missing
—	—	Extract from Minutes of	—	—

—	—	the Meeting	—	—
Included	Missing		Included	Missing
—	—	Certificate of Recording	—	—
—	—	Officer	—	—
Included	Missing		Included	Missing
—	—	HUD-52158 Maintenance Wage	—	—
—	—	Rate Determination	—	—
Included	Missing		Included	Missing
—	—	List of Housing Manager and	—	—
—	—	Assistant Housing Manager	—	—
Included	Missing	Positions in accordance with	Included	Missing
		Handbook 7460.2 dated 11/80		
		paragraph 24(b)		

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EXHIBIT 2-2

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INTEREST ON GENERAL FUND INVESTMENTS (Continued)

The formulas for Interest on General Fund Investments (Estimated Investment Income (EII) and/or Target Investment Income (TII) calculations) for PHAs under the PFS are as follows:

1. End of the Month Cash Balances for 12 months, DIVIDE by 12. The result equals Average Monthly Cash Balance.	End of the Month Cash Balances for 12 months	=	Average Monthly Cash Balance
	12		
2. DEDUCT \$10,000 or \$10 times total number of units, whichever is greater (not to exceed \$250,000), from Average Monthly Cash Balance to obtain Estimated Cash Available for Investment or Actual Cash Available for Investment.	Average Monthly Cash Balance	-	\$10,000 or \$10 times total number of units, whichever is greater (not to exceed \$250,000)
		=	Estimated or Actual Cash Available for Investment
3. Estimated Cash Available for Investment or Actual Cash Available for Investment, TIMES	Estimated or Actual	FYE estimated or actual average	Estimated Investment Income

FYE estimated or actual average 91-day Treasury Bill Rate, equals Estimated Investment Income (EII) or Target Investment Income (TII). Cash Available for Investment X 91-day Treasury Bill Rate = (EII) or Target Investment Income (TII)

4. Estimated Investment Income (EII) or Target Investment Income (TII) DIVIDED by Unit Months Available (UMA) equals Per Unit Per Month (PUM) Interest on General Fund Investments, Line 19 Form HUD-52723. Estimated Investment Income (EII) or Target Investment Income (TII) Unit Months Available (UMA) = PUM Interest on General Fund Investments, Line 19, Form HUD-52723

These instructions are not included in those provided on Form HUD 52573

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EXHIBIT 2-2

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INTEREST ON GENERAL FUND INVESTMENTS (Continued)

To Determine EII or TII Calculations

The end of the month cash balances for each month. Include Development Funds Available after EIOP. Exclude cash balances representing Security Deposits, Account 1114, when the interest earned thereon is either (1) returned to the tenants or (2) used for tenant services or activities in accordance with 24 CFR 966.4(b)(3)(ii), and General Fund Account 1111.2. (Unapplied Debt Service Fund) do not reflect in the calculation of EII or TII any credit balances in cash accounts, e.g., resulting from overdrafts.

Cash Balances Used Represent:

Account 1111.1 Cash-General Fund, after exclusion of above items;

Account 1111.3 CIAP (Modernization) funds;

Account 1117 Petty Cash;

Account 1118 Change Fund;

Account 1155 Advances - Limited Revolving Fund;

Account 1156 Advances- Unlimited Revolving Fund;

Account 1157 Advances - Master Account; and

Account 1162 Investments General Fund, after exclusion of
Development Investments representing Investment of
Development Funds before EIOP.

These instructions are not
included in those provided
on Form HUD 52573

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EXHIBIT 2-2

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INTEREST ON GENERAL FUND INVESTMENTS (Continued)

To calculate Estimated Investment Income (EII), not later than 60 days before the beginning of the Fiscal Year, use available balances from preceding 12 months (include figures from two different fiscal years, as necessary).

To calculate Target Investment Income (TII), not later than 30 days after the receipt of the actual average 91 - day Treasury Bill Rate - - , use actual balances for that fiscal year ONLY.

Following are suggested formats, with examples of each, to determine Interest Earned on General Fund Investments:

1. FORMAT: Schedule of Cash Balances for FYE Computation of Estimated/Targeted Investment Income Funds Available after EIOP (page 2 - 34),
2. EXAMPLE: Schedule of Cash Balances for FYE Computation of ESTIMATED INVESTMENT INCOME Funds Available after EIOP for ROOP HOUSING AGENCY FOR FYE 12/31/85 (page 2 - 35),
3. EXAMPLE: Schedule of Cash Balances for FYE Computation of TARGET INVESTMENT INCOME Funds Available after EIOP for ROOP HOUSING AGENCY FOR FYE 12/31/85 (page 2 - 36),
4. FORMAT: Estimated/Target Investment Income Calculation (page 2 - 37),
5. EXAMPLE: ESTIMATED/TARGET INCOME CALCULATION for ROOP HOUSING AGENCY FOR FYE 12/31/85 (page 2 - 38),
6. FORMAT: Year-End Reconciliations (page 2 - 39), and
7. EXAMPLE: YEAR-END RECONCILIATIONS for ROOP HOUSING AGENCY FOR FYE 12/31/85 (page 2 - 40).

These instructions are not
included in those provided
on Form HUD 52573

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