



CARES Act Reporting-Part 3

Financial Data Schedule (FDS) Reporting

December 10, 2020

CARES Act Reporting – Part 3

Introduction & Agenda

❖ Introduction to CARES Act Reporting – Part 3

- *David Vargas, Deputy Assistant Secretary, PIH Real Estate Assessment Center (REAC)*

❖ Answers to Common PHA Questions

- *Chris Kubacki, Senior Manager, Phineas Consulting*

❖ Common FDS Reporting Errors of CARES Act Funding

- *Quincy Riley, Director, REAC's Financial Assessment Sub-system for Public Housing (FASS-PH)*

❖ Update on CARES Act PHA Quarterly Reporting

- *Quincy Riley, Director, REAC's Financial Assessment Sub-system for Public Housing (FASS-PH)*

❖ Questions and Answers



CARES Act Reporting – Part 3

Goal

- Help ensure that financial reporting of CARES is free of reporting errors
 - FDS and Quarterly Reporting Portal are HUD's two main data repositories on the use of \$1.2 billion of CARES Act funds by PHAs
- Answer questions from PHAs on PIH Notice 2020-24 (FDS & Quarterly Reporting)

Audience

- PHA Financial Types – PHA finance officers, PHA accountants, fee accountants, PHA auditors, etc.
- PHA Management – Executive Directors, HCV, and Public Housing program managers, etc.
- HUD financial analysts, auditors, and reviewers

Focus of Session

- Response to Common Questions from PHAs
- Financial Data Schedule (FDS) Reporting
 - Common Reporting Errors
 - PHA Quality Control Checklist for FDS Reporting
- Update on PHA Quarterly Reporting Portal



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Answers to Common PHA Questions

My PHA has received CARES Act HAP funding:

- (1) What HAP cost can be funded with the monies?,**
- (2) What documentation do we need to have to prove the funds were spent properly?, and**
- (3) What are the HUD reporting requirements?**

➤ There are no special requirements or conditions to determine which HAP costs can be funded from CARES Act supplemental HAP funding. Therefore, we suggest that PHAs spend their CARES Act HAP funds first.

For example, let's say that your PHA's monthly HAP expense is \$300,000 and you received \$250,000 of CARES Act HAP funds in November. We would suggest that you apply the full \$250,000 to your December HAP check run and have regular HAP funding cover the remaining \$50,000.

Your PHA should have documentation that shows HAP expense of \$250,000 in your check /HAP disbursement run charged against the CARES Act HAP funds.

My PHA has received CARES Act HAP funding....(continued): (3) What are the HUD reporting requirements?

FDS Reporting. For FDS reporting, in column 14.HCC, the PHA would report \$250,000 in HUD operating grants (FDS line 70600) and \$250,000 in HAP expense (FDS line 97300). On the balance sheet, zero out the restricted cash and unearned revenue. From a FDS reporting perspective, HUD knows your total HAP expense for the year by adding the HAP expense in columns 14.871 (HCV) and 14.HCC and HUD also know how much HAP expense was paid from CARES Act funds, because this amount is reported in 14.HCC.

VMS Reporting. For VMS reporting, the PHA would report these HAP expenses as they would report any other HAP expense. In other words, there are no changes to VMS reporting because the HAP expense was funded from CARES Act funds. The \$250,000 in excess regular HAP disbursements will be accounted for in your net restricted position, but the CARES Act HAP will have a zero-net effect on HAP equity. CARES Act HAP is not reported in restricted net position, as an unspent CARES Act HAP is offset by a liability (unearned revenue).

Quarterly Reporting. For Quarterly reporting, the PHA would report \$250,000 of HAP expense in the Quarter Ended December 31, 2020 under the HCV HAP Award.

Use of CARES Act Funds to Support the COCC

My PHA does not normally charge the fully allowed management and bookkeeping fee to its HCV and PH program, can we use CARES Act funds to pay for fees up to the safe-harbors and how would they be reported?

- Yes, a PHA can use CARES Act funds to pay for fees up to the safe-harbors as long as the use is for an immediate need, be accounted for in the CARES Act PH, HCV and COCC columns of the FDS and meets at least one of the following conditions as listed in PIH Notice 2020-24:

CARES Act Funds transferred to the COCC must be used:

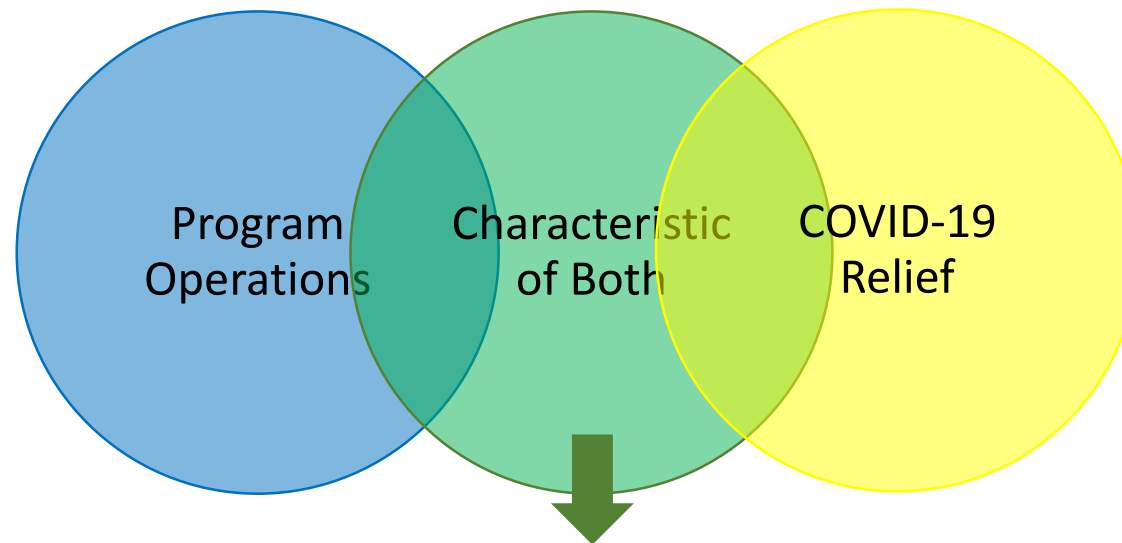
- (1) For COCC COVID-19 related costs, or
- (2) To fund incremental higher operational costs of the COCC due to COVID-19, or
- (3) To fund normal operating costs where the PHA can demonstrate that the COCC fees charged to the program are less than what was expected due to COVID-19 pandemic.

A PHA's COCC should be in roughly the same financial position as if the COVID-19 pandemic did not occur



Differentiating and Reporting CARES Act Funding: COVID Activity vs Operations

How should I classify and report the use of CARES Act Funds when the cost seems to have characteristic of both operational costs and COVID-19 Relief?



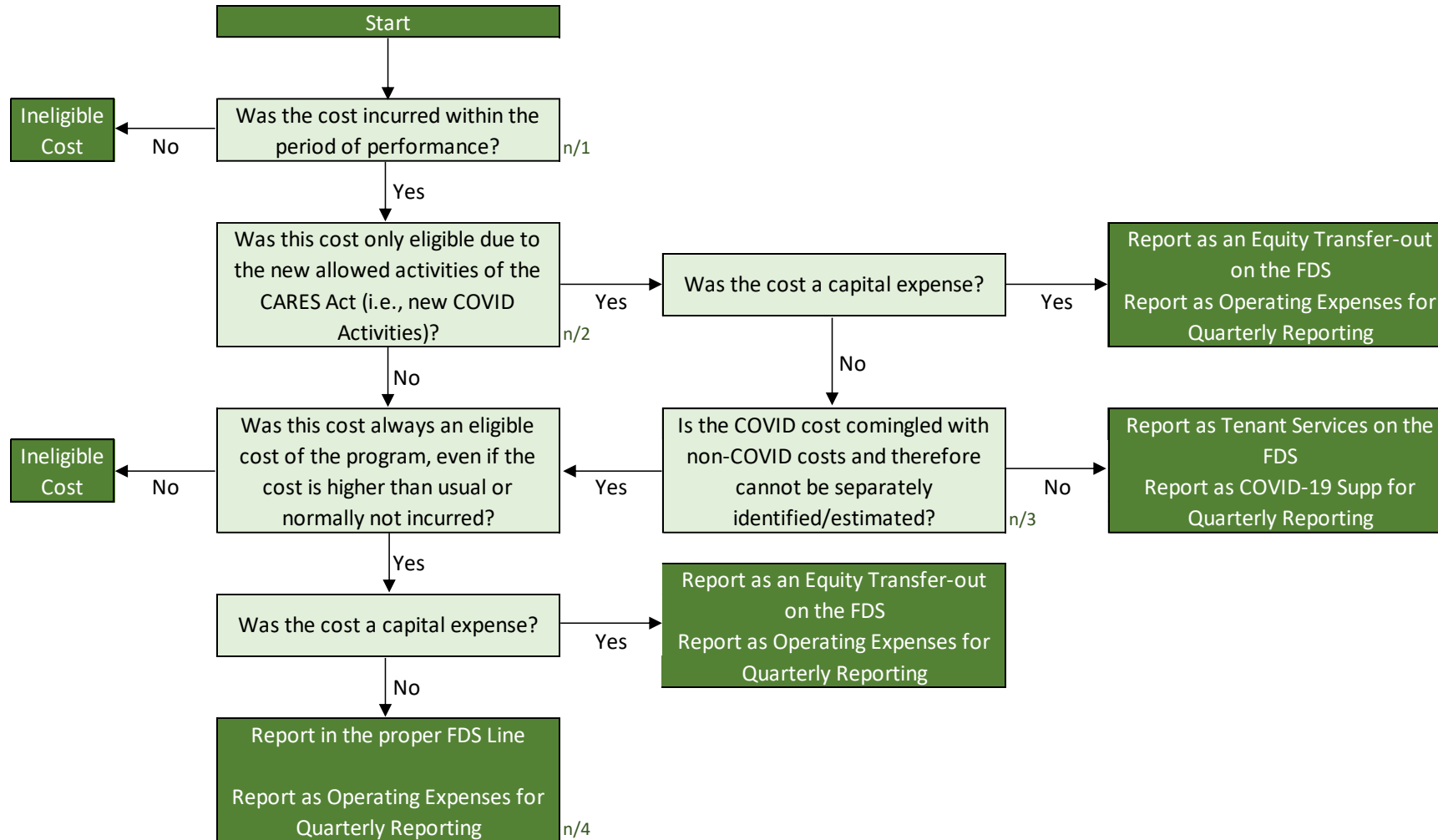
- PHAs should first adhere to HUD guidance and examples
- Review supporting documentation, timesheets, and past practices / purchase history
- Use best judgement
- If spent within the period of performance the cost is still eligible either as COVID or a program cost. However, a misclassification in reporting could result in an ineligible expense if the cost is erroneously classified as operations but the cost is really COVID-19 and the PHA does not have available funding to pay for these costs



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Differentiating and Reporting CARES Act Funding: COVID Activity vs Operations



Notes

- n/1: Period of Performance is 03/27/2020 through 12/31/2021
- n/2: New COVID Activities are defined at: PIH Notice 2020-07: Section 6 (PH), and PIH Notice 2020-18: Section 4 (HVC), and clarified by various FAQs
- n/3: For example, administrative staff time spent on planning COVID relief activities or maintenance staff doing extra cleaning, but time sheets are not maintained at this detailed level to determine COVID vs non-COVID cost estimates.
- n/4: For FDS reporting, PHA would report using the FDS line item that reflects the type of expense (no change from regular FDS reporting). For quarterly reporting, the PHA would pick from the nine activities as listed and described in Section 17 of PIH Notice 2020-14, which are aligned to the FDS line items.



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Common FDS Reporting Errors of CARES Act Funding



CARES Act FDS Reporting Columns

New Column		
#	Number	New Column Name
1.	14.PHC	Public Housing CARES Act Funding
2.	14.HCC	HCV CARES Act Funding
3.	14.MSC	Mainstream CARES Act Funding
4.	14.MRC	Moderate Rehabilitation CARES Act Funding
5.	14.CCC	Central Office Cost Center CARES Act Funding
6.	14.CMT	CARES Act Funding Transferred to MTW

Notes

1. All Public Housing CARES Act Funding will be reported in one column - 14.PHC
2. All CARES Act HCV funding (both HAP and admin. fees) will be reported in one column – 14.HCC (regardless of the number of awards made by HUD)
3. All CARES Act Mainstream Voucher funding (both HAP and admin. fees) will be reported in one column – 14.MSC (regardless of the number of awards made by HUD)

Reporting Revenue and Expenses of CARES Act Funds

#	General Transaction	FDS Lines
1.	Grant Revenue	HUD Operating Grant (FDS line 70600)
2.	Program Operating Costs	Normal FDS Expense (FDS lines 91100 thru 97800)
3.	COVID-19 Activities	Tenant Service (FDS lines 92100 thru 92500)
4.	HAP Expense	HAP Expense (FDS line 97300)
5.	Capitalized Expenses	Equity Transfer Out (FDS lines 11040-070 thru 11040-110)
6.	Fees Paid to the COCC	Fee Expenses (FDS Lines 91300, 91310, and 92000)
7.	Grant Revenue Transferred to MTW Program	Operating Transfer Out (FDS Line 10020)

CARES Act Operating Funds are to be reported in 14.PHC (Public Housing CARES Act Funding) at the overall program level and not at the individual project level

- While the supplemental Operating Funds were calculated, obligated, and disbursed by HUD at the project level, these funds should be reported as revenue directly in 14.PHC and in FDS line 70600 HUD PHA Operating Grants, even if the funds were used for capital activity
- PHAs should not report these funds as revenue of the project and then transfer the CARES Act Operating Funds into 14.PHC



Reporting CARES Act Cash

#	FDS Line Name	FDS Lines
Transaction 1: Cash with No Eligible Cost		
1.	Cash - Other Restricted	FDS line 113
2.	Unearned Revenue	FDS Line 342
Transaction 2: Cash with Eligible Cost		
3.	Cash - Restricted for Payment of Current Liabilities	FDS line 115
4.	Current Liability	FDS Line 311 to 348

CARES Act Funding Accounted for as a Reimbursable Grant

CARES Act Funding Not being Accounted for as a Reimbursable Grant

PHA Should Check For the Following:

- Current Asset Should Equal Current Liabilities
 - ✓ FDS line 150 = FDS line 310
- Restricted Cash and Investments Should Equal Unearned Revenue
 - ✓ FDS lines 113 + 132 = FDS line 342
- Net Position / Equity Should Equal Zero
 - ✓ FDS line 513 = 0
- Final Net Income Should Equal Zero
 - ✓ FDS line 10000 + 11040_070 through 11040_110 = 0

Line #	Balance Sheet	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Ref #
111	Cash - Unrestricted	\$ -	\$ -	
113	Cash - Other Restricted	\$ -	\$ 55,000	2
115	Cash - Restricted for Payment of Current Liabilities	\$ -	\$ 2,000	
100	Total Cash	\$ -	\$ 57,000	
122	Accounts Receivable - HUD Other Projects	\$ 25,000	\$ -	
120	Total Receivables, Net of Allowances	\$ 25,000	\$ -	
150	Total Current Assets	\$ 25,000	\$ 57,000	1
160	Total Capital Assets, Net of Depreciation	\$ -	\$ -	
180	Total Non-Current Assets	\$ -	\$ -	
190	Total Assets	\$ 25,000	\$ 57,000	
312	Accounts Payable < 90 Days	\$ 25,000	\$ 2,000	
342	Unearned Revenue	\$ -	\$ 55,000	2
310	Total Current Liabilities	\$ 25,000	\$ 57,000	1
350	Total Non-Current Liabilities	\$ -	\$ -	
300	Total Liabilities	\$ 25,000	\$ 57,000	
508_4	Net Investment in Capital Assets (full accrual)	\$ -	\$ -	
511_4	Restricted Net Position (full accrual)	\$ -	\$ -	
512_4	Unrestricted Net Positions (full accrual)	\$ -	\$ -	
513	Total Equity/Net Assets	\$ -	\$ -	3

Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Ref #
70000	Total Revenue	\$ 75,000	\$ -	
90000	Total Expenses	\$ 65,000	\$ 120,000	
10000	Net Income (Loss)	\$ 10,000	\$ -	
11040_070	Equity Transfers (Capitalized Expense)	\$ (10,000)	\$ -	
	"Final Net Income"	\$ -	\$ -	4

CARES Act Reporting Does Not Reconcile to HUD Funding

PHA Should Check For the Following:

1. HUD Disbursements Should Equal Grant Revenue Converted to a Cash Basis
 - ✓ FDS line 70600 minus 122 plus 342 = Amount Disbursed by HUD

#	FDS Line	FDS Name	14.PHC	14.HCC
1	70600	HUD Operating Grant (+)	\$50,000	\$100,000
2	122	HUD Account Receivable (-)	(\$30,000)	(\$0)
3	342	Unearned Revenue (+)	<u>\$0</u>	<u>\$50,000</u>
4		FDS Revenue on a Cash Basis	\$20,000	\$150,000
5		LOCCS/HUDCAPS Disbursed	\$20,000	\$150,000
6		Difference	\$0	\$0

Operating Transfers - Out



Improper Use of Operating Transfers - Out

PHA Should Check For the Following:

1. Non MTW PHAs should not report operating transfers out in their CARES Act columns
 ✓ FDS line 10020 and 10094 should be zero
2. MTW PHAs should not report operating transfers out in their Mainstream, Mod. Rehab., or COCC CARES Act columns
 ✓ FDS line 10020 and 10094 should be zero
3. MTW PHAs should not report operating transfers out in their MTW CARES Act column
 ✓ FDS line 10020 and 10094 should be zero

Non-MTW PHA							
Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	14.MSC Mainstream CARES Act Funding	14.MRC Moderate Rehabilitation CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	14.CMT CARES Act Funding Transferred to MTW
10010	Operating Transfer In						Reporting Error
10020	Operating Transfer Out	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error
10093	Transfers between Program and Project - In						Reporting Error
10094	Transfers between Project and Program - Out	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error

MTW PHA							
Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	14.MSC Mainstream CARES Act Funding	14.MRC Moderate Rehabilitation CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	14.CMT CARES Act Funding Transferred to MTW
10010	Operating Transfer In						
10020	Operating Transfer Out	To 14.Cmt	To 14.Cmt	Reporting Error	Reporting Error	Reporting Error	Reporting Error
10093	Transfers between Program and Project - In						
10094	Transfers between Project and Program - Out	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error	Reporting Error

Specific Reporting Guidance in PIH Notice 2020-24

Improper Reporting of Capital Expenses and Leasing Information

PHA Should Check For the Following:

1. PHA Should Not Report Capital Assets, Net of Depreciation
 - FDS line 160 = 0
2. PHA Should Not Report leasing information
 - FDS lines 11190 and 11210 should be 0

Line #	Balance Sheet	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Ref #
161	Land	\$ -	\$ -	
162	Buildings	\$ -	\$ -	
163	Furniture, Equipment & Machinery - Dwellings	\$ -	\$ -	
164	Furniture, Equipment & Machinery - Administration	\$ -	\$ -	
165	Leasehold Improvements	\$ -	\$ -	
166	Accumulated Depreciation	\$ -	\$ -	
167	Construction in Progress	\$ -	\$ -	
168	Infrastructure	\$ -	\$ -	
160	Total Capital Assets, Net of Depreciation	\$ -	\$ -	1

Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Ref #
11190	Unit Months Available	0	0	2
11210	Number of Unit Months Leased	0	0	2

CARES ACT COCC Reporting

CARES Act Funding Used for COCC Fees Not Being Properly Reported

PHA Should Check For the Following:

1. Fees paid from CARES Act funds are reported as “Other Revenue” in 14.CCC
 - ✓ The sum of FDS lines 91300, 91310, and 92000 in FDS column 14.PHC, 14.HCC, 14.MSC and 14.CMT equal FDS line 71500 in 14.CCC
2. Internal PHA fee transactions should be eliminated
 - ✓ The FDS lines 91300, 91310, and 92000 in FDS column 14.PHC, 14.HCC, 14.MSC and 14.CMT and FDS line 71500 in 14.CCC should be eliminated in the FDS Eliminated column

Fee Revenue Should Match Fee Income (Other Revenue 14.CCC)					
Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	Ref #
70600	HUD PHA Operating Grants	\$ 50,000	\$ 25,000	\$ -	
71500	Other Revenue			\$ 75,000	1
70000	Total Revenue	\$ 50,000	\$ 25,000	\$ 75,000	
91300	Management Fee	\$ 40,000	\$ 25,000	\$ -	1
91310	Book-keeping Fee	\$ 8,000	\$ -	\$ -	1
92000	Asset Management Fee	\$ 2,000	\$ -	\$ -	1
	Total Fee Expenses	\$ 50,000	\$ 25,000	\$ -	1

Internal Fee Revenue /Expenses Should be Eliminated					
Line #	Income Statement	Sub-Total	Elimination Column	Entity Wide Total	Ref #
70600	HUD PHA Operating Grants	\$ 75,000	\$ 75,000	\$ 75,000	
71500	Other Revenue	\$ 75,000	\$ (75,000)	\$ -	2
70000	Total Revenue	\$ 150,000	\$ 75,000	\$ 75,000	
91300	Management Fee	\$ 65,000	\$ (65,000)	\$ -	2
91310	Book-keeping Fee	\$ 8,000	\$ (8,000)	\$ -	2
92000	Asset Management Fee	\$ 2,000	\$ (2,000)	\$ -	2
	Total Fee Expenses	\$ 75,000	\$ (75,000)	\$ -	2



Other / Unusual Transactions Reported in CARES Act Columns

Reporting Unusual Transactions for CARES Act Funding

PHA Should Check For the Following:

1. PHA Should Not Report Any Non-Current Assets
✓ FDS line 180 = 0
2. PHA Should Not Report Any Non-Current Liabilities
✓ FDS line 350 = 0

Line #	Balance Sheet	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Ref #
171	Notes, Loans, & Mortgages Rcv - Non-Current	\$ -	\$ -	
172	Notes, Loans, & Mortgages Rcv - Past Due	\$ -	\$ -	
173	Grants Receivable - Non Current	\$ -	\$ -	
174	Other Assets	\$ -	\$ -	
176	Investments in Joint Ventures	\$ -	\$ -	
180	Total Non-Current Assets	\$ -	\$ -	1
351	LTNC - Capital Projects/Mortgage Revenue	\$ -	\$ -	
352	LTNC - 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 Liabilities	\$ -	\$ -	
350	Total Non-Current Liabilities	\$ -	\$ -	2



Improper Reporting of Funds being used to Support the MTW Program

PHA Should Check For the Following:

1. For MTW PHAs, operating transfers out in the PH or HCV CARES Act columns should have a matching operating transfer in for the MTW CARES Act column
 - The sum of FDS line 10020 in 14.PHC and 14.HCC should equal the sum of FDS line 10010 in 14.CMT (times a negative 1)
2. MTW PHA did not expend all of its CARES Act funding that was transferred into their CARES Act MTW program
 - Sum of FDS line 10010 in 14.CMT should equal FDS line 90000 plus -1(11040-070 through 11040-110_110)



Improper Reporting of Funds being used to Support the MTW Program (continued)

MTW PHA					
Line #	Income Statement	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	14.CMT CARES Act Funding Transferred to MTW	Ref #
70600	HUD PHA operating grants	N/A for this Example		\$ -	
70000	Total Revenue			\$ -	
91000	Total Operating - Administrative			\$ 90,000	
92500	Total Tenant Services			\$ 60,000	
96900	Total Operating Expenses			\$ 150,000	
97000	Excess Operating Revenue			\$ (150,000)	
97300	Housing Assistance Payments			\$ 850,000	
90000	Total Expenses			\$ 1,000,000	
10000	Net Income (Loss)			\$ (1,000,000)	
10010	Operating Transfer In			\$ 1,000,000	1
10020	Operating transfer Out	\$ 100,000	\$ 900,000	\$ -	1
	"Final Net Income"	\$ -	\$ -	\$ -	2



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Update on CARES Act PHA Quarterly Reporting



Current Implementation Plans

- HUD (CIO/CFO) will provide PHAs with a reporting portal for quarterly reporting
- This reporting portal is under development and is not yet available to PHAs
 - Until the reporting portal becomes available to PHAs, PHA quarterly reporting requirements are suspended
- Current Status of the Quarterly Reporting Portal
 - Testing is in its initial phases
 - It is expected that the first quarterly reporting by PHAs will begin in March / April 2021
 - Once the portal is available, PHAs will need to provide the data retroactively for the earlier reporting periods
 - The goal is to have PHAs enter their information for all four quarters of 2020 and the first quarter of 2021
 - PHAs will then report quarterly until their CARES Act funding is exhausted



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PHA Roll-Out Plan

- Quarterly Reporting
 - Continues to be Aligned with FDS / Annual Reporting
 - Continues to be Aligned with PIH Notice 2020-24, Section 17

- HUD will provide training on the use of the reporting portal
 - Technical Training – Use and Navigation of the System
 - Programmatic Training – How transactions should be reported
 - Quality control checks



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Quarterly Reporting Screen Shot (Still in Development)

Data Entry Steps

Step 1 - Select PHA Code


Step 2 – Select Reporting Quarter

Step 3 – Select CARES Act Award

Step 4 – Select Activity

Step 5 – Enter Amount Expended

Step 6 – Select Add

 **CARS**
CARES Act Reporting System

[DASHBOARD](#) [CARES ACT](#) [INSTRUCTIONS](#)

Recipient
PHA Code

2020 - December 31 **Transactions** - report the amounts expended this past quarter.

Obligation
\$0.00

Expenditures
\$0.00

Eligible Activity
Activity Purpose
- Activity Purpose -

Cares Amount
\$0.00

Add

[Clear](#) [Cancel](#) [Submit](#)

CARES Act Awards

Operating Funds
HCV Admin. Fees
HCV HAP
Mainstream Admin. Fees
Mainstream HAP
Mod. Rehab. HAP

List of Activities per PIH Notice 2020-24

Operating Expenses
RAD
HAP
COVID-19 Supp
COVID-19 Non-Supp
Trf to COCC
MTW PH: MTW / HCV
MTW HCV Admin: Non-Admin
MTW HCV HAP: Non-HAP



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Questions and Answers