



FASS - PH

Spring/Summer 2019

Session 7: Public Housing Operating Fund Reporting

- This session will cover:
 - Establishment of projects and project types
 - General project level reporting, with emphasis on mixed-finance projects
 - Common reporting issues in low rent
 - ◆ Cash and investments
 - ◆ Specific revenue and expense line items
 - ◆ Operating transfers & due to / from
 - ◆ Memo accounts



Projects



Project Overview

- Focus is now at a project level
- Grouping of buildings for management efficiencies
- Recorded in PIC
- Projects consist of Public Housing and Capital Fund activity
- PHAs began reporting project level submissions beginning with June 30, 2008 FYE submissions



- All PHAs with public housing units will need to establish projects in PIC, including MTW PHAs.
- PHAs with fewer than 400 dwelling units may group their entire portfolio as a single project, unless required to operate under asset management (stop loss).
- Mixed finance projects must generally have a separate project number.
- PHAs are required to designate administrative buildings and central maintenance facilities with a project number ending in “9999.”



Conventional Projects

- Conventional projects are projects under management and are funded through the Operating and Capital Fund programs.
- Conventional projects form the basis and foundation of project level reporting.



Demolition / Disposition Projects

7

- Units will be recoded in PIC as “approved for demolition” or “approved for disposition.”
- Once demolished or disposed, units are recorded as “removed from inventory.”
- A project is terminated in PIC only after the land has been disposed and the Field Office has released the Declaration of Trust (DOT). A project marked as terminated in PIC is not available in FASS.
- PHAs should continue to report all project-related activity until the project number is no longer available in FASS.

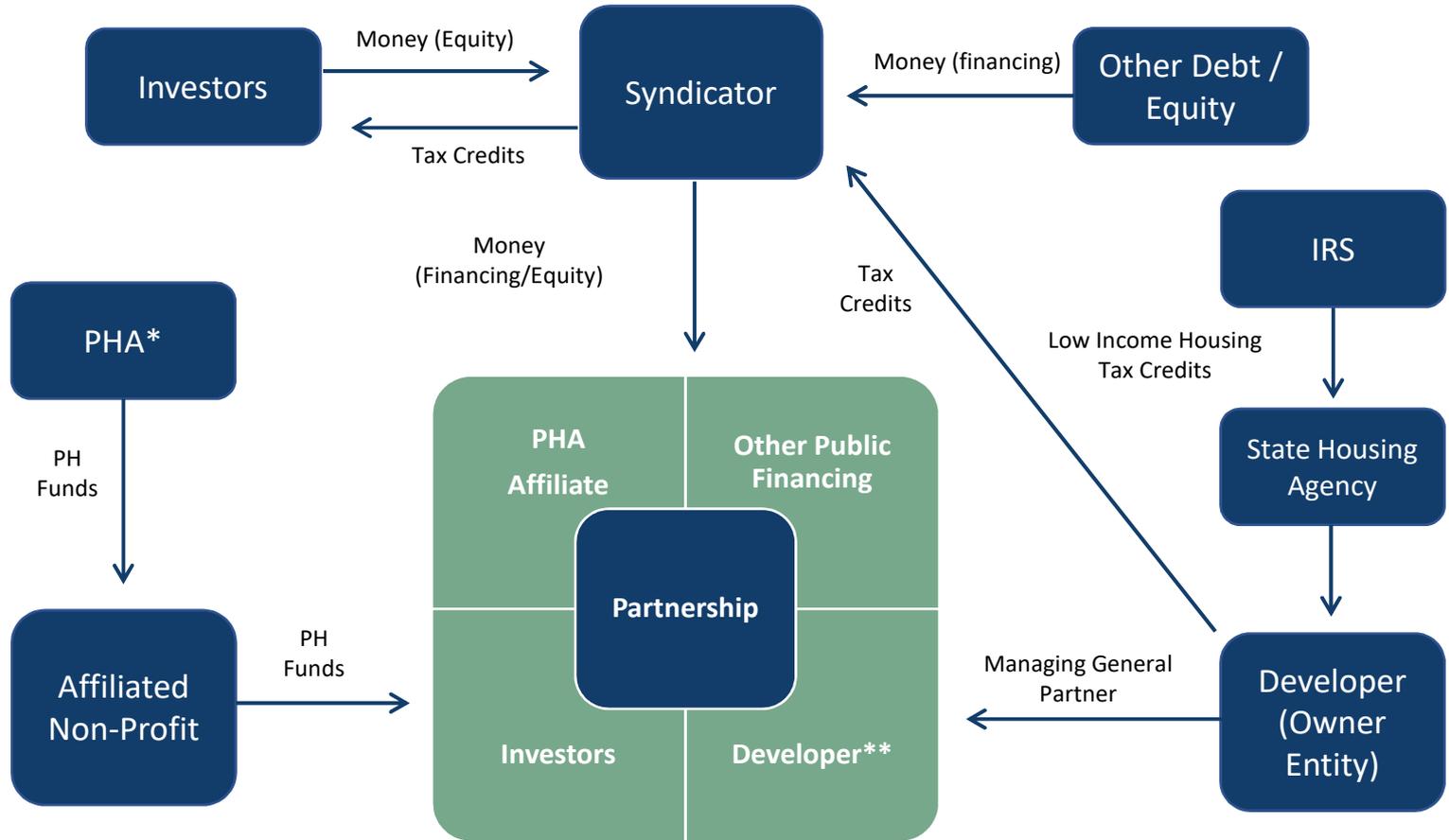




Mixed Finance Projects



Example Mixed Finance Model



* PHA to include Affiliated Non Profit.

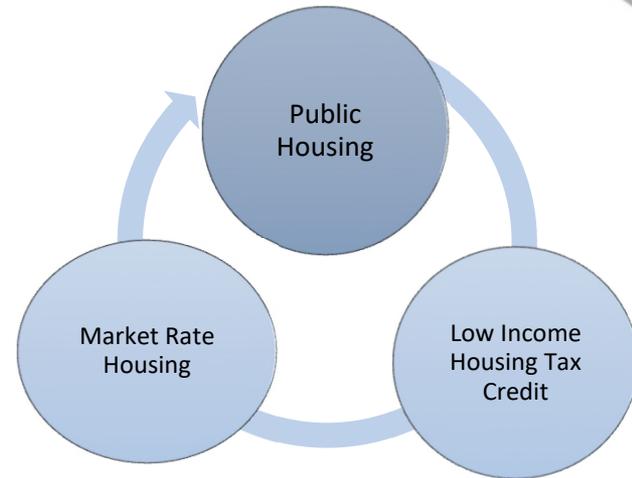
**Developer is Managing General Partner and Owner Entity



Which Units are Public Housing?

Mixed Finance Units

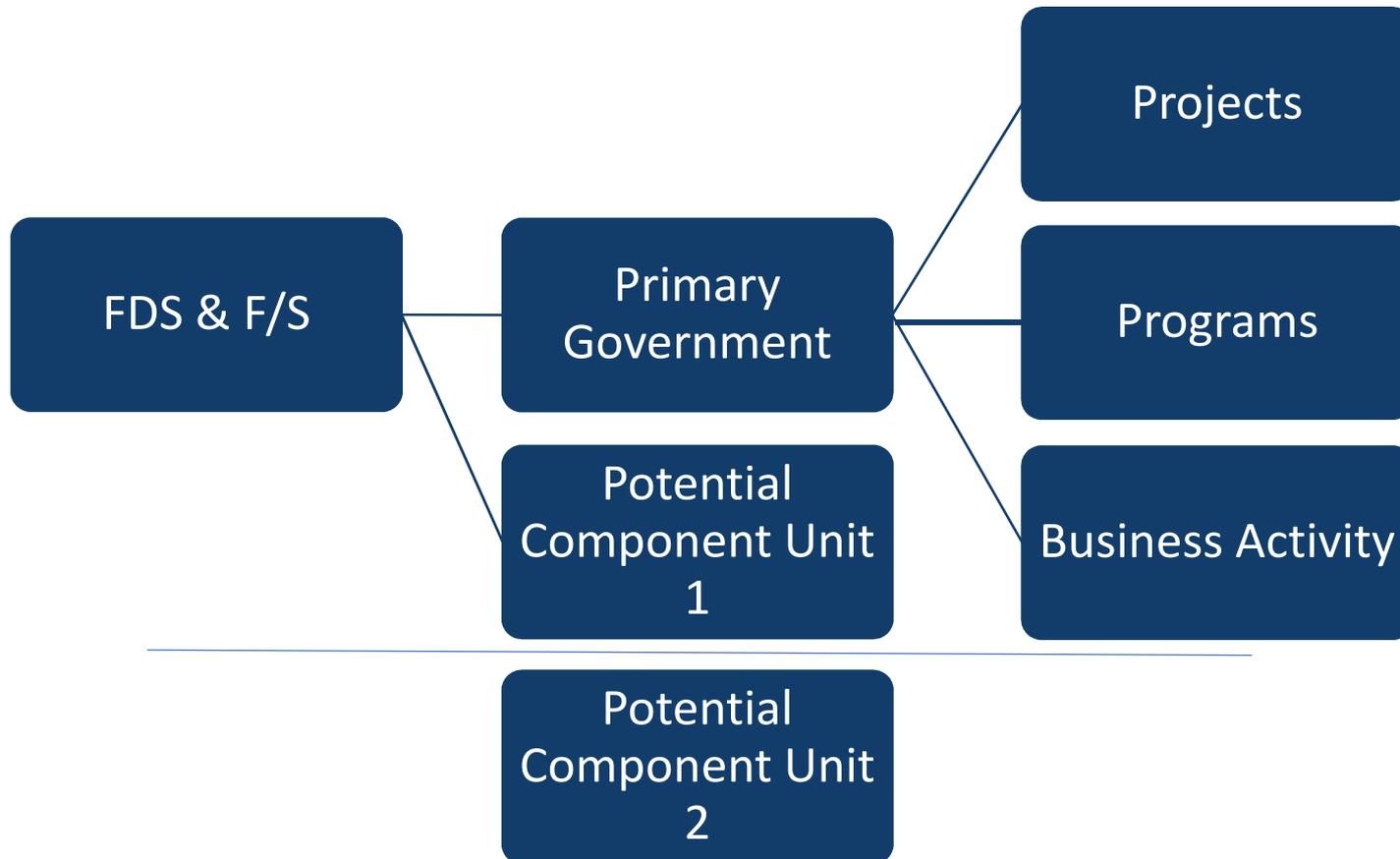
- Floating units—ACC units are not tied to a permanent physical address.
 - For example, a unit may house a Public Housing family one year and house a LIHTC family the next
- Based on the funding sources & parties involved, the development must maintain a specific number of units for each program type (ACC Units)



Unit Mix	Units	1 br	2 br	3 br	4 br
Public Housing	110	12	34	53	11
LIHTC	80	6	34	36	4
Market Rate	70	15	33	22	0
Total Rental Units	260	33	101	111	15



GASB and the Reporting Entity



Clarification of Project Definition

12

- Project Definition 1 (required to be reported)
 - Low rent & Capital Fund program funding
 - PIC number
 - Identifies ACC units
 - The “PHA transactions”
- Project Definition 2 (FDS Reporting Varies)
 - Mixed-finance development
 - Identifies both ACC and non-ACC units
 - Tied to physical building(s)
 - Usually legally-separate entity (not PHA)
 - This indicator is now hard-coded in PIC. This also applies to RAD projects.



Mixed Finance – FDS Reporting



Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

[My Inbox](#)
[PHA Info](#)
FDS
[DCF](#)
[Notes and Findings](#)
[Submit](#)
[Review Submission](#)
[Edit Flags](#)
[Reports](#)
[Logout](#)

[BalanceSheet+](#)
[Income Statement+](#)

PHA Information

PHA Code: CA027 Fiscal Year End Date: 12/31/2015
 PHA Name: Housing Authority of the County of Riverside
 Submission Type: Audited / Single Audit
 Project Name: DESERT HOT SPRINGS APTS
 Project Status: Validated **Mixed Finance: Y**
 Select Entity: [Program List](#) [Mod Rehab Projects](#) [Project List](#) [Other Project](#)

Income Statement - Project Program Listing

CFDA #	Program Name	Status
14.872	Public Housing Capital Fund Program	<u>Validated</u>
14.850	Low Rent Public Housing	<u>Validated</u>



Example 1 – No Component Unit

Financial Data Schedule (FDS)							Financial Statements
FDS Line Item	Description	Total Projects	COCC	Housing Choice Voucher	Elimination	Total	Total
Balance Sheet							
190	Total Assets	\$ 10,100,000	\$ 500,000	\$ 10,000,000	\$ (500,000)	\$ 20,100,000	\$ 20,100,000
300	Total Liabilities	\$ 500,000	\$ 100,000	\$ 200,000	\$ (500,000)	\$ 300,000	\$ 300,000
513	Total Equity/Net Assets	\$ 9,600,000	\$ 400,000	\$ 8,000,000	\$ -	\$ 18,000,000	\$ 18,000,000
Income Statement							
70000	Total Revenue	\$ 5,800,000	\$ 1,000,000	\$ 3,000,000	\$ (800,000)	\$ 9,000,000	\$ 9,000,000
90000	Total Expenses	\$ 4,700,000	\$ 900,000	\$ 2,500,000	\$ (800,000)	\$ 7,300,000	\$ 7,300,000
10000	Net Income	\$ 1,100,000	\$ 100,000	\$ 500,000	\$ -	\$ 1,700,000	\$ 1,700,000



- New project added to FDS
- Marked as mixed finance in PIC
- Revenue and expense associated mainly with the flow of Operating Subsidy (akin to a HAP payment)
- Unit information associated with ACC units only
- Balance sheet will be minimal - cash and investments, maybe notes / loans receivables
- No elimination entries



Example 2 – Discretely Presented Component Unit

Financial Data Schedule (FDS)								Financial Statements	
FDS Line Item	Description	Total Projects	COCC	Housing Choice Voucher	Component Unit	Elimination	Total	Total	Component Unit
Balance Sheet									
190	Total Assets	\$ 10,100,000	\$ 500,000	\$ 10,000,000	\$ 200,000	\$ (500,000)	\$ 20,300,000	\$ 20,100,000	\$ 200,000
300	Total Liabilities	\$ 500,000	\$ 100,000	\$ 200,000	\$ 50,000	\$ (500,000)	\$ 350,000	\$ 300,000	\$ 50,000
513	Total Equity/Net Assets	\$ 9,600,000	\$ 400,000	\$ 8,000,000	\$ 150,000	\$ -	\$ 18,150,000	\$ 18,000,000	\$ 150,000
Income Statement									
70000	Total Revenue	\$ 5,800,000	\$ 1,000,000	\$ 3,000,000	\$ 2,000,000	\$ (800,000)	\$ 11,000,000	\$ 9,000,000	\$ 2,000,000
90000	Total Expenses	\$ 4,700,000	\$ 900,000	\$ 2,500,000	\$ 1,500,000	\$ (800,000)	\$ 8,800,000	\$ 7,300,000	\$ 1,500,000
10000	Net Income	\$ 1,100,000	\$ 100,000	\$ 500,000	\$ 500,000	\$ -	\$ 2,200,000	\$ 1,700,000	\$ 500,000



FDS Reporting – Discretely Presented Component Unit

17

- Same as “No component unit” example
- New component unit column added to FDS
- Component unit column contains the balance sheet and income statement data for all units in the development (ACC and non-ACC units)
- Transactions between the project and component unit are shown as
 - Revenue and expense
 - Notes receivables and payables
 - **Not** operating transfers or due to/from
- No elimination entries



Example 3 – Blended Component Unit (Business Activity)

Financial Data Schedule (FDS)								Financial Statements
FDS Line Item	Description	Total Projects	COCC	Housing Choice Voucher	Business Unit	Elimination	Total	Total
Balance Sheet								
190	Total Assets	\$ 10,100,000	\$ 500,000	\$ 10,000,000	\$ 200,000	\$ (500,000)	\$ 20,300,000	\$ 20,300,000
300	Total Liabilities	\$ 500,000	\$ 100,000	\$ 200,000	\$ 50,000	\$ (500,000)	\$ 350,000	\$ 350,000
513	Total Equity/Net Assets	\$ 9,600,000	\$ 400,000	\$ 8,000,000	\$ 150,000	\$ -	\$ 18,150,000	\$ 18,150,000
Income Statement								
70000	Total Revenue	\$ 5,800,000	\$ 1,000,000	\$ 3,000,000	\$ 2,000,000	\$ (1,600,000)	\$ 10,200,000	\$ 10,200,000
90000	Total Expenses	\$ 4,700,000	\$ 900,000	\$ 2,500,000	\$ 1,500,000	\$ (1,600,000)	\$ 8,000,000	\$ 8,000,000
10000	Net Income	\$ 1,100,000	\$ 100,000	\$ 500,000	\$ 500,000	\$ -	\$ 2,200,000	\$ 2,200,000



FDS Reporting – Blended Component Unit

19

- Same as “Discretely Presented Component Unit” example except:
 - The component unit will be reported in the blended component unit column of the FDS
 - New project added to FDS (subsidy flow)
 - Use when the mixed finance project is:
 - ◆ Determined to be a blended component unit
 - ◆ Where **some** of the units in the development are not ACC units
- Elimination entries required



Example 4 – Blended Component Unit (Project)

Financial Data Schedule (FDS)							Financial Statements
FDS Line Item	Description	Total Projects	COCC	Housing Choice Voucher	Elimination	Total	Total
Balance Sheet							
190	Total Assets	\$ 10,200,000	\$ 500,000	\$ 10,000,000	\$ (500,000)	\$ 20,200,000	\$ 20,200,000
300	Total Liabilities	\$ 550,000	\$ 100,000	\$ 200,000	\$ (500,000)	\$ 350,000	\$ 350,000
513	Total Equity/Net Assets	\$ 9,650,000	\$ 400,000	\$ 8,000,000	\$ -	\$ 18,050,000	\$ 18,050,000
Income Statement							
70000	Total Revenue	\$ 7,000,000	\$ 1,000,000	\$ 3,000,000	\$ (800,000)	\$ 10,200,000	\$ 10,200,000
90000	Total Expenses	\$ 5,500,000	\$ 900,000	\$ 2,500,000	\$ (800,000)	\$ 8,100,000	\$ 8,100,000
10000	Net Income	\$ 1,500,000	\$ 100,000	\$ 500,000	\$ -	\$ 2,100,000	\$ 2,100,000



FDS Reporting – Blended Component Unit – Project

21

- The mixed-finance project should be reported as a “typical conventional project.”
 - All units are reported
 - All revenue and expenses are reported
 - “Full” balance sheet
- Use when the mixed-finance project is:
 - Determined to be a blended component unit;
 - **All** of the units in the mixed finance project are ACC units
- Marked as mixed finance in PIC
- No elimination entries





Public Housing Reporting Revenue and Expenses



Management Fees

- July 2014 – Latest changes made to FDS lines:
 - 70750-010 – From PHA administered program (only for COCC)
 - 70750-020 – From 3rd party / outside entity (only for COCC)
 - 91300-010 – To PHA administered program
 - 91300-020 – To a 3rd party / outside entity



Fee Revenue Reconciliation

- REAC is now monitoring and calculating fees reported by a PHA that has implemented the asset management model.
- Upon the discovery of a fee above the maximum amount allowed, the FASS-PH system will send a fee alert letter to the Field Office for follow up.
- Both the Public Housing projects and HCV programs will be analyzed.
- The reconciliation currently does not take into account rounding for the calculation of fees, especially bookkeeping fees due to the “.50” nature.
- It is recommended that bookkeeping fees be rounded down in order to prevent a fee alert letter being generated.



Allocated Overhead

- Allocated overhead (FDS line 91820)
 - Required to be used by any PHA with over 400 public housing units where a PHA allocates costs instead of using a fee-for-service approach.
 - Activities that must be accounted for in this line item are determined by HUD.
 - This line item along with other allowed allocations will be discussed in the COCC section of this course.



Maintenance Contracts

- Maintenance Contracts (FDS line 94300)
 - 12 maintenance contract FDS line items
 - Record contract expenses with third-party vendors
 - Record frontline services for centralized maintenance charges to the project under a fee-for-service methodology



Other General Expenses

- Other General Expenses (FDS line 96200)
 - This account is used by PHAs to represent the cost of all items of general expense.
 - These expenses are typically not part of routine administrative expenses and would not be appropriately recorded in FDS line 91900 (Other administrative expense).



Other General Expenses, cont'd.

- Examples include:
 - Payments to developers for mixed financing transactions and ongoing subsidy
 - 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 that are not considered fraud-related
 - Unaccountable differences in inventories of materials, supplies, and expendable equipment



Other General Expenses, cont'd.

- Examples cont'd:
 - Fiscal agent fees and fees paid to collection agents other than attorneys incurred in connection with the collection of amounts due from tenants but 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 fines and penalties expense to an appropriate funding source.
 - Costs of FASB 5 Contingency claim



Extraordinary Maintenance

- Extraordinary maintenance (FDS line 97100)
 - Extraordinary maintenance represents costs that are unforeseen and highly unusual in nature.
 - These costs represent items that were not anticipated prior to the start of the fiscal year.
 - The costs do not meet the GAAP definition of being capitalized.





Public Housing Reporting Transfers and Due To / From



Operating Transfers

- FDS has four types/sets of operating transfers:
 - Operating Transfer In/Out
 - Inter-Project Excess Cash Transfer In/Out
 - Transfers between Programs and Projects In/Out
 - Other Operating Transfers:
 - ◆ From/To Primary Government
 - ◆ From/To Component Unit
- Erroneous reporting may cause HUD to initially determine that the PHA is not in compliance with financial management regulations



Operating Transfer In/Out

- FDS Line 10010 – Operating Transfer In
- FDS Line 10020 – Operating Transfer Out
 - Report transfers of Capital Fund grant revenue to the Low Rent column of the project income statement

Project - Income Statement				
FDS Line Item		Project Total	Low Rent	Capital Fund
70600	HUD PHA Operating Grants	\$200,000		\$200,000
70610	Capital Grants			
10010	Operating Transfer In	\$200,000	\$200,000	
10020	Operating Transfer Out	(\$200,000)		(\$200,000)



Operating Transfer In/Out

- FDS Line 10010 – Operating Transfer In
- FDS Line 10020 – Operating Transfer Out
 - Report transfers of Capital Fund grant revenue to the Low Rent column of the project income statement.

Program- Income Statement				
FDS Line Item		Program Total	HCV	COCC
10010	Operating Transfer In	\$100,000	\$100,000	
10020	Operating Transfer Out	(\$100,000)		(\$100,000)



Inter-Project Excess Cash Transfer

- FDS Line 10091 – Inter-Project Excess Cash Transfer In
- FDS Line 10092 – Inter-Project Excess Cash Transfer Out
 - Report transfers from one project to another (only used by PHAs with multiple projects)

Project - Income Statement					
FDS Line Item		Project Total	Project 1	Project 2	Project 3
10091	Inter Project Excess Cash Transfer In	\$100,000	\$75,000	\$25,000	
10092	Inter Project Excess Cash Transfer Out	(\$100,000)			(\$100,000)



Transfers Between Programs and Projects

- FDS Line 10093 – Transfer Between Programs and Projects In
- FDS Line 10094 – Transfer Between Programs and Projects Out
 - Report funds transferred out or received by a project from another program, including the COCC
 - Not used to report Management Fees paid to the COCC

Project - Income Statement					
FDS Line Item		Project Total	Project 1	Project 2	HCV
10093	Transfers between Program and Project - In	\$75,000	\$50,000	\$25,000	
10094	Transfers between Project and Program - Out	(\$75,000)			(\$75,000)



FDS Reporting Issues

- Other Operating Transfers:
 - FDS Line 10030 – Operating Transfers From/To Primary Government
 - FDS Line 10040 – Operating Transfers From/To Component Unit
 - ◆ Positive amounts represent transfers in
 - ◆ Negative amounts represent transfers out



Inter-program Due From/Due To

- FDS line 144 (Inter-program – due from) and FDS line 347 (Inter-program – due to) represent amounts due from or to other PHA projects, programs, and funds
 - FDS line 144 (Inter-program – due from) represents inter-program transactions resulting in a decrease of expendable resources of the transferring PHA program and funds that are expected to be repaid “within a reasonable time.”
 - FDS line 347 (Inter-program – due to) represents inter-program transactions resulting in an increase of expendable resources of the receiving PHA program and funds, which are expected to be repaid “within a reasonable time.”
 - HUD Accounting Brief #14, instructs PHAs to offset any balances on FDS lines 144 & 347 against cash, unless it results in having a negative cash balance.



Inter-program Due From/Due To

- Repayment should typically not exceed the annual operating cycle.
- For year-end reporting, the cash and investment balances that are maintained in a revolving or working capital account must be:
 - Disaggregated
 - Reconciled
 - Settled prior to closing the books
- Funds are normally not fungible between different federal programs regardless of the nature of the transfer or receivable.
- Inappropriate use of funds, even a temporary loan, are ineligible costs resulting in non-compliance.





Public Housing Reporting Memo Accounts

Low Rent Income Statement – Capital Activity Memo Accounts

- Memorandum accounts are used to record capitalized costs incurred in the current fiscal year that were funded by the Operating Fund program
 - Capital costs funded by reserves, Operating Fund program income, ESCOs, insurance proceeds, etc. are reported in the income statement of the Operating Fund program

Line	Description
11610	Land Purchase
11620	Building Purchase
11630	Furniture and Equipment – Dwelling Purchases
11640	Furniture and Equipment – Administrative Purchases
11650	Leasehold Improvement Purchases
11660	Infrastructure Purchases



Capital Activity Memo Accounts

- Memorandum accounts are used to record capitalized costs incurred in the current fiscal year that were funded by either the Operating Fund Program or Capital Fund Program
- These memo accounts are required and are intended to provide additional information on the use of low rent program funds for non-operating expenses (capitalized expenditures) incurred during the reporting period



Capital Activity Memo Accounts

43

- FDS Memo account line 11020
 - The FDS line represents the required debt principal payments during the reporting financial year, regardless of whether or not the actual payment has been made.



Units Leased Accounts (FDS Lines 11190 & 11210)

- Units leased reported on the Financial Data Schedule has gained more significance due to the points earned on the occupancy sub-indicator on the MASS indicator.
 - Remember to exclude from units available, and HUD allowable vacancies.
- Units leased is also used in the calculation of your operating subsidy.
- Units leased are used to calculate management and bookkeeping fees.
 - As a qualitative measurement, units leased should be analyzed.



Conclusion

- Thoughts?
- Questions?
- Comments?







