FASS - PH

Spring/Summer 2019

Session 9: Operating Reserves and Excess Cash

Overview

- This session will cover:
- Excess Cash
  - Definition
  - Calculation
  - Eligible Uses of Excess Cash

Excess Cash

Excess Cash Definition

- 24 CFR section 990.280
- Excess Cash
  - Represents the sum of certain current asset accounts less current liabilities and less one month worth of operating expenses
  - Non-restricted liquid or near liquid assets
  - Calculated via balance sheet approach
  - Calculated using PHA-reported data (from FDS)
  - Calculated and applied at the project level
  - Calculated from prior year FDS

Excess Cash Calculation

Seq	FDS Line	FDS Description	Type
1	111	Cash - Unrestricted	CA
2	114	Cash - Tenant Security Deposits	CA
3	115	Cash - Restricted for Payment of Current Liabilities	CA
4	120	Total Receivables, Net of Allowances for Doubtful Accounts	CA
5	131	Investments - Unrestricted	CA
6	144	Inter Program Due From	CA
7		***Total (1+2+3+4+5+6)***	
8	310	Total Current Liabilities	CL
9	96900	Total Operating Expenses ÷ 12 months	
10		***Total (8+9)***	
11		***Total Excess Cash (7-10)***	

Excess Cash Calculation, cont'd

PHA Information	
PHA Code:	[redacted] Fiscal Year End Date:09/30/2010
PHA Name:	[redacted]
Submission Type:	Audited/A-133
Project Name:	[redacted]
Program Name:	Low Rent Public Housing Change Program
Select Entity:	Program List Project List Other Project

Income Statement (readonly mode)

Line Item #	Description	Value	Details
	Memo Account Information:		
*11020	Required Annual Debt Principal Payments	$ 0	-
*11030	Beginning Equity	$ 2798951	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	$ 905750	[Details]
*11190	Unit Months Available	3672	-
*11210	Number of Unit Months Leased	3483	-
11270	Excess Cash	$ 539368	-
*11610	Land Purchases	$ 0	-
*11620	Building Purchases	$ 8480	-
*11630	Furniture & Equipment - Dwelling Purchases	$ 0	-
*11640	Furniture & Equipment - Administrative Purchases	$ 0	-
*11650	Leasehold Improvements Purchases	$ 0	-
*11660	Infrastructure Purchases	$ 0	-
*13510	CFFP Debt Service Payments	$ 0	-
*13901	Replacement Housing Factor Funds	$ 0	-

Allowable Uses & Restrictions of Excess Cash

- If the project has excess cash, the PHA can elect to have the project:
  - Retain the excess cash for future use
  - Transfer the excess cash to other projects
  - Pay an asset management fee to the COCC ($10.00 PUM based on all ACC units of the project)
  - Use the excess cash to pay other HUD-approved eligible purposes (e.g. Certain development costs, legal judgments, etc.)
- Restrictions
  - Excess cash cannot be used for loans or transfers to the COCC

Excess Cash
Other Considerations

- Excess cash rules
  - Amount of excess cash is ultimately based on the final approved FDS for the year, but it is available as soon as the PHA closes its books and can make the calculation.
  - Final excess cash calculations are determined by the data submitted on the audited FDS and could result in retroactive re-payments.
  - Projects may not transfer excess cash or loan funds at any time during a given fiscal year based on projections or "expected" excess cash calculations for that same year.
  - Asset management fee lines 70720 (COCC) and 92000 (project) can be no greater than prior year excess cash.

Excess Cash
Other Considerations, cont'd.

- Excess Cash Rules (continued)
  - The working capital component of the excess cash calculation is eliminated on mixed finance projects that are managed by a separate owner or entity.
  - PHAs are encouraged to develop their own minimum working capital levels for each project based on the individual current and projected need, including any management restrictions.

Conclusion

- Thoughts?
- Questions?
- Comments?