

## APPENDIX 7

PHA/RMC/AME:

FYE:

Date:

## INDICATOR #6. FINANCIAL MANAGEMENT

This indicator examines the amount of cash reserves available for operations and, for PHA's that score below a grade C on cash reserves, energy/utility consumption.

Information from the Certification Form/IBS:

1. Amount of Cash Reserves: \$ \_\_\_\_\_
2. Total actual routine expenditures: \$ \_\_\_\_\_
3. Reserves as percent of expenditures: \_\_\_\_\_ %
4. Option A - energy/utility consumption expenses:
  - Energy consumption expenses: \$ \_\_\_\_\_
  - Three years' rolling base expense: \$ \_\_\_\_\_
  - Increase/decrease: \_\_\_\_\_ %
5. Option B - energy audit:
  - a. Has PHA completed or updated its energy audit, within the past 5 years? ☐ Yes ☐ No
  - b. Were all recommendations that were cost effective implemented? ☐ Yes ☐ No
  - c. Does PHA have a plan to implement all cost effective recommendations? ☐ Yes ☐ No
  - d. Is PHA on-schedule with its implementation plan based on available funds? ☐ Yes ☐ No ☐ N/A

Sources: Accounting system; cash accounts receivables and accounts payable; form HUD-52599; LOCCS; IP audit.

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## APPENDIX 7

Component #1, Cash Reserves. This component examines the amount of cash reserves available for operations.

Verification Questions

Yes No\* N/A

1. Were the following accounts excluded from

cash reserves available for operation:

- ☐ 2111, Vendors/contractors?
- ☐ 2112, Contract retention?
- ☐ 2113, Performance deposits?
- ☐ 2114, Security deposits?
- ☐ 2117, Payroll deduction/contributions?
- ☐ 2118, Amounts due to HUD?
- ☐ Accrued expenses (utilities, PILOT)?
- ☐ Interfund accounts payable due to other  
ACCS?
- ☐ Other current obligations (describe)?

2. Review LOCCS drawdowns; were modernization funds not disbursed at FYE excluded from cash or investments?
3. Are receivables included short-term and collectable within 30 days of PHA's FYE?
4. Receivables not classified as short-term that are paid within 30 days should have been classified as short-term. Were all receivables classified correctly?
5. Are routine expenses the same as line 520 of form HUD-52599?
6. Were significant prior year expenditures entered on line 620 of form HUD-52599 from Account 6010 properly originated in the prior year and not the FY being assessed?

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Component #1, Continued:

#### Verification Questions, Continued

7. Are expenses properly classified? ☐ Yes ☐ No
  - ☐ Routine maintenance expenditures classified as non-routine? ☐ Yes ☐ No
  - ☐ Non-routine maintenance expenditures classified as routine? ☐ Yes ☐ No

8. If PHA transferred modernization funds to pay operating expenditures, was the amount limited to 10%? ☐ Yes ☐ No
9. Did the most recent audit support the accuracy of the PHA's records supporting the PHMAP assessment? ☐ Yes ☐ No
10. If modernization funds were transferred, were these funds properly budgeted and authorized? ☐ Yes ☐ No
11. Is the cost allocation plan current and satisfactory? ☐ Yes ☐ No
12. Has the Management function for component #1 been assumed by an RMC/AME? ☐ Yes ☐ No
13. Modification/exclusion requests:

\* All "No" answers should be explained below or attached.

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#### APPENDIX 7

Component #1, Continued:

#### Calculation of Cash Reserves

##### Current Assets:

1. Balance of cash and investment accounts at FYE.
  - a. General Fund Account 1111.1: \$ \_\_\_\_\_
  - b. Petty Cash Account 11117: \$ \_\_\_\_\_
  - c. Investments Account 1172: \$ \_\_\_\_\_
  - d. Other (describe): \$ \_\_\_\_\_
2. Add accounts receivable and advances that are due for the period covered and can be collected within the next 30 days.
  - a. Tenants/homebuyers: \$ \_\_\_\_\_
  - b. HUD contributions receivable for operating subsidy: \$ \_\_\_\_\_
  - c. Interfund accounts receivable due from other ACCS: \$ \_\_\_\_\_
  - d. Other receivables (describe): \$ \_\_\_\_\_
3. Total current assets (add items 1 and 2). \$ \_\_\_\_\_

##### Current Liabilities:

4. Liabilities payable within 30 days after FYE.
  - a. Account 2111, Vendors/contractors: \$ \_\_\_\_\_
  - b. Account 2112, Contract retention: \$ \_\_\_\_\_
  - c. Account 2113, Performance deposits: \$ \_\_\_\_\_
  - d. Account 2114, Security deposits: \$ \_\_\_\_\_
  - e. Account 2117, Payroll deductions and

- |    |   |         |
|----|---|---------|
|    | contributions:  | \$_____ |
| f. | Account 2118, amounts due to HUD for<br>subsidy adjustment/residual receipts:             | \$_____ |
| g. | Accrued expenses (utilities, PILOT):  | \$_____ |
| h. | Interfund accounts payable due to<br>other ACCS:  | \$_____ |
| i. | Other current obligations (describe):   | \$_____ |
| 5. | Total current liabilities (add items 4a-4i).  | \$_____ |
| 6. | Available cash (line 3 minus line 5).   | \$_____ |
| 7. | Total routine expenses (line 520, form HUD-52599).  | \$_____ |
| 8. | Cash reserves divided by the total actual<br>routine expenses (line 6 divided by line 7). | \$_____ |
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## APPENDIX 7

Component #2, Option A. Annual Energy/Utility Consumption Expenses. This option examines whether there are any increase in a PHA's energy/utility consumption expenses.

## Verification Questions

1. Total energy/utility cost in FY  
for which adjustment is requested  
(form HUD-52722B, line 13, column 3): \$ \_\_\_\_\_
2. Cost of estimated energy/utility  
consumption at average rate (form HUD-52722B,  
line 17, column 3): \$ \_\_\_\_\_
3. Costs of actual energy/utility consumption  
divided by costs of estimated energy/utility  
consumption (line 1 divided by line 2): \$ \_\_\_\_\_
4. Subtract 1.00 from line 3 and multiply by  
100 to calculate the percentage of increase  
or decrease.

For example: If line 3 equals 1.02, then 1.02 minus 1.00 equals .02 x 100 equals a 2% increase; or if line 3 equals .98, then .98 minus 1.00 equals (.02) x 100 equals a 2% decrease.

5. Are consumption expenses consistent with those shown on form HUD-52599 for:
- |   |                              |                             |
|---|------------------------------|-----------------------------|
| <input type="checkbox"/> Current year?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Three year rolling base years (derived from State/Area files)? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
6. Review source documents; is the PHA's PHMAP documentation supported by bills?
- |                              |                             |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

7. Has the Management function for component #2,  
option A, been assumed by an RMC/AME? ☐ Yes ☐ No

8. Modification/exclusion requests:

\* All "No" answers should be explained below or attached.

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#### APPENDIX 7

Component #2. Option B. Energy Audit. This option examines whether a PHA has conducted or updated its energy audit and has implemented, or is in the process of implementing, all of the cost effective recommendations.

Verification Questions	Yes	No*	N/A
1. Does PHA have an energy audit on file for each development?			
<input type="checkbox"/> Originated within the last five years?			
<input type="checkbox"/> Update within the last five years?			
2. Have cost effective energy conservation measures (ECMS) been identified?			
3. Did PHA determine what is cost effective and apply that standard to the ECMS?			
4. Have all cost effective ECMS been:			
<input type="checkbox"/> Implemented?			
<input type="checkbox"/> Scheduled?			
5. If all ECMS have not been implemented, is the implementation plan on-schedule and being followed?			
6. Has the Management function for component #2, option B, been assumed by an RMC/AME?			
7. Modification/exclusion requests:			

\* All "No" answers should be explained below or attached.

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#### APPENDIX 7

Indicator #6 Continued:

## Summary

Component #1 Cash Reserves:

Initial Grade: \_\_\_\_\_ Component Grade: \_\_\_\_\_

Component #2A, Energy/Utility Consumption Expenses:

Initial Grade: \_\_\_\_\_ Component Grade: \_\_\_\_\_

Component #2B, Energy Audit:

Initial Grade: \_\_\_\_\_ Component Grade: \_\_\_\_\_

Overall Indicator:

Initial Grade: \_\_\_\_\_ Component Grade: \_\_\_\_\_

Reviewer: