# **Project Budget Tool: Instructions and Guidelines**

# **General Description**

The Project Budget Tool has been developed to aid public housing agencies (PHAs) in developing individual project based budgets. The provided format is not mandatory, but is offered as general guidance. The Project Budget Tool is an Excel spreadsheet template that creates both individual project budgets as well as combining reports (covering all projects).

The spreadsheet uses a series of macros and hyperlinks to allow the PHA to budget each AMP individually while compiling the data into a combining budget presentation. It is recommended to download the Project Budget Tool into a dedicated file folder for the initial budget preparation. You may need to edit the scaling options on the page setup for printing purposes.

Caution is urged on changing the formulas or appearance of the budgets. Additions or deletions of columns or rows may cause the combination of the amounts as listed on the project summary reports to produce an error. The Project Budget Tool is intended for use with Excel 2003 and after.

Note: Upon determination that rows or cells need to be added or modified, a degree of Excel proficiency is needed. Each worksheet will need to be unprotected to allow the user the option to add a row. The amount and PUM tabs for each individual project along with the summarized project and PUM reports on the project budget tool will need to be modified to also include these newly added rows. Individual cells will need to reference the added rows from the individual project files. Each account line corresponds with the exact row number on each report. Any exceptions to this rule will cause errors in the summarized reports.

# **Budget Format**

Currently, PHAs submit year-end financial data to HUD's Real Estate Assessment Center (REAC) utilizing a prescribed Financial Data Schedule (FDS). This FDS is in the process of being modified to support asset management. The Project Budget Tool utilizes the prospective line items of this revised FDS. PHAs may view the most recent version of the proposed FDS at: <a href="http://www.hud.gov/offices/pih/programs/ph/am/fds.cfm">http://www.hud.gov/offices/pih/programs/ph/am/fds.cfm</a>

The budget format consists of projecting anticipated sources of income and expenditures for a given period. The budget focuses on the projected cash flows of the project. The layout differs slightly from the manner in which the accounts are presented on the FDS. Recurring income items have been grouped together as operating income. Recurring costs associated with the operations of the project have been grouped together as operating expenditures. These two items are netted against each other to determine cash flow from operations. Other financial items (sources and uses) consist of items that are not typically recurring in nature or are unusual. These items may include operations transfers, nonroutine maintenance items, debt service payments and capital expenditures. The total of these other financial items is added or subtracted from cash flow from operations to arrive at the projected net cash flow of the individual project.

Due to the focus of the budget being on a projected cash flow basis, certain items may differ from the actual presentation of the financial statements. One example is the omission of depreciation expense since this is a non-cash expense. Other examples pertain to the inclusion of capital expenditures and the total cost of servicing debt.

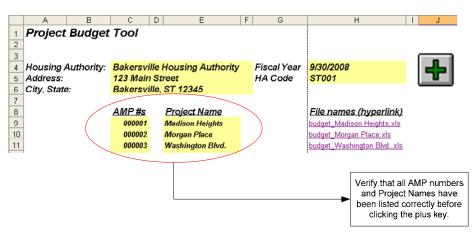
### General Information

After the project based tool has been successfully downloaded, you will need to click on the General Information tab. The General Information tab requires the following information to be listed:

Housing Authority Name
PHA Address
Fiscal Year
HA Code
Listing of AMP #s and Project names

The Asset Management Project (AMP) number assigned in PIC will be used for assigning the AMP # along with the corresponding name of the project. An AMP name must be listed next to the AMP number. If the AMP number does not have a specified project name attached to the AMP number, a budget will not be created. The PHA should use caution when entering the AMP numbers and name data. Once the individual budget files have been created, the file names cannot be edited without losing the hyperlink interface. The Project Budget Tool will continue to pull data from the original file names.

After the aforementioned information has been entered, click on the plus button to initiate the macro. The macro will then build an individual budget Excel file for each project listed. This process may take a few moments depending on the number of projects involved. The bottom of the screen will indicate the progress of the initialization. Upon completion, a set of hyperlinks will then be displayed connecting the individual project budgets to the Project Budget Tool. Click on the hyperlink to open the individual project spreadsheet. Each project will have its own individual Excel spreadsheet saved to the file folder used by the project budget tool.

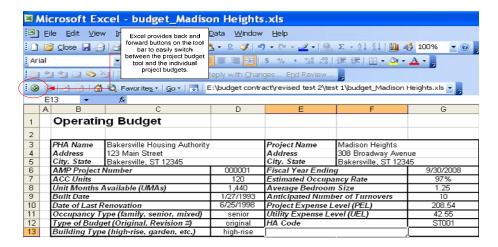


Example: General Information Tab

## Accessing Individual Project Budgets

In order to access the individual project budgets which have been built by the macro, simply click on the file name built and shown under File Names (hyperlink) on the General Information tab. When you click on the file name, the hyperlink will open the individual Excel budget file. Once all information has been entered into the individual budget file, be sure to save the file. Otherwise, you may lose the information you have entered.

To return back to the Project Budget Tool, simply click on the back and forward buttons provided by Excel.



Two additional tabs titled Project Summary and PUM Summary will pull information from the individual AMP budgets and incorporate them into a master report listing each budget separately and a separate PUM calculation.

#### Project Summary Tab

The Project Summary lists the totals from each prepared AMP budget and combines them into a summarized budget format. The total of the individual AMP budgets is listed in the total column. These amounts are taken from completed budgets of each individual AMP. Information related to the completion of the individual AMP is listed in a following section.

C D E F G H I Summary of Individual Project Budgets 3 Bakersville Housing Authority 4 For the year ended 9/30/2008 Madison Morgan Washingto 5 6 7 8 9 10 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 Heights Place n Bivd. Occupancy Type (family, senior, mixed) famill family Built Date 1/27/1993 4/13/1967 17/7/65 Date of Last Renovation 6/25/1998 6/30/2003 9/13/2001 150 120 72 96% Estimated Occupancy Rate: 97% 85% Operating Income: 11220 11230 70300 Less: Vacancy Loss (35,180 (4,800) 155,200 (26,460) (3,920)11240 11260 Gross Potential Subsidy 715,500 250,000 320.500 145,000 Less: Vacancy Loss (45,000) (21,750) 11250 70600 Less: Proration Amount (112,650 (45.900) HUD PHA Operating Grant 260,100 HUD PHA Operating Grant-CFP Other Tenant Charges 70600 52.100 38 100 14.000 70400 2,500 20,600 12,500 5,600 70400 71100 Excess Utilities Investment Income 6,900 3,400 2,250 1,250 71400 Fraud Recovery 71500 Non-Dwelling Rent 1,200 1,200 4.500 71500 Other Income 6.500 1 000 1 000 70000 Total Operating Income 1,076,070 240,380

Example: Summary of Individual Project Budgets

## **PUM Summary Tab**

The PUM Summary tab lists information based on the estimated number of ACC units. The weighted average column averages the costs across each AMP based on the estimated number of ACC units and the total costs incurred for the agency. This action provides a comparative analysis of costs between individual AMPs. The data used to calculate these amounts comes from the individual budget formats.

D | E | F | G | H | I 62 63 Maintenance 64 65 66 94100 37 23 46 9N 45 21 Labor 94500 Employee Benefits - Maintenance 12.53 14.23 16.76 12.41 17.18 94200 Maintenance Materials 19.70 21.70 Maint. Contract: 94300-010 68 69 70 71 72 73 74 Garbage and Trash Removal Contracts 5.88 4.30 8 17 4 34 94300-020 4.18 2.89 Heating & Cooling Contracts 2.34 94300-030 Snow Removal Contracts 94300-040 1.92 5.15 Elevator Maintenance Landscape & Grounds Contracts 4 71 7 23 94300-050 4 15 1.72 94300-060 Unit Turnaround Contract 0.67 1.63 94300-070 Plumbing Contracts 1.43 3.62 1.60 0.65 75 76 77 78 79 80 81 94300-080 Electrical Contracts 1.70 94300-090 94300-100 Extermination Contracts 2.88 1.72 3.14 4.34 Janitorial Contracts 0.64 1.72 1.63 94300-110 Routine Maintenance Contracts 1.52 3.86 94300-120 Other Misc. Contract Costs 100 15 109.35 108 49 94000 Total Maintenance

Example: Summary Schedule of PUM Costs

# Individual AMP Budgets

Each project budget has been saved individually upon the successful initialization of the macro. Upon opening the Project Budget Tool, the spreadsheet will prompt the user to update the Excel link by clicking on the update button. By updating the spreadsheet, the tool will recalculate with the revised individual project data. We recommend that the Project Budget Tool be used to access each individual Excel project budget file.

Each individual AMP budget contains five tabs which consist of the following:

Amount Budget PUM Budget Salaries Nonroutine Justification Sheet

Each individual AMP budget is categorized into three individual columns. The first column is titled "Operating Fund", which consists of revenue sources and uses related to the normal operating activities. In the past, this column was used as the primary operating budget of the Low Rent Housing Program.

The second column is titled "Capital Fund." This column is used to budget the use of the Capital Fund Program related to the individual AMP within the projected fiscal year.

The total of these two individual columns comprise the total budget of the individual project. Asset management requires that each project-based budget contain all revenue sources that support projects under an ACC including the Operating Fund and Capital Fund programs.

#### Amount Budget Tab

The Amount Budget tab is used as the main worksheet for the preparation of the individual project budget. You will note that general information related to the agency name and address is pre-populated through the macro process. Additional information that is needed will include the number of ACC units, the built date, type of project, the date of last renovation, the estimated occupancy rate expressed as a percentage, the average size of bedrooms and the anticipated number of turnovers during the budgeted fiscal year. Several

fields are shaded in gray as they do not apply under the column of funding. Other than the salaries and benefits worksheet and the nonroutine and capitalized costs worksheet, each line item will need to be entered individually.

Example: Project Budget

	Α	В	С	D	E	F	G	
1		Operatir	ng Budget					
2								
3		PHA Name	Bakersville Housing Authori	y	Project Name Morgan Place			
4		Address	123 Main Street		Address 111 Morgan Place			
5		City, State	Bakersville, ST 12345		City, State	ity, State Bakersville, ST 12		
6		AMP Project	Number	000002	Fiscal Year Ending	9/30/2008		
7		ACC Units		150	Estimated Occupa	ancy Rate	85%	
8		Unit Months /	Available (UMAs)	1,800	Average Bedroom	2.50		
9		Built Date		4/13/1967	Anticipated Numb	15		
10		Date of Last I		6/30/2003	Project Expense L	252.24		
11		Оссирансу Т	ype (family, senior, mixed)	family	Utility Expense Le	2.28		
12			et (Original, Revision#)	original	HA Code		ST001	
13		Building Type	(high-rise, garden, etc.)	semi-detach				
14		FDS Line #	Account Title		Operating Fund	Capital Fund	Total Project Budget	
15		Operating	Income:					
16		11220	Gross Potential Rent		176,400		176,400	
17		11230	Less: Vacancy Loss Rent		(26,460)		(26,460)	
18		70300	Net Tenant Rental Revenue	9	149,940		149,940	
19		11240	Gross Potential Subsidy		320,500		320,500	
20		11260	Less: Subsidy Loss - Vaca	ncy	(14,500)		(14,500)	
21		11250	Less: Subsidy Loss - Prore	ation	(45,900)		(45,900)	
22		70600	HUD PHA Operating Grant		260,100		260,100	
23		70600	HUD PHA Operating Grant-0	FP		38,100	38,100	
24		70400	Other Tenant Charges		12,500		12,500	
25		70400	Excess Utilities					
26		71100	Investment Income		2,250		2,250	
27		71400	Fraud Recovery					
28		71500	Non-Dwelling Rent		4,500		-	
29			71500 Other Income				4,500	
30		70000 Total Operating Income			429,290	38,100	467,390	

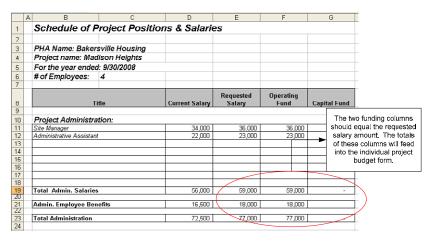
Please note that the tool does not include all line items included in the proposed FDS. Some FDS line items have been omitted because they are not frequently used in the budget process. An example is sale of equipment. This type of transaction is typically not included in the budget process. However, if the item needs to be budgeted, it may be placed under Other Items in the Other Financial Items section.

## Salaries Tab

The Salaries tab consists of a listing of each employee position and the costs related to the individual project. These costs are listed individually between Administration, Maintenance, Protective Services and Tenant Services.

First, you will need to enter in the current salary of the position. Then add in the total requested amount. The amounts that are entered under Funded by Operations, and Funded by Capital Fund, should add up to the total amount requested. The costs included within the schedules are linked to the Amount Budget. As outlined in the general information, each section is separated into the individual funding sources.

Example: Schedule of Project Positions & Salaries



If additional rows are needed, the sheet will need to be unprotected, which can be accomplished by clicking on Tools, Protection, and Unprotect Sheet. This action will allow for the addition of rows using the Excel commands. Extreme caution is urged upon making any additional changes to the spreadsheet as formulas and file links may be lost.

#### Nonroutine Tab

This worksheet lists out the individual nonroutine and capitalized costs that will be incurred during the fiscal year of the AMP. Capitalized items are items that meet the PHA's capitalization policy and are recorded on the balance sheet. Again, each of these items is connected to the actual Amount Budget worksheet for each AMP. This budgeting format allows for the listing of all capital items, whether funded by the Operating Fund or Capital Fund Program. The option of including capital items funded by the Capital Fund Program exceeds the requirements as described in table 4.1 of the *Supplement to HUD Handbook 7475.1 REV/. CHG-1, Financial Management Handbook* issued in April of 2007. In other words, PHAs are not required, under project-based budgeting, to include capital items funded with Capital Funds; however, they will be required to report this activity at year-end on the supplemental schedule for each project.

Capitalized Expenditures 33 Funded by Funded by Total Project 34 <u>ltem</u> Item Description Operations Capital Fund **Budget** 35 Computer 2.500 50,000 36 37 38 39 40 The individual project budget allows for equipment and building 41 improvement projects to be 42 43 44 incorporated into the projec budaet. 45 46 47 48 49 50 51 52 53 54 Total Capitalized Expenditures 2,500 50,000 52,500

Example: Schedule & Support of Nonroutine Items

If additional rows are needed, the sheet will need to be unprotected, which can be accomplished by clicking on Tools, Protection, and Unprotect Sheet. This action will allow for the addition of rows using the Excel commands. Extreme caution is urged upon making any additional changes to the spreadsheet as formulas and file links may be lost.

#### PUM Budget Tab

The PUM Budget calculates the per unit month (PUM) amount for each line item within the individual budget. The PUM is automatically calculated based on the information listed in the amount budget. The calculation consists of the total budgeted cost divided by the estimated number of ACC units. These amounts are linked to the Project Budget Tool. The PUM amounts will be transferred to the Project Budget Tool to provide the PHA an analytical tool for comparative purposes between projects.

## Justification Tab

The Justification Tab allows the PHA to enter any explanations of budgeted line items that may need additional clarification or that are simply unusual in nature.

Example: Summary of Budget Justification Tab

	A	В	С	D	E	F	G	Н	
1		Summa							
2									
3		PHA Name:		Bakersville Housing Authority					
4		Project Name:		Morgan Place					
5		Fiscal Year:		9/30/2008					
6									
7		FDS Line # Account		Title	Comments				
8		94200	Maintenance Materials		Costs increased from the previous year by \$5,000				
9		94340 Landscape & Grounds (		Contracts	Contracted for the current fiscal year				
10		96110 Property Insurance			Increase by \$1,9	80 from the pr			
11									
12									
13									
14									
15									
16									
17	_								

# **Budget Revisions**

Budgets revisions require careful consideration. The hyperlinks were established during the initialization of the macro. If you would like to save the original individual project budget, you will need to save the original individual file under a new name, close out of it, and then get back into the project budget tool. Continue to use the original file for the budget revision. If the name of the original file is changed to reflect the revision, the hyperlinks will continue to pull data from the original budget file. For example, if the name of the project budget is Madison Heights.xls, you will go into that individual file and save it as Madison Heights Original.xls. Then close out of that file and go back into Madison Heights.xls through the hyperlink set up in the project budget tool file.

When creating a new budget file for a future year, there are two options to choose from. One option is to save the project budget tool file under a separate folder and begin again. The other option is to copy all of the files into a separate file folder, enter in the new fiscal year and run the macro again. This action will retain the previous year budget amounts while at the same time updating the budget year.