

WAHA Training January 24, 2012

Operating Subsidy
Allocation Adjustment
New Financial Scoring (FASS)
PH Budgets



Operating Subsidy

- My Opinion;
 - Will continue to use Excel Tool
 - Submission in September (Same as CY 2012)
 - Look for more Pre-populated Data
 - More Non Editable Pre-populated Data
 - Eventually HUD Calculated



Basic Formula

- Determination of Eligible Unit Months (EUM)
- Then:
 - PEL
 - + UEL
 - + Add-ons
 - (-) Formula Income
 - + Transition Funding
 - = Eligibility



EUMs

- Data from PIC (July – June)
- CY 2012 Editable
- CY 2013 Maybe Editable
- CY 2014 (July 2012 to June 2013) Maybe Not
- See PIC – 52723 Crosswalk
- Notice: PIH – 2011 -7 (HA)

PEL & UEL

- Project Expense Level (PEL)
 - From PIC Building & Unit Data
 - REAC (September) Download
 - Pretty Much Non Editable
- Utility Expense Level (UEL)
 - Currently Data Supplied by PHA with Submittal
 - Cost and Consumption Data
 - 12 Month Period (July – June)
 - Compared with Rolling Base Data (Available)

Add-Ons

- Small \$s
- Mostly from FDS (Pre-Populated) Editable
- Source Data Not Always Available
 - Late FDS Submittals
 - Delayed Approvals
 - Tax Credits
 - Refusal to Submit FDS Data by Project
- Other Add-Ons from PHA Certifications
- Other

Formula Income

- Pre-Populated from FDS
 - Rental Income / Unit Months Leased
 - For the Most Part Non Editable
 - Published Inflation Factor by Quarter Ending
- Source Data Sometimes Missing
 - Late or Unapproved FDS
 - Tax Credits
 - No Project Data



Transition Funding

- To Assist Harvard Study Decliners
- Based on Conversion to Asset Management
- 5 Year Phase-In Period
- Cycle Complete
- Eligible PHAs Determined
- Constant PUM \$s
- Pre-Populated – Non Editable

Allocation Adjustment

- Maybe Limited to CY 2012 Funding
- FDS Data Used
- Jun, Sept, Dec 2010 & Mar 2011
- Only Approved FDS Used
- Not All Audited FDS is Approved
- Not All Approved Data Has Been Updated
- Impact on Final Allocation Adjustment Not Known



Allocation Adjustment Continued

- Sheet 1 From HA Balance Sheet
- Check Heading
 - Fiscal Year End
 - Submission Type (Audited or Unaudited)
- Check Reserve Calculation
 - See FDS Line Items in Far Left Column
 - Operating Reserve – Basically = $(CA - CL)$
 - See Line Item 144 (Inter-Program Due From)
 - Sheet 2 Uses Op Sub Data not FDS Expenses

New FASS

- Scoring for 3/31/2011 FYE & Forward
- LRPB Data Only (Again Basically from BS)
- 25 Points
 - Quick Ratio -12 Points
 - MENAR – 11 Points
 - Debt Service – 2 Points
- < 15 Financially Troubled
- No A/Rs, Occupancy, NI nor EM



Financial Indicator Changes

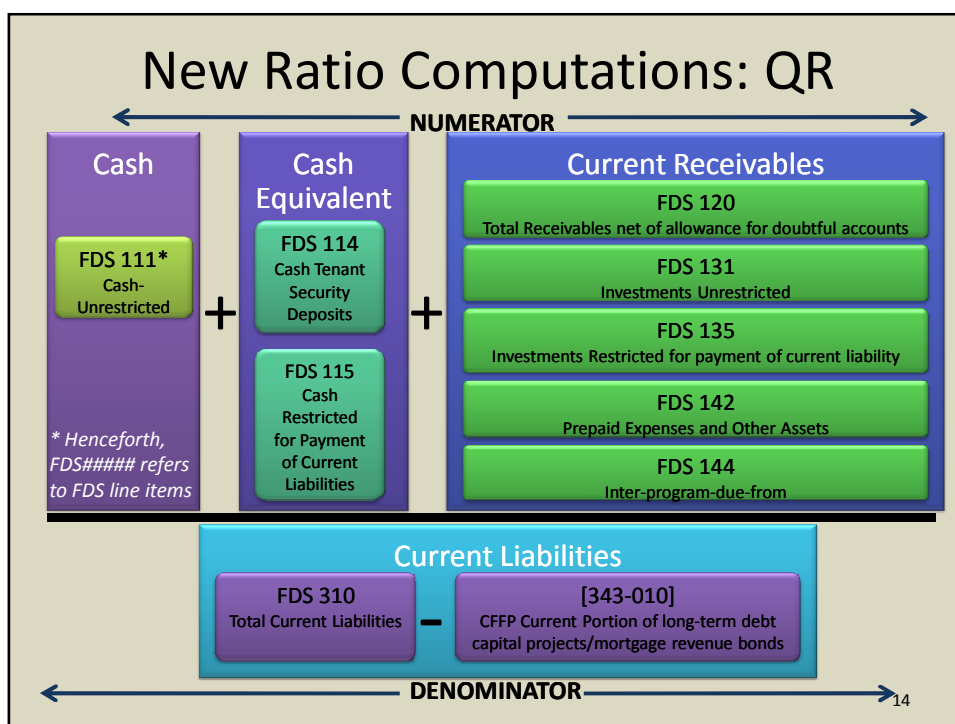
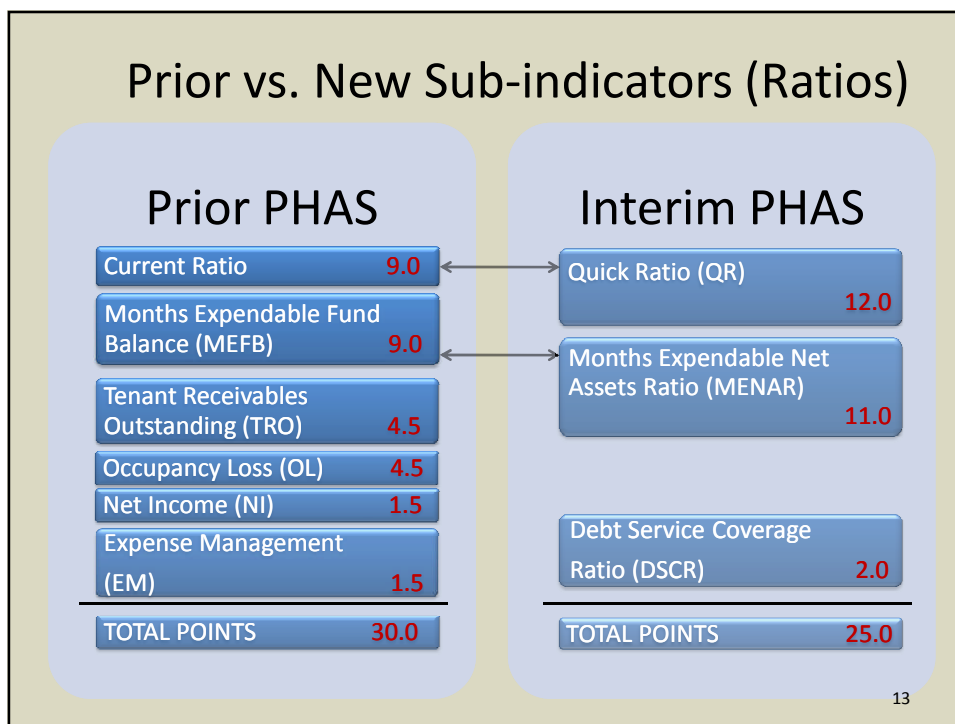
Points decreased from 30 to 25

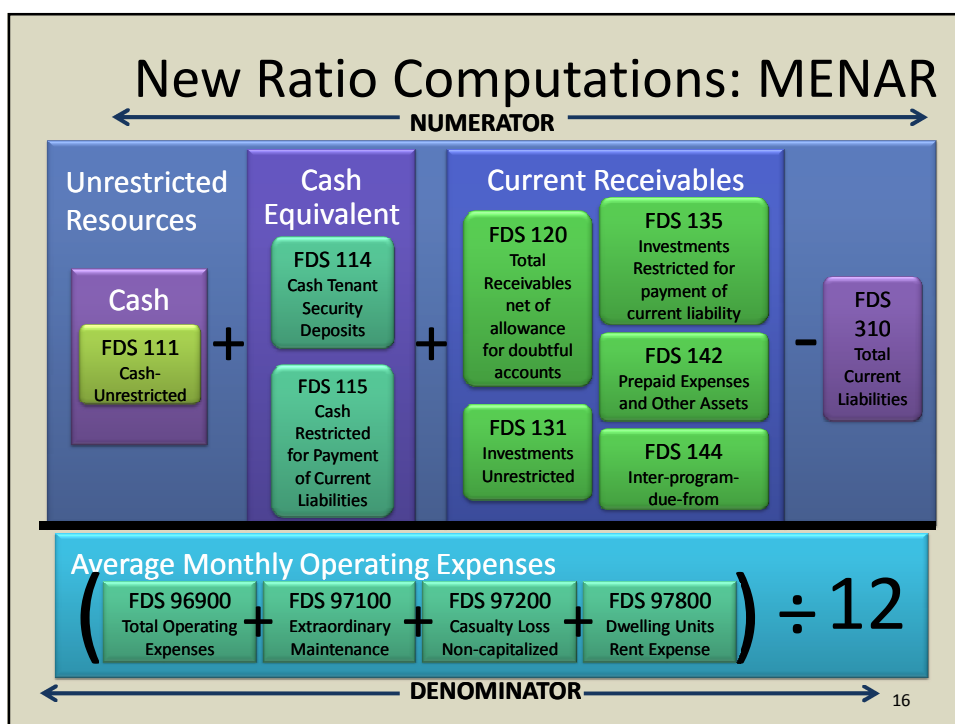
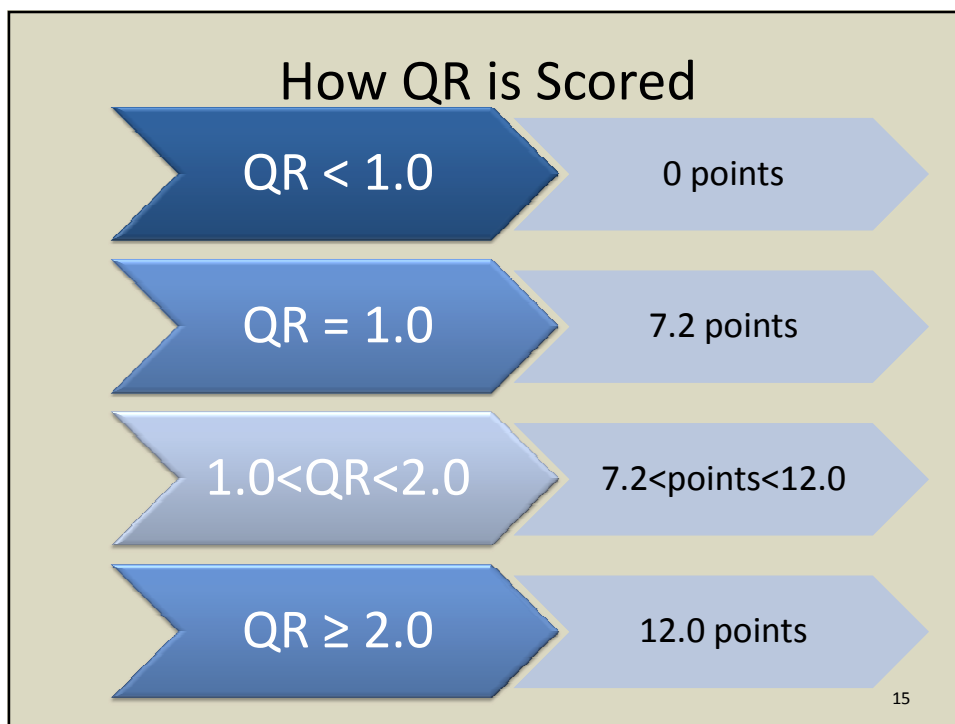
Three sub-indicators

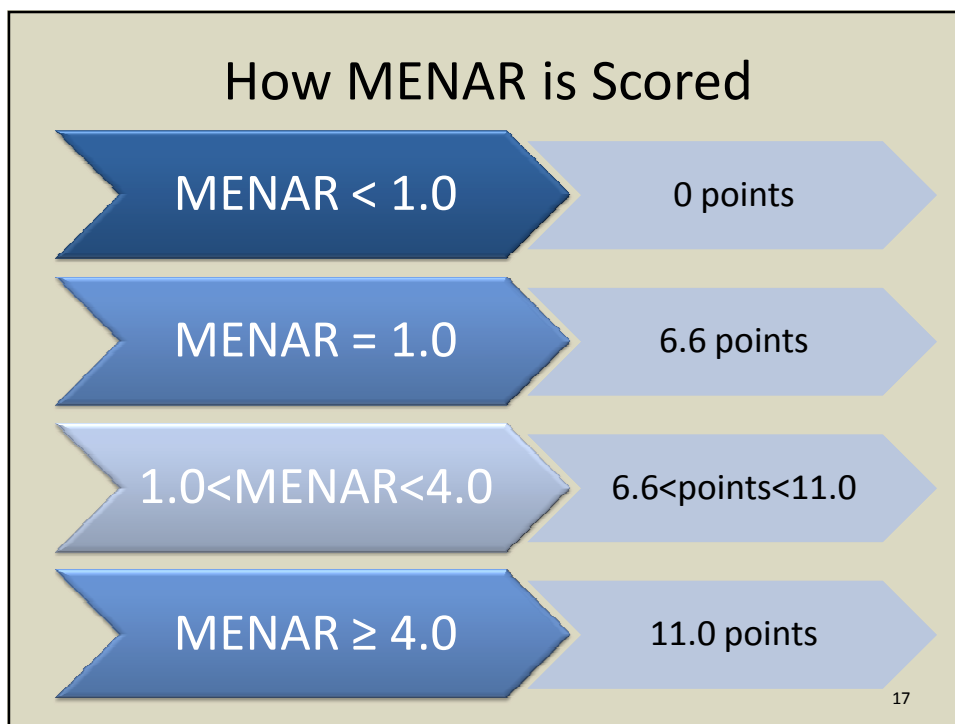
Quick Ratio (QR)	Months Expendable Net Asset Ratio (MENAR)	Debt Service Coverage Ratio (DSCR)
Measures liquidity	Measures adequacy of reserves	Measures capacity to cover debt
12 points	11 points	2 points

High Liquidity Adjustment discontinued


12







Questions on Operating Subsidy or FASS??

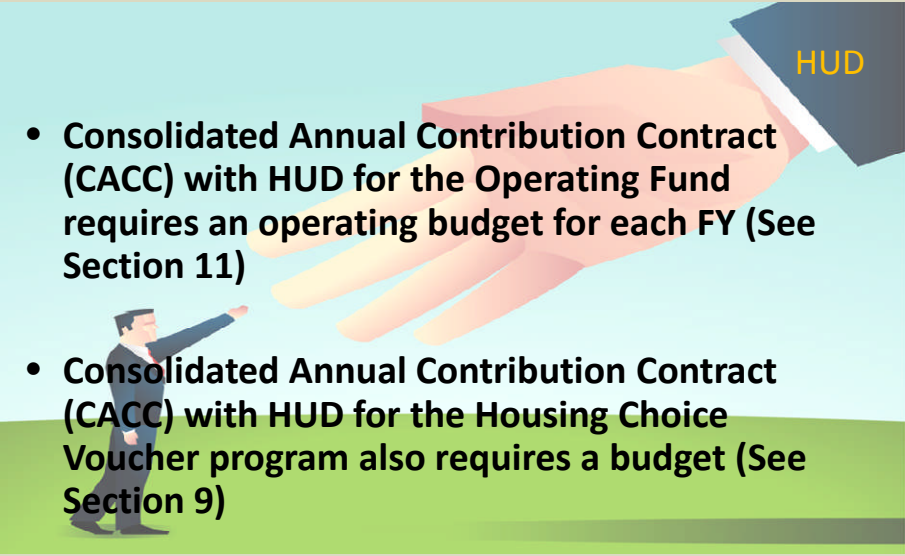


THE BUDGET PROCESS



- In today's economic climate – PHA's are faced with financial challenges like never before.
- PHA's have to be very resourceful to ensure the longevity of their program(s).
- Understanding and developing sound budgets will provide a key tool to endure and react to economic struggles facing PHA's today.

Budgets

- 
- **Consolidated Annual Contribution Contract (CACC) with HUD for the Operating Fund requires an operating budget for each FY (See Section 11)**
 - **Consolidated Annual Contribution Contract (CACC) with HUD for the Housing Choice Voucher program also requires a budget (See Section 9)**

Financial Management Handbook 7475.1 Rev. – Chapter 2



- **PURPOSE** of a **BUDGET**: To provide the PHA with an effective instrument to control operations and achieve operating objectives in a balanced & business-like manner.

ROLES (Fin. Mgmt Handbk)

- BOARD OF COMMISSIONERS:



“ Has the primary responsibility for ensuring that the PHA is operated in an efficient and economical manner and that its financial integrity is maintained.”

Providing a reliable budget, one that provides enough information for the Board of Commissioners to question budget amounts and make sound decisions, is key for the Board to perform that responsibility.

ROLES (Fin. Mgmt Handbook)

- EXECUTIVE DIRECTOR:



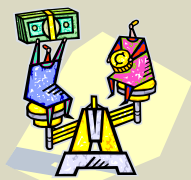
“In most instances, the Executive Director (ED) has the overall responsibility for budget preparation. The ED is accountable for the soundness and validity of the budget estimates. This responsibility should not be delegated outside of the PHA (i.e., to a fee accountant). Although outside experts can be helpful in the budget preparation, the responsibility remains with the PHA.”

Budgets

Budgets are an essential element of:

- Planning (forecast revenue & expenses)
- Tool for decision making (Control over revenue and expenditures)
- Performance evaluation





Budget to Actual



- Prepare budget based on realistic assumptions (planning)
- Compare results of current period to budgeted amount (control)
- Compare year-to-date total to budgeted amounts (performance evaluation)

Wisconsin PHA Housing Authority (Wlxxx) Single Project Revenue and Expense 20xx Budget

	2011 Budget
70300 Net Tenant Rental Revenue	\$ 617,150
70400 Tenant Revenue - Other	\$ 4,880
70500 Total Tenant Revenue	\$ 622,030
70600 HUD PHA Operating Grants	\$ 208,565
70610 Capital Grants	
70700 Total Fee Revenue	\$ 208,565
71100 Investment Income -	\$ 528
71310 Cost of Sale of Assets	
71400 Fraud Recovery	
71500 Other Revenue	\$ 9,000
71600 Gain or Loss on Sale of	
72000 Investment Income -	
70000 Total Revenue	\$ 840,123



**Wisconsin PHA Housing Authority (Wlxxx)
Single Project Revenue and Expense
by Amp with \$ & % Variances**

20xx Operating Budget			U.S. Department of Housing and Urban Development Office of Public and Indian Housing					
Line No.	Acct. No.	Description (1)	Amp 1 - Elderly			Amp 2 - Scattered Sites		
			F 20xx Minor	\$ increase TY budget	% increase TY budget	F 20xx Scattered Sites	\$ increase TY budget	% increase TY budget
Operating Receipts								
70	3110	Dwelling Rental	417,421	(716)	-0.17%	102,026	28,323	38.43%
80	3120	Excess Utilities	5,376	1,380	34.53%	0	0	
90	3190	Non dwelling Rental	0	0		0	0	
100	Total	Rental Income (sum of lines 70, 80, and 90)	422,797	664	0.16%	102,026	28,323	38.43%
110	3610	Interest on General Fund Investments	52,840	13,550	34.49%	7,820	930	13.50%
	3901	MGMT Fee Revenue	0	0		0	0	
	3902	Asset Mgmt Fee Revenue	0	0		0	0	
	3903	Bookkeeping Fee Revenue	0	0		0	0	
	3904	Service Fee Revenue	0	0		0	0	
	Total	Total FEE Revenue	0	0		0	0	
120	3690	Other Income	85,068	30,332	55.41%	2,100	(1,600)	-43.24%
130	Total	Operating Income (sum of lines 100, 110, and 120)	560,705	44,546	8.63%	111,946	27,653	32.81%

**Wisconsin PHA Housing Authority (Wlxxx)
Single Project Revenue and Expense
Side by Side – Year to Year**

	2011 Budget	2010 Low Rent	2009 Low Rent	2008 Low Rent	2007 Low Rent	2006 Low Rent
70300 Net Tenant Rental Revenue	\$ 617,150	\$ 618,595	\$597,760	\$573,391	\$585,402	\$572,404
70400 Tenant Revenue - Other	\$ 4,880	\$ 35,821	\$50,967	\$50,253	\$34,200	\$5,632
70500 Total Tenant Revenue	\$ 622,030	\$654,416	\$648,727	\$623,644	\$619,602	\$578,036
70600 HUD PHA Operating Grants	\$ 208,565	\$ 214,822	\$248,172	\$265,215	\$221,173	\$214,461
70610 Capital Grants						
70800 Other Government Grants						
71100 Investment Income -	\$ 528	\$ 631	\$6,102	\$28,459	\$29,613	\$28,367
71400 Fraud Recovery						
71500 Other Revenue	\$ 9,000	\$ 391	\$6,096	\$9,037	\$6,629	\$38,601
71600 Gain or Loss on Sale of		\$ 100		\$725	(\$2,563)	\$625
72000 Investment Income -						
70000 Total Revenue	\$ 840,123	\$870,360	\$927,403	\$927,080	\$874,454	\$860,090

Wisconsin PHA Housing Authority (Wlxxx)
Single Project Revenue and Expense
 Side by Side - Yr to Yr with % Variances

	2011 Budget	2010 Low Rent	2009 Low Rent	2008 Low Rent	2007 Low Rent	2006 Low Rent	2011 Budget	2010 Low Rent (unaudited)	2009 Low Rent	2008 Low Rent	2007 Low Rent
70300 Net Tenant Rental Revenue	\$ 617,150	\$ 618,595	\$597,760	\$573,391	\$585,402	\$572,404	-0.23%	3.49%	4.25%	-2.05%	2.27%
70400 Tenant Revenue -	\$ 4,980	\$ 35,821	\$50,967	\$50,253	\$34,200	\$5,632	-86.38%	-29.72%	1.42%	46.94%	507.24%
70500 Total Tenant Revenue	\$ 622,030	\$654,416	\$648,727	\$623,644	\$619,602	\$578,036	-4.95%	0.88%	4.02%	0.65%	7.19%
70900 HUD PHA Operating	\$ 208,565	\$ 214,822	\$248,172	\$265,215	\$221,173	\$214,461	-2.91%	-13.44%	-6.43%	19.91%	3.13%
70980 Other Government											
71500 Investment Income	\$ 528	\$ 631	\$6,102	\$28,459	\$29,613	\$28,367	-16.32%	-89.66%	-78.56%	-3.90%	4.39%
71400 Fraud Recovery											
71500 Other Revenue	\$ 9,000	\$ 391	\$6,096	\$9,037	\$6,629	\$38,601	2201.79%	-93.59%	-32.54%	36.33%	-82.83%
71600 Gain or Loss on Sale		\$ 100		\$725		(\$2,563)					
72000 Investment Income -						\$625					
70000 Total Revenue	\$ 840,123	\$870,360	\$927,403	\$927,090	\$874,454	\$860,090	-3.47%	-6.15%	0.03%	6.02%	1.67%

Wisconsin PHA Housing Authority (Wlxxx)
Single Project Revenue and Expense
 Side by Side - Yr to Yr with % Variances

	2011 Budget	2010 Low Rent	2009 Low Rent	2008 Low Rent	2007 Low Rent	2006 Low Rent	2011 Budget	2010 Low Rent	2009 Low Rent	2008 Low Rent	2007 Low Rent
96200 Other General					\$43						
96210 Compensated		\$ 21,112	\$18,758	\$1,654			-100.00%	12.55%	1034.10%		
96900 Total Operating Expenses	\$ 858,260	\$836,295	\$992,239	\$979,827	\$871,344	\$869,806	2.64%	-15.73%	1.27%	12.45%	0.18%
97000 Excess of Operating Revenue over Operating	\$ (18,137)	\$34,155	(\$64,856)	(\$52,747)	\$3,110	(\$9,716)	-153.10%	-152.66%	22.96%	-1795.92%	-132.01%
97300 Housing Assistance											
97350 HAP Portability-In											
97400 Depreciation Expense	\$ 548,856	\$ 559,769	\$536,111	\$490,498	\$471,761	\$457,235					
97500 Fraud Losses											
90000 Total Expenses	\$1,407,116	\$1,395,974	\$1,528,370	\$1,470,325	\$1,343,105	\$1,327,041					
10010 Operating Transfer In	\$ 52,856	\$ 115,008		\$10,000	\$10,000	\$26,000					
10100 Total Other financing	\$52,856	\$115,008	\$0	\$253,321	\$10,000	\$26,000					
10000 Excess (Deficiency) of	(\$514,137)	(\$410,606)	(\$600,967)	(\$289,924)	(\$458,651)	(\$440,951)					



- * 1 - has pretty much stayed level
- * 2 - has gone down due to using reserve & int
- * 3 - average over 5 years 877830.4
- * 4 - no Audit costs reported - in CFP - will not get reimbursed for

Monthly Financial Reports

- Budgets
- Budget to actual
- Identify variances
- Resolve variances

