FINANCIALS FOR COMMISSIONERS

Texas Housing Association Annual Conference

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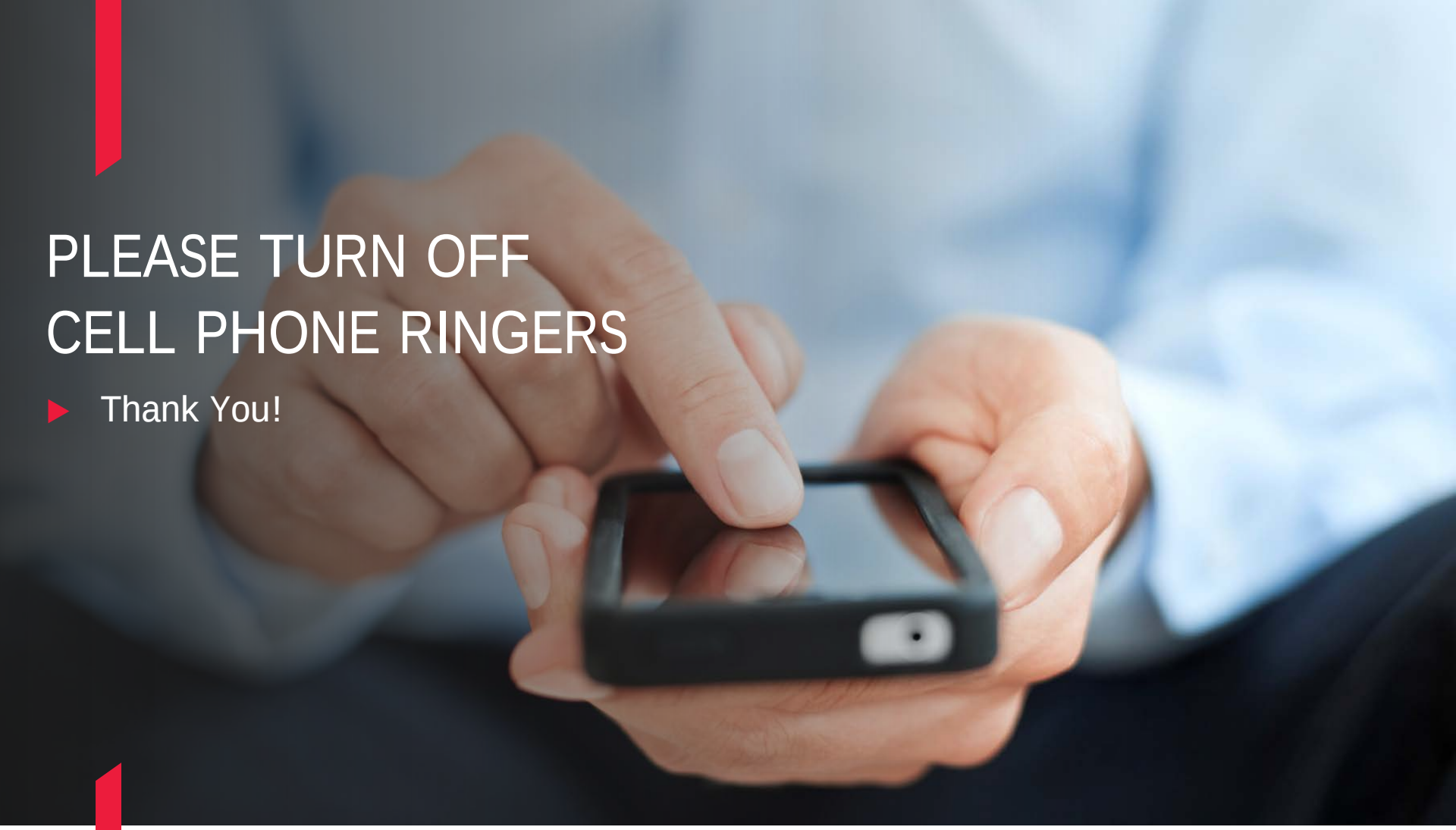
BDO PHA FINANCE



PLEASE TURN OFF CELL PHONE RINGERS

- Thank You!

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2016 Financial Landscape

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Why conquer financial basics?

- We master the financials for several reasons:
  - Honor the promises we have made
  - Perform our jobs more effectively
    - PHA/Management company as a business
    - Understand the impact of our decisions on the bottom line
  - And because …

We are being watched

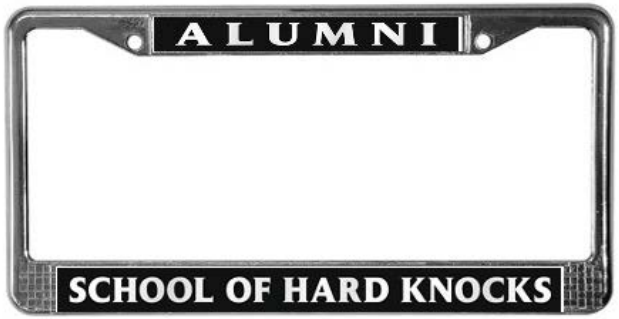
- We are scrutinized
  - Who's money do we manage?
- We are evaluated by HUD
- We are accountable to everyone, including the PHA's clients

Board fiduciary responsibility

- Overseeing the PHA's financial operations & maintaining its financial health
- Reviewing & approving budgets
- Tracking spending
- Reviewing YE statements & audits
- Complying with procurement requirements
- Tracking PH operating reserve and Section 8 administrative fee reserve for interest earned and disbursements authorized
- Ensuring adequate insurance coverage
- Tracking PH rent potential to determine rent losses due to vacancy, excessive turnaround time, poor rent collections

Public housing financial fundamentals

Most PHA staff & Commissioners learn key Public Housing financial concepts through …



1. Where does the money come from?
2. Relationship between rent and subsidy
3. Concept of “proration”
4. Definition of “reserves”

Why are PHAs subsidized?

- The agencies we monitor receive subsidy because Operating Expenses exceed Tenant Rental Revenue
- Below is an **over simplification:**

	Expenses
-	Rental Revenue
	Leftover Expenses

This difference is why we are eligible for subsidy

How does the subsidy dollar flow?

HUD Request

Annual Congressional Appropriations

THUD / HUD Appropriations

Proration

Various Housing Programs

What is subsidy "proration?"

- **Proration:** to divide, distribute or assess proportionately or evenly
- When overall national subsidy eligibility exceeds what we get through congressional appropriations, funds are "prorated"
- The prorated amount is calculated by dividing the appropriated funds by subsidy eligibility, as shown below:

$$\frac{\text{Appropriation \$ Amt}}{\text{Subsidy Eligibility \$ Amt}} = \text{Proration \%}$$

Proration example

- Let's say we have a mother with two jobs and three children
  - All three kids receive a weekly allowance
- Her two sources of income allow her to distribute $60 total, per week, evenly between her three kids
- Each child receives a weekly allowance of $20

Proration example, continued

Mom loses her 2nd job; now she can only afford to give out $30 a week (total) divided between her 3 kids

Without Proration

- She gives her favorite child the full $20
- Her 2nd favorite gets half the old amount, or $10
- Her least favorite now gets nothing

With Proration

- Each of her three children receives an equally abbreviated allowance
- All three kids get $10 a week

Past proration levels

Year	Proration Level	Year	Proration Level	Year	Proration Level
1981	96.50%	1994	95.00%	2007	83.40%
1982	100.00%	1995	96.00%	2008	88.96%
1983	100.00%	1996	89.00%	2009	88.42%
1984	100.00%	1997	99.00%	2010	103.00%
1985	100.00%	1998	100.00%	2011	100.00%
1986	100.00%	1999	92.50%	2012	94.97%
1987	100.00%	2000	98.50%	2013	81.86%
1988	99.32%	2001	99.50%	2014	88.79%
1989	100.00%	2002	100.00%	2015	85.36%
1990	95.00%	2003	94.70%	2016	90.21%
1991	100.00%	2004	98.10%	2017	90-93%
1992	100.00%	2005	88.80%	2018	Sequestration
1993	100.00%	2006	86.02%	2019	Sequestration

Sequestration

- Part of the "Fiscal Cliff" solution is addressing the country's deficit
- Sequestration is deep, mandatory, across the board cuts to domestic discretionary spending

Sequestration

- Sequestration was a dangerous game of chicken involving 10 years worth of tiers of automatic spending cuts
  - All the parties involved with creating it wanted to use it as a scenario that was so ridiculous that it would force Congress to build and pass a budget that addressed deficits by making reasonable choices
- "Sequestration Transparency Act" (H.R. 5872) was written into the 2011 Budget Control Act
  - "…Percentages and amounts necessary to achieve the required reduction of sequestrable budgetary resources and resulting reductions at the program, project and activity level"
- Began with automatic across-the-board cuts to every non-exempt program in 2013
  - Exempted Medicaid & Food Stamps, but not Low Income Public Housing
- Can be cancelled only if Congress passes legislation to do so

Operating Reserve Calculation Methodology

How much cash does your PHA have?

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What are operating reserves?

- ***Operating Reserves*** typically refer to the amount of current assets that are available after liquidating any liability that is due within the next year (current liability)
  - Will usually be determined from your FDS

Operating reserves include

- Unspent operating subsidy, including ARF
- Unspent tenant rent
- Other miscellaneous revenue, including program income that has expanded uses (e.g., non-rental income from vending machines, cell tower leases, energy savings from energy performance contracts)
- Unrestricted, unspent insurance proceeds

How do we discuss reserves?

- Typically, there are two ways reserves are measured and discussed:
  1. Dollars: Total $ amount of reserves
  2. Time Period: Amount of time (in months) that it would take for a PHA/AMP to fully expend reserve dollar amount, covering day-to-day operating expenses, (and without additional subsidy)

Operating reserves

Calculation methodology – dollars of reserves

	FDS Line #	Description
1	111	Cash – Unrestricted
2	114	Cash – Tenant Security Deposit
3	120	Total Receivables
4	131	Investments – Unrestricted
5	142	Prepaid Expenses & Other Assets
6	144	Inter-Program-Due From
7	145	Assets Held for Sale
8		Total (1+2+3+4+5+6+7)
9	310	Total Current Liabilities
10	343	Current Portion of Long Term Debt – Cap. Projects
11		Total (9-10)
12		**Total Operating Reserves (8-11)**

Number of months - operating reserves

2012 funding offset months calculation methodology

- Formula used to determine number of months of operating reserves:

$$\frac{\text{Operating Reserves}}{(\text{PEL} + \text{UEL} + \text{Transition Funding} + \text{Add-Ons}) \div 12}$$

Number of months – operating reserves

OFFP months calculation methodology

- Formula used to determine number of months of operating reserves:

$$\frac{\text{Operating Reserves}}{(969000+97100+97200) \div 12}$$

969000 - Total Operating Expenditures
97100 - Extraordinary Maintenance
97200 - Casualty Losses

Key Financial Reports

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Who looks at what?

- With financial reporting, there are two (2) driving factors to keep in mind:

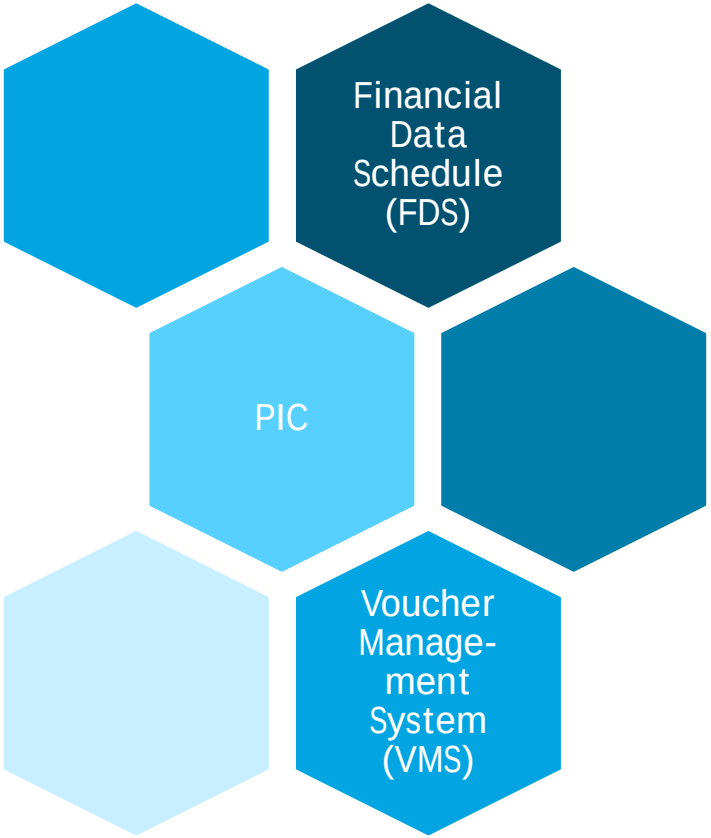
1. HUD Regulatory/ statutory reporting Requirements

2. Best business practice key financial reports

1. HUD reporting requirements

(Broadly)

- Possible HCV reporting sanctions per PIH Notice 2008-9
  - FDS 10%
  - PIC 10%
  - VMS 10%
- Sanctions are a reduction in funding



2. Best business practice

Key financial reports

- In addition to HUD's required submissions, financial reports monitor the health of the agency on a monthly basis:
  - Operating Statements
  - Section 8 Report(s)
- Also, annually we may see:
  - Balance Sheet
  - Financial Data Schedule
    - Financial ratios or "FASS"

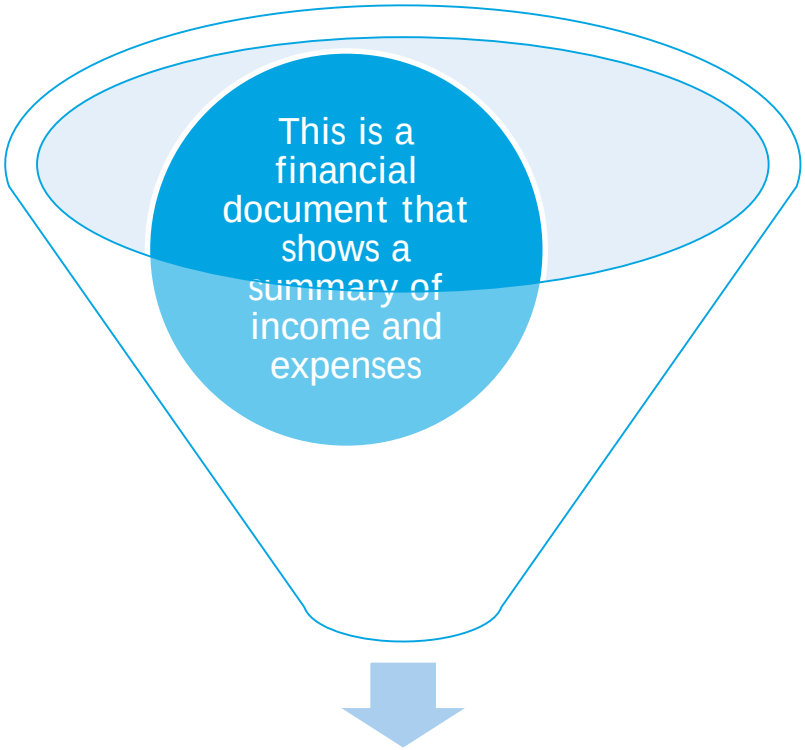
One report, many disguises

OPERATING STATEMENT

- "The Budget Report"
- Income Statement
- Net Income Statement
- Profit and Loss Statement
- P & L
- Statement of Revenues and Expenses

Operating statement

Vertically



A financial statement that indicates how revenue is transformed into net income

- Top to bottom
- Revenue & expense major line items

Operating statement

Horizontally (column to column)

- Operating Statements can tell you how an AMP is doing compared to its budget
  - Shows budgeted amounts compared to actual amounts

Income Statement AMP 001

Period: 12/01/2007 to 12/31/2007

Account	Description	Approved Budget	Monthly Budget	Monthly Actual	Monthly Variance	YTD Budget	YTD Actual	YTD Variance
Income								
01-3110-000	Dwelling Rental	939,844.00	78,320.33	87,011.22	8,690.89	469,922.02	504,174.00	34,251.98
01-3610-000	Int-Gen Fund Investments	35,711.00	2,975.92	2,027.07	(948.85)	17,855.48	5,679.72	(12,175.76)
01-3650-000	CF Support	100,423.00	8,368.59	0.00	(8,368.59)	50,211.46	0.00	(50,211.46)
01-3690-000	Other Income	13,604.00	1,133.67	1,149.80	16.13	6,801.98	6,636.34	(165.64)
01-8020-000	Operating Fund Subsidy	1,051,783.00	87,648.59	95,379.01	7,730.42	525,891.46	383,279.62	(142,611.84)
	Total Operating Income	**2,141,365.00**	**178,447.10**	**185,567.10**	**7,120.00**	**1,070,682.40**	**899,769.68**	**(170,912.72)**
Administrative Expenditures								
01-4010-000	Property Management Fees	193,752.00	16,146.00	15,882.88	(263.12)	96,876.00	94,520.40	(2,355.60)
01-4020-000	Asset Management Fee	47,160.00	3,930.00	0.00	(3,930.00)	23,580.00	0.00	(23,580.00)
01-4030-000	Bookkeeping Fee	31,590.00	2,632.50	2,760.00	127.50	15,795.00	16,425.00	630.00
01-4110-000	Administrative Salaries	136,992.00	11,416.00	13,423.23	2,007.23	68,496.00	79,280.66	10,784.66
01-4110-001	IC Accounting Salaries	5,472.00	456.00	0.00	(456.00)	2,736.00	0.00	(2,736.00)
01-4110-002	IC Admissions Salaries	27,867.00	2,322.25	0.00	(2,322.25)	13,933.50	0.00	(13,933.50)
01-4130-000	Legal Expense	17,425.00	1,452.08	0.00	(1,452.08)	8,712.52	172.50	(8,540.02)
01-4140-000	Staff Training	2,500.00	208.34	0.00	(208.34)	1,249.96	0.00	(1,249.96)
01-4150-001	Local Travel	3,175.00	264.58	341.93	77.35	1,587.52	1,967.68	380.16
01-4150-004	Conference Travel	1,039.00	86.59	0.00	(86.59)	519.46	0.00	(519.46)
01-4170-000	Accounting & Audit Fees	10,323.00	860.25	0.00	(860.25)	5,161.50	0.00	(5,161.50)
01-4190-000	Sundry -(Misc.)	2,714.00	226.17	25.00	(201.17)	1,356.98	180.00	(1,176.98)

Leasing and HAP utilization

- A monthly report should prepared to analyze the following:
  - HAP Utilization
  - Per Unit Cost
  - HCV Leasing
  - HAP Reserve (NRP) /UNP Reserve/Program Reserves

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Month	HAP Received	HAP/UAP FSS/ HAP PO	HAP Utilization	UML	Avg. PUC	% Leased	UMA	FSS Fort. Fraud Rec	Excess (Deficiency)	NRP Available	Program Reserves
CY ABA											$ 4,153,297
PY Program Reserves											200,000
Balance Forward										$ 659,386	4,353,297
January	366,939	385,000	105%	1,247	308.74	96%	1,300	500	(17,561)	641,825	3,986,358
February	366,939	386,000	105%	1,250	308.80	96%	1,300	350	(18,711)	623,114	3,619,419
March	366,939	386,500	105%	1,251	308.95	96%	1,300	400	(19,161)	603,953	3,252,480
April											

Annual considerations

- Balance Sheets
- The Financial Data Schedule (FDS) and related performance results, particularly
  1. Financial Ratios
  2. Excess cash

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Balance sheet

- Shows what a PHA owns and what it owes at a specific point in time
  - Assets – what the PHA owns
  - Liabilities – what the PHA owes
  - Net Equity – value of what the PHA owns versus the claims against it (what it owes)

Balance sheet details

- Often compare year-to-year figures
- Assets are listed first, in order of liquidity
- Assets are followed by liabilities
- This is where you find some detail on:
  - Cash
  - Accounts Receivable (A/R)
  - Inventory
  - Fixed assets
  - Investments
  - Accounts payable (A/P)
  - Long term debt

Sample balance sheet report

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 395,070	$ 129,818
Restricted Cash and Cash Equivalents	476,455	0
Receivables - Net of Allowance	716,851	522,285
Inventories, Net	3,645	0
Prepaid Expenses and Other Assets	95,859	0
Total Current Assets	1,687,880	652,103
Noncurrent Assets		
Capital Assets Not Being Depreciated	7,727,537	542,973
Capital Assets, Net of Depreciation	6,591,179	0
Total Noncurrent Assets	14,318,716	542,973
TOTAL ASSETS	$16,006,596	$ 1,195,076
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 187,614	$ 520,508
Tenant Security Deposits	173,756	0
Accrued Interest Payable	19,568	0
Accrued Wages and Compensated Absences	65,754	0
Intergovernmental Payables	86,822	0
Deferred Revenues	16,019	20,906
Current Portion Notes and Loans Payable	184,407	8,949
Total Current Liabilities	733,940	550,363
Noncurrent Liabilities		
Bonds, Notes, and Loans Payable	6,481,318	90,972
Accrued Compensated Absences, Non-Current	235,678	0
Total Noncurrent Liabilities	6,716,996	90,972
Total Liabilities	7,450,936	641,335
Net Assets		
Invested in Capital Assets, Net of Related Debt	7,951,549	443,052
Restricted Net Assets	4,137	0
Unrestricted Net Assets	599,974	110,689
Total Net Assets	8,555,660	553,741
TOTAL LIABILITIES AND NET ASSETS	$16,006,596	$ 1,195,076

Balance sheet considerations

- If cash is down and A/P is up (this year compared to last year) how long can we go on with the bills stacking up and not a lot of money to pay them?
- Are investments up or down?
- What about TARs?

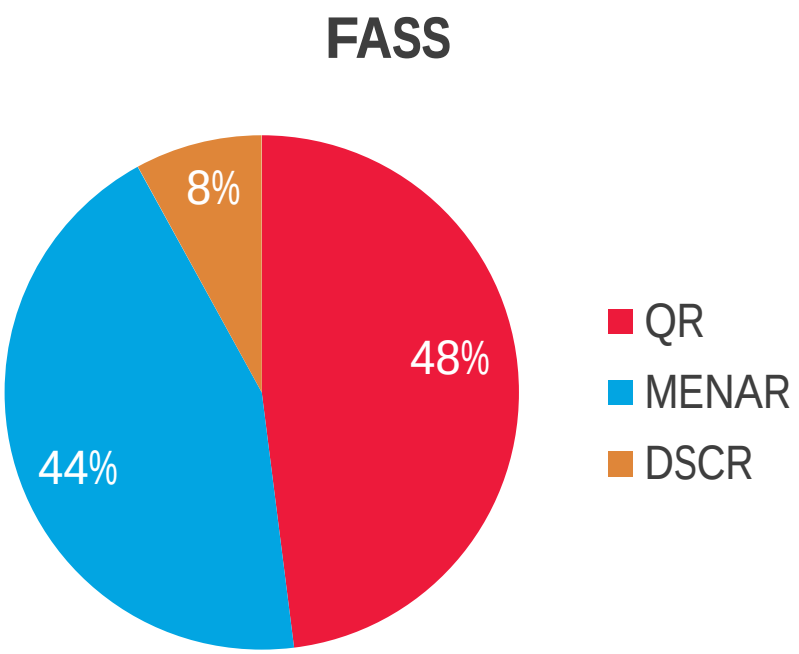
FASS scoring

- Both Old PHAS and Interim scores are based on the unaudited and audited Financial Data Schedule (FDS)
  - FDS due dates are based on Fiscal Year End
  - Late penalties apply

PHAS Financial Assessment Sub System (FASS)

Ratios and scoring

Sub-Indicator	Measurement	Points
QR	Liquidity	12
MENAR	Adequacy of Reserves	11
DSCR	Capacity to Cover Debt	2
Total		**25**



Communicating in "CPA"

Some operating statement financial linguistics

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Revenue

- Money coming in
  - Money received from the sale of products and services, before expenses are taken out
- AKA receipts or income
- Total Revenue is also known as the top line

Expenditures

- Money going out (to another person or company) to pay for a service or item
  - A cost that is remitted (usually) in exchange for something of value
- Typically we have far more expense detail

Profit

- When bottom line income is greater than costs or expenses
- Expenses are less than income
- Also known as a Surplus
- If you are operating at a profit, you are “in the black”

Loss

- When “bottom line” costs or expenses exceed income
- Also know as a **Deficit**
- If you are operating at a loss you are “in the red”

The “bottom line”

- When you examine Operating Statements, one of the first financial items to look at is the **bottom line**
- It tells the difference between our expenditures and our revenue
- Net Income is the result after all revenues and expenses have been accounted
  - (Also known as the "bottom line“)

Budget Line Item (BLI)

- A “line item” is usually associated with a specific chart of accounts number
  - This is usually just a piece of the account string
- There is an expense (or income) single detail record described by each line item amount
- Summary accounts like “Administration” break down into specific line items like “Administrative Salaries”

Cash *versus* profit

- Cash = Actual Monies available to be expended
  - This is what's in the bank account, minus the current outstanding checks
- This is typically not what shows up as the money the project "makes" at the end of the year
- Cash is not the same as net income or the bottom line!

Examples: cash vs. profit

- "Cash" is different from "Profit" shown on an Operating Statement because of several types of things:

Payments that may not have "hit the statement" yet

- Usually, Operating Statements will not show payments made that have not been processed, or monies "encumbered"

Loan payments

- Operating Statements will not show payment of the principal, only the interest shows up as an expense

Receivables that have not been collected

- Operating Statements will show total rents billed, but will not factor in TARs, (and very few AMPs are able to collect 100% of their rents all the time)

Cash versus profit: TARs

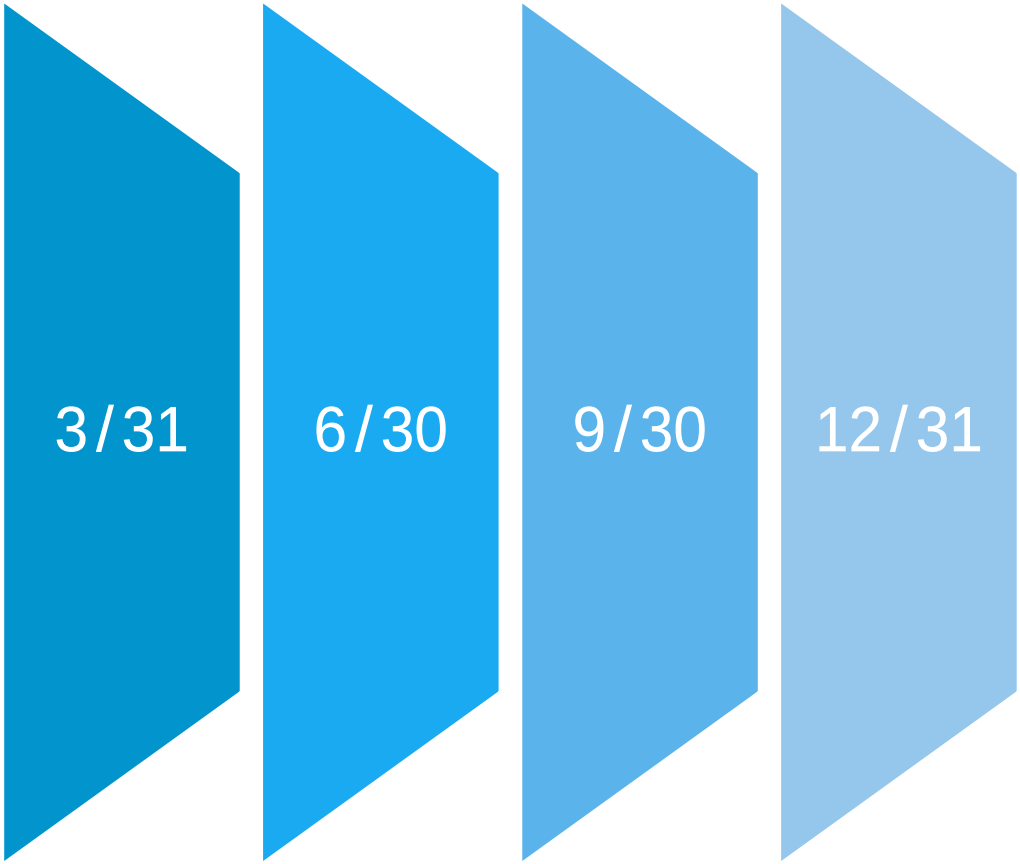
- AMP 0001 has three tenants, each paying $100 rent per month
  - Each month, my rental revenue on my Operating Statement is $300
  - In July, I collect only $200
  - My revenue on my Operating Statement doesn't change, but my actual cash is $200

Difference between “profit” and “reserves”

- Profit refers to our operating statement alone
  - It describes the relationship between revenue and expense
  - It does not consider balance sheet items
- Reserves are calculated carefully according to a prescribed FDS-based calculation
- They do take into consideration balance sheet items, like cash and liabilities

Fiscal Year End (FYE)

- The Fiscal Year is the 12 month reporting period for annual financial statements
- There are four FYEs in Public Housing



Year to Date (YTD)

- Period starting with the beginning of the Fiscal year, and ending with the current month
- Year-to-date calculations will vary between agencies, depending on the Fiscal Year

Operating Statement Examination

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Major sources of income

Most AMPs have two main sources of income:

1. Operating Subsidy
2. Rent

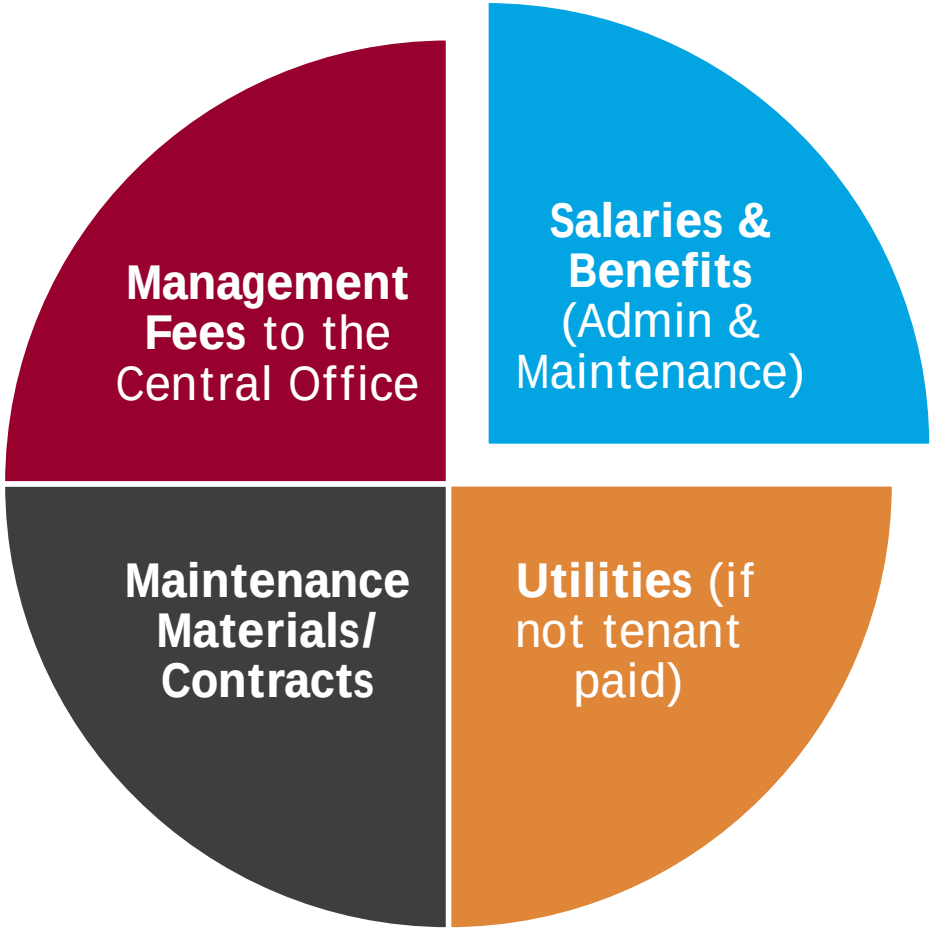
Other income

- Consult the Finance Department on properly identifying Other Income sources, which may include:

Tenant charges in addition to Rent	Non-dwelling rental income	Misc. Other income
• Damages • Late charges • Court Costs • Excess Utilities	• Community room rental • Commercial space rental, if feasible	• Investment interest • Vending Machines • Cell towers, etc.

What are my major expenses?

- There are usually four (4) areas of substantial expense (see pie chart)
- It is up to the manager to monitor monthly expenses and ensure that charges are appropriate



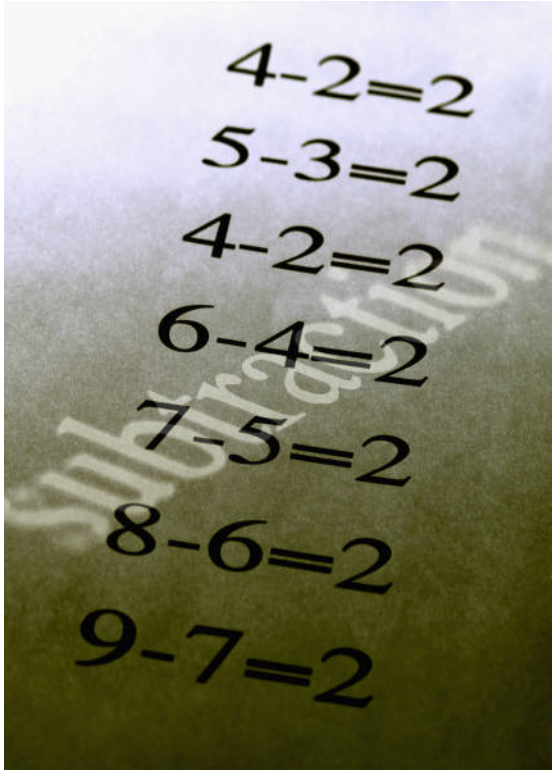
7 expense summary categories

1. Administrative (Incl salaries & possibly benefits)
2. Tenant Services
3. Utilities
4. Protective Services
5. Ord Maintenance & Operations (Salaries, Supplies & Contracts)
6. General
7. Extraordinary Maintenance

Monitoring the budget

- Commissioners should monitor the Operating Statement monthly
  - Reports can be marked up and filed for reference
  - Consult Finance Department
  - Variances should be explained

Budget variances



- A Variance is the difference between what was budgeted, and what actually occurred
  - Describes a difference in an income or expense
  - "Difference" = subtraction
    - Calculate variance by subtracting the actual amount from the budgeted amount

Positive variance

There are two kinds of variance – positive & negative:

1. **Positive** - two (2) possible occurrences:
   A. REVENUE side: actual income is *HIGHER* than budgeted
   B. EXPENSE side: actual costs were *LESS* than the budgeted prediction (Hooray!)

The net result of a positive variance is that you have MORE $$ than planned

Positive variance example

- I thought lunch would cost $10.00, but it was actually free!

$10.00	budgeted	
- $ 0.00	actual	
$10.00	⮜ variance	

- I'm happy I saved money; it must be a positive variance

Positive variance on the revenue side of the report

- Which of the below sample variances are considered POSITIVE?

	Current Month Actual	Current Month Budget	Variance	Variance %
REVENUE				
Dwelling rental	209,543.61	206,333	(3,210)	-2%
Vacancy loss	-	(6,190)	(6,190)	100%
Total Rent Income	209,543.61	200,143	(9,400)	-5%
Excess utilities	1,396.54	2,083	687	33%
Sales & service inc	3,338.25	3,500	162	5%
Total Tenant Revenue	4,734.79	5,583	849	15%
Revenues - HUD PHA Grants	-	51,725	51,725	100%
Total Grant Revenues	-	51,725	51,725	100%
Interest Income	-	1,016	1,016	100%
Other income				

Don’t judge a variance by it’s brackets

- What the numbers tell us is more important than what they look like
- In the revenue side of our report, a “positive” variance might look negative!
- Common sense trumps everything

Positive variance on the expense side of the report

	Current Month Actual	Current Month Budget	Variance	Variance %
EXPENSE				
Administrative salaries	15,486.56	20,010	4,524	23%
Total Administrative Salaries	15,486.56	20,010	4,524	23%
Employee Bens - Admin	2,341.96	-	(2,342)	-
Employ Bens - Admin - On Site	-	9,005	9,005	100%
Total Employee Benefits Adm	2,341.96	9,005	6,663	74%
City attorney costs	-	2,083	2,083	100%
Management Fee	30,864.90	30,831	(34)	0%
Bookkeeping Fee	5,287.50	5,282	(6)	0%

- Which of the above sample variances are considered POSITIVE?

Negative variance

Two (2) possible occurrences:

A. REVENUE side: actual income is LOWER than budgeted
B. EXPENSE side: actual costs were MORE than the budgeted prediction (Hooray!)

The net result of a negative variance is that you have LESS $$ than planned ☹

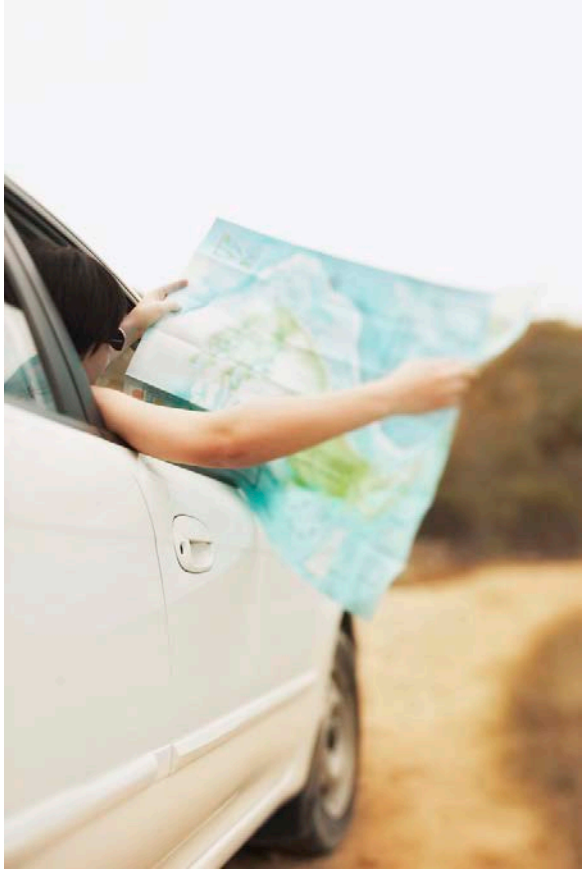
Negative variance example

- I thought my significant other was paying for dinner, (so I budgeted $0), but he left his wallet at home… Dinner was $89.00

	$ 0.00
-	$ 89.00
	($ 89.00)

- I'm in a bad mood, so it must be negative variance

Get your bearings



- Situate yourself on the report before you decide whether variance is positive or negative

Negative variance on the expense side of the report

	Current Month Actual	Current Month Budget	Variance	Variance %
EXPENSE				
Administrative salaries	15,486.56	20,010	4,524	23%
Total Administrative Salaries	15,486.56	20,010	4,524	23%
Employee Bens - Admin	2,341.96	-	(2,342)	-
Employ Bens - Admin - On Site	-	9,005	9,005	100%
Total Employee Benefits Adm	2,341.96	9,005	6,663	74%
City attorney costs	-	2,083	2,083	100%
Management Fee	30,864.90	30,831	(34)	0%
Bookkeeping Fee	5,287.50	5,282	(6)	0%

- Which of the above expense variance dollar amounts is a NEGATIVE variance?

Which to explain?

RULE OF THUMB: Major line item variances of 10% or greater and $5,000 should have a written explanation

- Both Positive and Negative variances greater than 10% and $5,000 should be explained
- Negative Variance explanations should include corrective measures
- Positive and negative variance might not have anything to do with plus or minus indications

Why explain variance?

- Variance investigation requires a thoughtful analysis about real time spending
  - It discourages us from looking at spending all our money as a goal
- Lack of variance explanation could lead to:
  - Incorrectly assigned expenses
  - Overspending
  - Misclassified amounts / incorrect budget amounts
  - Fraud / theft

Explaining Variance

10 minute crunch analysis technique

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The bottom line

- This is the number to which the site is first accountable in the “shell game” of honoring the original annual budget
- When you look at the figures on an operating statement or budget, start at the bottom line
- No one wants to lose track of money, so the first thing to ask is “how am I doing (overall)?”
- Am I spending more than I have coming in?
  - Look at the bottom line to determine whether a site is making or losing money
- It is helpful to start at the Year to Date Actual column

To check on the bottom line

Line Description	Total Fiscal Budget	Monthly Budget	Monthly Inc/Exp	Monthly Var	Monthly Var Pct	YTD Budget	YTD Income / Expenses
Report Parameters							
Cable Mrkt Revenue Share	0	0	0	0	0	0	5,500
Total Other Income	**9,830**	**819**	**8,342**	**7,523**	**919**	**5,733**	**21,408**
Total Operating Income	**2,552,160**	**212,681**	**248,225**	**35,544**	**17**	**1,488,767**	**1,623,686**
Interest/Asset Mgt Fees							
Interest on EPC Notes	49,390	4,116	4,108	(8)	(0)	28,812	29,095
Asset Management Fee	52,800	4,400	4,400	0	0	30,800	30,800
Total Interest/Asset Management Fees	**102,190**	**8,516**	**8,508**	**(8)**	**(0)**	**59,612**	**59,895**
Total Expenses	**3,753,870**	**310,841**	**240,955**	**(69,886)**	**(22)**	**2,199,737**	**1,513,416**
Net Income /Loss	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,270**
Net Income-Loss w/Transfers	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,270**

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On this particular report, if your bottom line number is positive, you are showing a profit; if it's in brackets, we are operating at a loss

Bottom line variance

- After checking the bottom YTD profit or loss, check the bottom line variance
- Is it positive or negative?
  - (And what does this mean?)

Bottom line variance

Line Description	Total Fiscal Budget	Monthly Budget	Monthly Inc/Exp	Monthly Var	Monthly Var Pct	YTD Budget	YTD Income / Expenses	YTD Variance	YTD Var Pct
Report Parameters									
Cable Mrkt Revenue Share	0	0	0	0	0	0	5,500	5,500	0
Total Other Income	**9,830**	**819**	**8,342**	**7,523**	**919**	**5,733**	**21,408**	**15,675**	**273**
Total Operating Income	**2,552,160**	**212,681**	**248,225**	**35,544**	**17**	**1,488,767**	**1,623,686**	**134,919**	**9**
Interest/Asset Mgt Fees									
Interest on EPC Notes	49,390	4,116	4,108	(8)	(0)	28,812	29,095	283	1
Asset Management Fee	52,800	4,400	4,400	0	0	30,800	30,800	0	0
Total Interest/Asset Manag	**102,190**	**8,516**	**8,508**	**(8)**	**(0)**	**59,612**	**59,895**	**283**	**0**
Total Expenses	**3,753,870**	**310,841**	**240,955**	**(69,886)**	**(22)**	**2,199,737**	**1,513,416**	**(686,322)**	**(31)**
Net Income /Loss	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,270**	**821,240**	**(116)**
Net Income-Loss w/Transfe	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,27**	**821,240**	**(116)**

Investigating variance – revenue & expense totals

- Follow the variance from the bottom up
- After you examine the bottom line, you can move to the summary/totals for overall revenue and expense categories
  - Then you can move on to the main expense category summaries

Top line and expense variance

Line Description	Total Fiscal Budget	Monthly Budget	Monthly Inc/Exp	Monthly Var	Monthly Var Pct	YTD Budget	YTD Income / Expenses	YTD Variance	YTD Var Pct
Report Parameters									
Cable Mrkt Revenue Share	0	0	0	0	0	0	5,500	5,500	0
Total Other Income	**9,830**	**819**	**8,342**	**7,523**	**919**	**5,733**	**21,408**	**15,675**	**273**
Total Operating Income	**2,552,160**	**212,681**	**248,225**	**35,544**	**17**	**1,488,767**	**1,623,686**	**134,919**	**9**
Interest/Asset Mgt Fees									
Interest on EPC Notes	49,390	4,116	4,108	(8)	(0)	28,812	29,095	283	1
Asset Management Fee	52,800	4,400	4,400	0	0	30,800	30,800	0	0
Total Interest/Asset Manag	**102,190**	**8,516**	**8,508**	**(8)**	**(0)**	**59,612**	**59,895**	**283**	**0**
Total Expenses	**3,753,870**	**310,841**	**240,955**	**(69,886)**	**(22)**	**2,199,737**	**1,513,416**	**(686,322)**	**(31)**
Net Income /Loss	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,270**	**821,240**	**(116)**
Net Income-Loss w/Transfe	**(1,201,710)**	**(98,160)**	**7,270**	**105,430**	**(107)**	**(710,970)**	**110,270**	**821,240**	**(116)**

Line Description	Total Fiscal Budget	Monthly Budget	Monthly Inc/Exp	Monthly Var	Monthly Var Pct	YTD Budget	YTD Income / Expenses	YTD Variance
Report Parameters								
Management Fees	271,710	22,643	24,770	2,127	9	158,501	164,880	6,379
Bookkeeping Fees	38,770	3,231	3,240	9	0	22,617	21,248	(1,370)
Income Verification	0	0	57	57	0	0	285	285
Total Administrative Expenses	**852,600**	**71,053**	**87,466**	**16,413**	**23**	**497,371**	**541,820**	**44,449**
Natural Gas	6,660	555	933	378	68	3,885	1,979	(1,906)
Sewer	170,760	14,230	12,688	(1,542)	(11)	99,610	86,922	(12,688)
Sewer-Vacants	110	9	0	(9)	(100)	63	0	(63)
Total Utilities	**286,970**	**23,914**	**23,538**	**(376)**	**(2)**	**167,398**	**151,821**	**(15,577)**
Erosion/Water Control (Site)	10,000	833	0	(833)	(100)	5,831	0	(5,831)
Cabling/Phone Repairs to Units	1,500	125	0	(125)	(100)	875	0	(875)
Bed Bug Treatments	7,500	625	0	(625)	(100)	4,375	(50)	(4,425)
Total Ordinary Maintenance -Outsi	**311,630**	**25,969**	**23,868**	**(2,101)**	**(8)**	**181,783**	**176,938**	**(4,845)**
Total Maintenance Expenses	**1,218,500**	**101,541**	**109,599**	**8,058**	**8**	**710,787**	**625,709**	**(85,078)**
Other General								
Collection Losses	50,660	4,222	0	(4,222)	(100)	29,554	14,564	(14,990)
Extraordinary Expenses	75,000	6,250	635	(5,615)	(90)	43,750	15,540	(28,210)
Total Non Routine Expenses	**1,071,000**	**89,250**	**635**	**(88,615)**	**(99)**	**624,750**	**15,540**	**(609,210)**

Investigating variance – digging deeper

- If there is a particularly strange variance, you may be able to examine the issue deeper using GL detail provided by finance, to pinpoint the source

QUESTIONS?

Thank you for attending!

Check out our new website:
bdophafinance.com

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