

DISASTER HOUSING ASSISTANCE PROGRAM FOR HURRICANE IKE (DHAP-IKE) FINANCIAL DATA SCHEDULE (FDS) REPORTING.

FDS Reporting of DHAP – Ike

In August and September, 2008 Hurricanes Ike and Gustav struck the United States, causing catastrophic damage to property, loss of life, and the displacement individuals from their homes and communities. On September 23, 2008, the Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA) executed an Interagency Agreement under which HUD shall act as the servicing agency of DHAP-Ike and will begin administration of the program effective November 1, 2008.

Pursuant to FEMA's grant authority, grants will be provided to local PHAs to administer DHAP-Ike on behalf of FEMA. PHAs will make rental assistance payments on behalf of eligible families to participating landlords for a period not to exceed 17 months commencing November 1, 2008 and ending no later than March 2010.

PIH Notices 2008-38 and 2008-45 provide further background and rules for DHAP-Ike.

FDS DHAP-Ike Reporting:

DHAP-Ike funding remains separate and distinct from the PHA's regular voucher program; both in terms of source and use of the funding. Therefore, the DHAP-Ike program will be reported *separately* in the FDS under 14.IKE. For additional information on how to add DHAP-Ike "column" to the FDS please refer to "Add DHAP-IKE to your Submission" at the bottom of this document.

DHAP-Ike Financial Statement and FDS Reporting:

All revenue (funding recognized as fee or housing assistance payments (HAP) revenue) for the DHAP-Ike program will be reported on the FDS line: 70800 Other Governmental Grants.

Rent (HAP) Subsidy Payments

Rent Subsidy Payments: All disbursements of funding advances for rent subsidy payments will be based on data entered by the PHA into Disaster Information System (DIS). When actual leasing needs exceed previous funding, additional funding will be advanced to the PHA. On the other hand, if the funding provided exceeds actual leasing costs, future disbursements will be offset by the excess funds. Further, due to the temporary nature of this program, any unused rent subsidy payments should be reported as deferred revenue through March 2010 (the end of the program). HUD will perform a close-out settlement after the termination of the program, therefore after March 2010, any unused rent subsidy payments including the deferred revenue as mentioned prior shall be

reported as an accounts payable to HUD. This settlement process will also include funds received for security and utility deposits.

Security Deposits: A family may receive security deposit assistance under DHAP-Ike. The funds the PHA receives from HUD for this payment should not be reported as revenue but should be recorded as restricted cash and a payable to HUD (a balance sheet only transaction). When the PHA makes the payment to the landlord, the PHA will debit a security deposit receivable and credit the cash. Once the tenant exits the program and the security deposit is returned to the PHA, the PHA will debit the restricted cash account and credit the security deposit receivable account. In cases where the security deposit is reduced by the landlord to cover tenant related damages, the landlord will retain an amount of the security deposit attributable to the tenant damages and refund the remainder of the security deposit to the PHA. This will result in a reduction in the PHA security deposit receivable and the related payable to HUD. The PHA should keep subsidiary records to support the write downs as part of the settlement process with HUD. Deposits refunded to the PHA will be included in HUD's close-out settlement with the Agency

Utility Deposits: The PHA may also provide assistance for utility deposits for the utilities to be supplied by the tenant under the lease. Utility deposits will be recorded on the FDS similar to security deposits. Amounts paid for one-time connection fees will not be recouped by the PHA and should be reported FDS line 97300 Housing Assistance Payments.

It should be noted that the revenue recognized in the FDS will typically be different than amounts disbursed in LOCCS. Security and utility deposits will still be reported as a disbursement in LOCCS, while the deposits will not impact the PHA's income statement for financial reporting purposes.

Fee Income

Administrative Service & Case Management Fees: PHAs will receive Administrative Service and Case Management fees for administering the DHAP-Ike program. These fees will be provided based on reported costs and leasing data entered into the Voucher Management System (VMS) and DIS databases. Administrative Service fees should be recognized as revenue upon assignment (receipt), while Case Management fees are recognized each month and are based on the number of leases. These fees will not be included in HUD's close-out settlement; thus, any of these fees earned in excess of administrative expenses should be reported as unrestricted net assets (equity). Further, if there are any of these funds remaining at the end of DHAP-Ike, the PHA must use these funds for disaster or emergency related purposes only and therefore should be classified as restricted. "Disaster related" includes continuing case management services for families after DHAP-Ike ends.

One-Time Placement Fees: HUD will also advance funding for One-Time Placement Fees, based on the number of families assigned to a PHA. The PHA earns the One-Time

Placement fee when either (1) the family is placed under a Disaster Rent Subsidy Contract (DRSC) or (2) the PHA succeeds in assisting DHAP-Ike eligible family in finding permanent housing in lieu of DHAP-Ike rent subsidy assistance. All funding for this type of fee will initially be recorded as deferred revenue, until the PHA earns this fee by complying with the above mentioned criteria. HUD will include any *unearned* One-Time Placement fees in its close out settlement, therefore any Placement Fees that have not been earned by March 2010, shall be reported as an accounts payable to HUD.

Any *earned* One-Time Placement fees reserves still remaining at the conclusion of the DHAP-Ike program may only be used for disaster or emergency related purposes and should be classified as restricted upon termination of the program.

DHAP Ike Expense Reporting

To properly account for DHAP-Ike expense on the FDS, the PHA should:

- Record administrative expenses in the same manner as the Housing Choice Voucher Program
- Record the rent subsidy payments (including utility connection fees), FDS line 97300 Housing Assistance Payments.
- Case management and other tenant service related expenses should be reported using the tenant services lines: (FDS lines: 92100 Tenant Services – Salaries; 92200 Relocation Costs; 92300 Employee Benefit Contributions – Tenant Services; 924 Tenant Services – Other).
- FDS Lines: 11190 Unit Months Available and 11210 Unit Months Leased should also be completed based on the actual number of families assisted.
- FDS Line: 113 Cash - Other Restricted, 125 Accounts Receivable – Miscellaneous, 312 Accounts Payable ≤ 90days, and 313 Accounts Payable ≥ 90 days should be used to record the transaction surrounding the security and utility deposits.

Add DHAP-IKE to your Submission:

To add the “DHAP-IKE Program” column on the **FDS**, click “PHA Info” on the top navigation bar, select “Program”, then select “Add Program”. Enter the CFDA number, in this case 14.IKE, then click “Go”. Click ”Add Program” The Program Selection page will appear with the newly added program at the bottom of the page. Click Save. Please note that 14.IKE is a proxy CFDA number and is only used for FDS reporting.