

GASB Statement No. 33 and Public Housing Authorities:

The purpose of this notice is to remind Public Housing Authorities (PHAs) that Government Accounting Standard Board (GASB) Statement No. 33 goes into effect for PHA Fiscal Years (FYs) starting after June 15, 2000. **This means that GASB 33 must be implemented for PHA FYs ending 6/30/2001 and forward.** PHA Finance has posted Accounting Brief #11 (*Accounting and Financial Reporting for Non-exchange Transactions: GASB 33*) on its website that gives a quick overview of the Statement. This Brief can be found at: <http://www.hud.gov/reac/pdf/account11.pdf>.

To “piggy-back” on this Brief, PHA Finance has summarized in the matrix presented below, the effect of GASB 33 on the FDS when recording reimbursable grants (i.e. CGP, Capital Fund, DEG etc.). Hopefully, this will help PHA Fee Accountants, Executive Directors and PHA Directors of Finance properly report reimbursable grant activity upon implementation of the statement:

Accounting Method	Pre GASB 33	Effect on Retained Earnings	Post GASB 33	Effect on Retained Earnings
Full Accrual	Grant revenue for soft cost expenditures are reported on line 706 with the matching expenditures reported in the 900 series. Hard costs are reported on line 1101.	No effect	Reporting for soft cost revenues remains unchanged (line 706 of the FDS). Grant revenue for hard costs will be reported on line 706 now and on 706.1 with the next update of the FASS-PHA software scheduled for September 2001.	FDS line 1101 will no longer be used. The surplus created by recording hard costs as revenue will flow to Retained Earnings, line 512.
Modified Accrual	Grant revenue for both soft costs and hard costs are reported on line 706, with the matching expenditures reported in the 900 series (including hard costs which are presented on line 976).	No effect	No change in reporting	No effect.

Additionally, it should be noted for capital grants, which have an option for the draw down provision, the grant amount approved for draw down may be recognized in the period the approval is granted. For example, assuming the Field Office approves for a PHA to draw down \$100,000 of a \$300,000 capital grant award, in accordance with the Capital Funds Formula Funding, the PHA could record a receivable and revenue for the \$100,000 it has been approved to draw down (reference: Accounting Brief #11 page 3).

Please ensure that all current year grant activity for PHA FYs ending 6/30/2001 and later is properly recorded. The improper recording of hard costs (putting these costs in 1101 instead of 706 or 706.1 under full accrual accounting) could result in the rejection of the PHA’s Financial Data Schedule (FDS). Please make certain that all accounting personnel preparing REAC financial information understand the proper implementation of this Statement.

If you have any questions, please contact your FASS-PHA Financial Analyst or Assessment Manager.