



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

Public Housing Notice 2010-13

To: Local Housing Authority
From: Laura Taylor, Director Housing Management Bureau
Subject: HAFIS Budget Changes
Date: October 26, 2010

A handwritten signature in blue ink, appearing to be "Laura Taylor", is written over the "From:" line of the header.

Our FY 2011 Local Housing Authority Budget Guidelines (Public Housing Notice 2010 – 08) state that “a deficit housing authority with a projected operating reserve, which is at least 20% of maximum reserve level, may use their reserves for operating expenses”. Remember, it is understood that the Authority is responsible for these expenditures, and that DHCD will not provide an exemption or augmentation to the operating reserves now or in the future. DHCD’s approval of the budget is based on the Authority’s identification of available operating reserves as revenue. Please refer to page 2 in the Budget Guidelines for further detail.

In response to LHA and fee accountant concerns regarding the accounting of planned expenditures from excess revenue or operating reserves, DHCD has modified the operating budget. This eliminates the appearance of overspending line items due to the use of excess revenue or operating reserves above the Allowable Non-Utility Expense Level (ANUEL).

We have created a new account, #3692, Other Revenue-Operating Reserves, in the revenue section of the Budget Request page. You must use this account for the cumulative budgeted increases in expense line items to be spent from excess revenue or operating reserves in excess of your approved ANUEL. We have also added a new schedule entitled “Expenditures in Excess of ANUEL” to the non-routine expense schedules. This schedule will serve as reconciliation for the amount budgeted in account #3692. For example, an LHA could budget an extra \$10,000 in multiple accounts, such as Materials & Supplies, Contract Costs, and Administrative Other. The additional \$30,000 would be budgeted to account #3692, and the appropriate breakdown would be disclosed on the new report.

These changes will have no affect on the bottom line (ANUEL) because the revenue offsets the expenses. The new account is not included in the subsidy calculation. This will also minimize budget variances, thus providing clear understanding by the Board of Commissioners, DHCD, and outside auditors. Finally, this will provide your Authority, as well as DHCD, with the ability to monitor expenditures from reserves.

Nothing in this Public Housing Notice shall be construed to require DHCD to increase the state’s financial obligation to any LHA in excess of the approved ANUEL. The purpose of these changes is merely to allow tracking of expenditures from operating reserves.

Please call Bruce Siegel at 617-573-1235 if you have any questions.