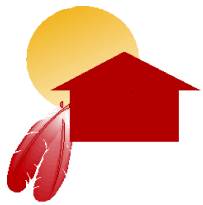


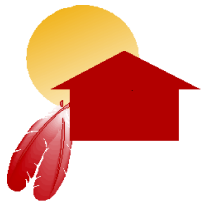
Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
APPENDIX 4 – Reserve Balances				
I. Purpose				
<p>The purpose of this review is to determine the amount of reserves on hand at the inception of NAHASDA.</p> <ol style="list-style-type: none"> 1. Ensure that any of these funds were expended on allowable and eligible activities, 2. Verify that the balance in the Operating Reserve account(s), shown in the most recent audited balance sheets, are correct (by subtracting all expenditures from the beginning balance), and 3. Verify that the amount in operating reserves does not exceed the amount recorded at the inception of NAHASDA. 				



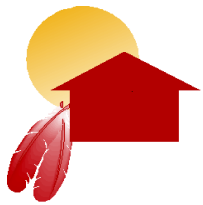
Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
II. Review of Reserves				
<u>Background:</u> Under the 1937 Housing Act, IHAs were required to maintain separate Operating Reserves for each ACC.		ACC Forms 53012A, and 53012B, Rev. 7/95		
A. The purpose of the reserves was to provide working capital and offset any deficit between operating receipts and operating expenditures.				
B. The maximum amount of Operating Reserves that an IHA could retain was 50% of the estimated total routine expenditures for its Low Rent, Mutual Help, and Turnkey III housing.		Transition Notice January 1998, Question 42		
C. Under NAHASDA, IHAs could retain the operating reserves, but the use of operating reserves is subject to all NAHASDA and 2 CFR Part 200 restrictions.				



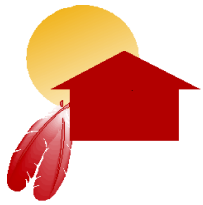
Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
D. The operating reserve ending balance for FY 1997 should have been reported in the 1998 IHP and tracked in the 1998 APR. If the recipient didn't expend all the reserve funds and still closed out the 1998 grant, the balance should be reported under another open IHBG. The recipient is not required to expend the reserves.				
III. Review Steps				
A. Determine reserve balances at inception of NAHASDA (10/1/97) from audited balance sheet.				
1. If the year end was not 9/30/97, review balance sheet closest to this date.				
a. Look for lines on the balance sheet called Cumulative Residual Receipts or Operating Reserve.				



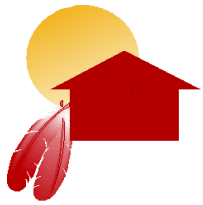
Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
<p>b. There may be one balance sheet for each program (Low Rent, Mutual Help, Section 8, Turnkey III, etc.). These amounts will be the beginning balances of operating reserves at inception of NAHASDA.</p>				
<p>2. Determine current reserves balances. Ask the recipient how they accounted for the reserve balances. The most current audited balance sheet may show one or more restricted equity accounts that contain the reserves.</p>				
<p>3. Recipient may have to provide supporting schedules that show a breakdown of the amounts in the balance sheet if the operating reserves were summarized with other amounts in the balance sheet.</p> <p>For instance, request detailed General Ledger reports showing the expenditures charged to any operating</p>				



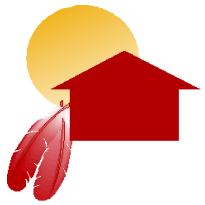
Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
reserve accounts for all years under review.				
4. From the beginning balances determined above, subtract each year's annual expenditures charged to the reserve accounts.				
a. Compare the year end balances with the audited amounts by year. Any discrepancies should be researched and resolved.				
b. Funds that cannot be accounted for should be questioned.				
5. The expenditures should be reviewed for allowability and eligibility.				
6. If there are a significant number of transactions to review, consider selecting a random sample to review.				



Financial and Fiscal
Management
Monitoring Plan (Recipient)

RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP. Pg.</u>	<u>Remarks</u>
7. The use of operating reserves is subject to all NAHASDA restrictions.				
IV. Summary				
A. Summarize the results of the review in a work paper. B. Discuss significant issues with staff. C. Develop findings, including questioned costs and corrective actions, as appropriate. D. Develop concerns because they could lead to a violation E. Develop report language, including any findings and concerns. F. If there are any major issues identified in this review and the recipient has approval to invest, determine if a withdrawal of investment authority should be recommended.				



Financial and Fiscal
Management
Monitoring Plan (Recipient)

Reviewer Name:	
Review Date(s):	