



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

SCOTT WOOSLEY, CFA
EXECUTIVE DIRECTOR

February 3, 2014

Dear Management Agent:

Attached you will find the latest version of the MIE Guide and template to be used for 2014 Monthly Income and Expense (MIE) submissions. The following updates have occurred:

- On the 'MIE' tab, Gain(Loss) on Disposal of Fixed Assets (Adj 4) – formula update on year-end total;
- On the CSV tab, Payable Detail formula corrected to remove mismatched payable expense error.

In addition, various MIE line item definitions have been updated to improve the clarification of expenses to include on each line item.

If you have questions regarding the MIE, contact Lisa Espinoza by e-mail at EspinozaL@michigan.gov or by phone at 517.373.3276.

Asset Management Division
Michigan State Housing Development Authority

460 MONTHLY INCOME & EXPENSE (MIE) GUIDE POLICY

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Purpose of MIE Reporting

The Monthly Income and Expense (MIE) Report provides essential financial information to the Authority. This information is used to monitor development performance, ensure compliance with state and federal regulations and detect potential financial problems. Therefore, the financial information submitted to the Authority must be accurate and meaningful.

MIE Submission Due Dates

MIE Reports are due no later than midnight on the 20th day of the month following the reporting month. Due dates are not extended for weekends or holidays. Timely submission of MIE Reports is a premium management fee factor. Be sure to allow ample time for submissions, taking into consideration possible delays in transmissions due to Internet activity. Internet delays or computer problems are not a valid reason for late submissions. MIE's can be resubmitted prior to the 20th of a month to correct errors. After the 20th, corrections must be reflected in the next month's MIE Report.

New Developments – The Initial MIE for a new development must be submitted no later than midnight on the 20th of the month following the month for which income is received and/or expenses are incurred.

Occupied Rehabilitated Developments – The Initial MIE for occupied rehabilitated developments must be submitted no later than midnight on the 20th of the month following the month in which initial closing occurred.

MIE Submission Process

Paper copies will not be accepted or processed. Submission of disbursement journals/check registers, supplemental schedules or any other additional information may be required periodically by the assigned Asset Manager. Submit any supplemental detail to the assigned Asset Manager upon request.

The following items must be addressed prior to submitting the MIE Report to the Authority:

- The Validation Control cell for the “Current Month Transmission” on the MIE Tab (row 242) must say “YES” before the MIE can be processed.
- The Certification portion, cells A246, A248 and A250 on the MIE Tab must be completed before the MIE can be processed.

If you have any questions regarding the Certification On-line Portal (COL) submission process, please contact:

Nikki Miller
Asset Management Division
Phone #: (517) 373-1975
E-mail: millern@michigan.gov

Unacceptable MIE Reports

The MIE will be considered unacceptable for the following reasons:

- The financial information is not accurately computed or reported;
- The MIE Template, including the MIE, Balance Sheet, Escrows, and 1-12 Tabs are not fully completed;
- Expenditures are not reported on the appropriate line item as identified in the Authority reviewed and accepted budget;
- The MIE is submitted/received after the 20th of the month;
- The MIE is not submitted via the Internet Website and/or e-mailed;
- The Validation Control Cell for the Current Month Transmission (row 242) of the MIE Tab contains a “NO”;
- The Certification portion (cells A246, A248 and A250) of the MIE is not completed;
- The MIE Report form has been restructured without Authority approval; and
- Other good cause.

Management agents will receive a warning letter of noncompliance if unacceptable MIE's are submitted. Subsequent warning letters of noncompliance may result in the loss of premium management fees and escrow draws may not be processed. Repeated violations may be grounds

for loss of management fees or declaration of a material default of the mortgage as described in the Regulatory Agreement.

MIE Template Instructions – MSHDA Mgmt. 460A - E

The following instructions offer a guide to the management agents in preparing the MIE Reports on the MSHDA MIE Template (MSHDA Mgmt. 460A). The latest template can be found on the MSHDA website at the following link: http://www.michigan.gov/mshda/0,4641,7-141-8002_47708-177125--,00.html. **All MIE's must be submitted on the latest version of the MIE template.** The Microsoft Excel 2003 template includes the following tabs:

- CSV;
- MIE (460A);
- Balance Sheet (460B);
- Adjustments (460C);
- Escrows (460D); and
- Aging of Accounts Receivables and Payables 1-12 (460E)

Note the following details regarding data entry in the MIE Template:

Enter all numbers as a whole numbers - Entry fields automatically round to a whole number, but the total cells will sum the cents, which could cause a rounding error in the total fields or an error in the validation fields because the rounding total don't match. Enter negative numbers preceded by a minus sign (-). The template displays negative numbers in parentheses indicating a negative amount.

Entry fields are identified by yellow shading - The MIE, Balance Sheet, Adjustments and Escrow Tabs will lockout entry cells that are not part of the current month identified on the MIE tab, cell L3. Certain cells have been blocked from data input and contain formulas that will automatically calculate as you enter data into the template. Formulas may be viewed at the top of your screen but cannot be altered.

Begin completing the MIE Template for each of the developments managed, using the following instructions:

1. Open the file. You should receive a message asking you to enable the macros. Click "YES". If you do not receive this message, contact Nikki Miller @ millern@michigan.gov. In Excel, verify that your macro security level is set to medium or low security. The spreadsheet will not work correctly if you do not have your security set properly.
2. On the MIE Tab, enter the Development Name in cell D1 and the MSHDA # in cell K1. These carry through to all other tabs in the template. Also, on the MIE tab enter the Total # of Units (cell H3), Current Month (cell L3), Current Year (cell N3), # Vacant Units (row 14), Certification Name (cell A246), Certification Title (cell A248) and Certification

Management Company (cell A250). All the cells identified in this paragraph must be entered in order to meet the MIE template validation criteria.

3. On the MIE Tab, enter the current month's income and expenses in the current month's column (rows 6-132). All income and expenses are to be reported on the accrual basis.
4. On the Balance Sheet Tab, complete the month-end balances for the current month. The prior year-end balances will need to be entered into column C for the template to calculate correctly.
5. On the Adjustments Tab, enter the current month's journal entries for disposal of fixed asset and any surplus cash transactions.
6. On the Escrows Tab, complete the current month's activity (deposits, withdrawals, interest and adjustments) in the applicable column for the escrow accounts. The prior year-end balances will need to be entered into column C for the template to calculate correctly. All following months will auto-fill from the previous month's ending balance.
7. On the current month's Aging of Accounts Receivables and Payables Tab (1-12), enter the aging of accounts receivable, asset detail, liability and financing detail and the aging of accounts payable.
8. As you enter data on the current month's Aging of Accounts Receivables and Payables Tabs (1-12), errors will appear in red to the right of each row identifying when the row has an unacceptable vacant entry field; i.e. "enter description of non-resident receivable", "enter vendor payee".
9. When the MIE, Balance Sheet, Adjustments, Escrows and current month's Aging of Accounts Receivables and Payables Tabs (1-12, depending on the applicable month) have been completed, proceed to the bottom of the MIE Tab, rows 237 through 242 to review the six validation fields for "YES" answers. If all of the validations appear as "YES", your report is completed and you may submit your report to MSHDA. If you have received a "NO", your report has an error. **Do not submit the report until corrections have been made. Any incorrect reports submitted will be considered unacceptable and will not be logged as received.**
10. Submit your report per the instructions in the MIE Submission Process section of this policy.

CSV Tab

The information on this tab auto-fills from the MIE, Balance Sheet, Adjustments, Escrows, and Aging of Accounts Receivables & Payables Tabs 1-12.

460A MIE Tab

Columns – The following are column descriptions for the MIE Tab:

Jan to Dec – Columns D through O provide a separate column for each month's financial data. Do not revise a previous month after the monthly submission has been submitted and accepted by MSHDA.

YTD – Column P provides a cumulative Year to Date (YTD) total of each MIE line item. This column auto-calculates and does not require data entry.

YE Audit Adj – Column Q provides an entry field for the audit adjustments made by the auditor at year end.

YTD After Adj – Column R provides an updated YTD total with YE Audit Adjustments included. This column auto-calculates and does not require data entry.

Rows – The following are row descriptions for the MIE Tab:

Income Line Items

Review the description of each income item below to determine the proper accounting of each income line item. The inaccurate placement of income line items can affect economic vacancy rates and replacement reserve deposits.

Gross Rent Potential

1 **Gross Rent Potential** – Gross Rent Potential (GRP) is calculated according to the federal or state housing program which governs the financial operations of the development. Instructions for calculating GRP are described in the 451 – Utility Sampling and Rent Schedule Policy. The initial GRP is established during the budget process and should tie directly to the budget throughout the year. The GRP entered for each month should be 1/12th of the amount budgeted for the year and should **not** vary from month to month.

However, in cases where an unbudgeted rent levels change occurs within the budget period, the GRP must also change to reflect increases or decreases in rental income. Factors which may cause changes in rental income are:

- A change in the annual adjustment factor;
- Authority-approved rent increases; and
- Units removed from the market and converted to employee units

The Gross Rent Potential line item includes:

- **Section 236** – Basic rent for each unit type times the number of units for each unit type. Also include moderate unit rents in annual rent potential (moderate units do not have an Interest Reduction Subsidy contract).

- **Section 8** – Current contract rents times the number of ACC units and market-rate units, if applicable, for each unit type. Include moderate unit rents in the annual rent potential, if applicable.
- **All Other Program Types** – Current rents times the number of units per unit type. Resident-based subsidies should be included. Do not include subsidy grants that support the operation of the development.

- 1a **Loss to Lease** – Record rental income lost due to existing lease rent restrictions (lease variances). E.g., rent increases effective after January 1st will not receive the maximum gross rent until the month the rent increase becomes effective for the unit.
- 1b **Vacancy Loss** – Record rental income lost due to vacant units during the month. Reimbursements for vacancy loss from vacancy claim adjustments should be netted against the vacancy loss line item, such as claims paid for Section 8 developments or an insurance claim paid for lost rent from fire. **Note:** Do not record the 80% vacancy loss claim as a receivable.
- 1c **Non-Rental Unit** – Record rental income lost due to rent-free unit(s) occupied by on-site staff.
- 1d **Bad Debt/Former Residents** – Record rental income lost due to residents who have vacated units and owe money to the development in excess of security deposits as of the end of the reporting month.
- 1e **Marketing Rent Concessions** – Record income lost due to any marketing rent concessions. **Note: Section 8 developments cannot give rent concessions to residents. Section 236 developments (including decoupled developments) must have approval from HUD in order to give rent concessions.**

Gross Rent Potential Minus Total Deductions – Line Item 1 minus Line Items 1a through 1e calculates in this field.

Vacant Units – Record the number of vacant units as of the end of the month. Do not include vacant units for which rent has been received during the reporting month.

Economic Vacancy – The total of Line Items 1a, 1d and 1e divided by Line Item 1 calculates in this field.

Other Income

- 2a **Late Charges** – Record the total late fees charged to residents during the reporting month.
- 2b **Laundry & Carport Income** – Record the development's portion of income received from common area laundry facility and carport rentals.

- 2c **Commercial Income** – Record rent charged for commercial space covered by a master lease.
- 2d **Subsidies/Grants** – Record **non-repayable** subsidy or grant funds received. E.g. MSHDA development based subsidy, other subsidy grants that support the operation of the development or HODAG. **Note:** resident-based subsidy is included in Gross Rent Potential and therefore should not be recorded on this line.
- 2e **Interest Income** – Record income derived from interest earned on savings deposits, investment certificates, security deposits (where applicable) and trustee-held escrow accounts (including Section 8 Preservation Pass-through developments). **Note:** Do not include interest earned on MSHDA-held escrows.
- 2f **Interest Income (MSHDA-Held Escrows)** – Record income derived from interest earned on MSHDA-held escrows. E.g. Tax & Insurance, Replacement Reserve, DCE Interest, Operating Reserve Cash, Operating Assurance Reserve, Operating Deficit Reserve, Miscellaneous Escrows.
- 2g **Excess Rental Income** – This line item is for Section 236 developments only. Record any rent collected in excess of basic rent, including the amount of excess income approved by HUD to be retained by the owner for limited purposes.
- 2h **Bad Debt Recovery** – Record any rent payments received for bad debt/former residents previously written off on Line Item 1d.
- 2i **Interest Reduction Subsidy** – Record non-repayable Section 236 interest reduction subsidy payments received.
- 2j **Other** – Record miscellaneous income. E.g. cable, club house rentals, air conditioner unit rentals, rent from telecommunications tenants, guest suite rentals, beauty shop rentals, non-refundable pet or other fees, human services programs, sale proceeds, income from non-ACC units, and NSF fees.

Note: The following items should **not** be recorded as Other Income:

- **Congregate Care Services** - Income from congregate care services should not be recorded as Other Income nor should income of this type be recorded anywhere else on the MIE Report. However, a schedule should be attached to the MIE Report summarizing the income and expenses of the optional extra services.
- **Construction Draws** – Construction Draws for marketing and capital expenditure should not be recorded as Other Income but should be offset against the appropriate expenditure line item. Construction draws will be credited to Mortgage Principal (F1) and deposited into Operating Reserve Cash (F6) for payment of future capital expenditures.

- **Property Damage Insurance Claim Checks** - Property damage insurance claim checks should not be recorded as Other Income but should be offset against the appropriate expenditure line item.

Total Other Income – The total of Line Items 2a through 2i calculates in this field.

- 3 **Total Income** – The “Gross Rent Potential Minus Deductions” plus “Total Other Income” calculates in this field.

Expenditure Line Items

Review the description of each expenditure line item to determine the proper accounting of each of the development’s operating and maintenance expenses. The inaccurate placement of expense line items can affect the Authority’s evaluation of the developments financial health.

Management agents may classify and record certain expenses as either routine maintenance expenses (non-depreciable) or capital expenditures (depreciable) as long as standard accounting principles and practices are followed. **Once an item has been classified and approved as either non-depreciable or depreciable in the development’s budget, the item must be expensed in the same line item on the MIE.** Changing accounting methods and practices within an established fiscal period or periods is not allowed without formal declaration as required by and pursuant to IRS regulations.

Additionally, the following information must be considered in relation with expenditures reported on the MIE tab:

- Non-depreciable operating and maintenance items – Report these expenses in Line Items 11a through 15e of the MIE. Depreciable items are reported in the Fixed Asset section of the Balance Sheet Tab.
- Expense Reimbursements – Upon reimbursement of a development expense from resident damages or security deposits collected from residents, the expense reimbursed must be offset in the appropriate expense line item. Treat these collections the same as the receipt of an insurance monies for repairs.
- Congregate care services – These expenses should not be reported on the MIE tab. However, a schedule should be attached to the MIE summarizing the income and expenses of the optional extra services.
- Residual Receipts - For the purpose of calculating residual receipts in accordance with the Cost Certification Manual for Mortgagors and Contractors, amounts classified and approved as non-depreciable items may be reclassified as depreciable items pursuant to the requirements of the Cost Certification guidelines.

Management Fee/COE

- 4a **Management Fees** – Record the amount of management fees accrued for the reporting month.
- 4b **Premium Management Fees** – Record the amount of premium management fees expensed (received) in the reporting month. **Note:** The Authority must approve the premium management fee before it can be disbursed.
- 4c **COE Expenses** – Record the amount of COE salaries and travel incurred to temporarily replace an on-site staff person.

Marketing

- 5a **Advertising** – Record development advertising through newspapers, radio, television, exhibits, leaflets, brochures, signs, banners, etc., as well as advertising for staff vacancies.
- 5b **Marketing Payroll** – Record the gross salaries of staff used exclusively for marketing or commissions paid to outside agents.
- 5c **Other** – Record resident referral fees and other marketing fees or costs. For Section 8 developments, record the cost of the Rent Comparability Study used to help determine the Annual Adjustment Factor.

Legal

- 6 **Legal Expense** – Record professional services relating to the development's operations. E.g. servicing notices, bonding, eviction proceedings, real estate tax appeals, etc. Any court costs paid by residents should be offset in this line item. **Note:** Any legal expenses incurred in the sale or the proposed sale of a development or the partnership interest cannot be paid from development operations.

Other Administrative

- 7a **Administrative Payroll** – Record the gross salaries of full and part-time office staff, including any human services coordinator(s).
- 7b **Temporary Administrative Services** – Record the cost of employment agency administrative staff. **Note:** Do not include development-paid staff on this line item.
- 7c **Employee Pension Plans** – Record the cost of employer's contribution for **Authority-approved** pension plans for on-site staff, as well as the cost of auditing these pension plans.
- 7d **Employer Payroll Taxes** – Record the amount of employer's payroll taxes. E.g. FICA, FUTA and Unemployment Agency payments. Also include the taxes paid by the employer on behalf of marketing staff (Line Item 5b), administrative staff (Line Item 7a), maintenance staff (Line Item 11a), janitorial staff (Line Item 12a), grounds staff (Line

Item 13a) and security staff (Line Item 15d). The cost of an unemployment tax audit must be included in this line item.

- 7e **Taxes Other** – Record any other development related taxes (except Real Estate Taxes).
- 7f **Telephone** – Record local and long distance telephone charges, telephone equipment rental, internet charges and pager and/or cellular service charges for on-site staff.
- 7g **Office** – Record office supplies, computer maintenance costs, and development-specific computer software.
- 7h **Auditing** – Record the cost of preparing the annual certified audit required by the Authority. The cost of the annual certified audit’s legal opinion letter must be included in this line item. The non-profit audit required on some developments financed under the Section 8 Preservation Program may be included in this line item if the total audit expense is within the Authority's approved audit fee limit.
- 7i **Credit Reports** – Record the cost paid for resident credit reports, home visits and criminal background checks.
- 7j **Human Services Program** – Record the cost of Human Services Programs that directly benefit the residents. E.g. holiday dinners, parties, teen activities, cable TV, toddler programs and recreation/entertainment-related activities.
- 7k **Miscellaneous** – Record the cost of newsletters, coffee, approved seminars or training sessions for on-site staff, charitable contributions and other items provided to residents not included in Line Item 7j. Also record tax credit monitoring fees/inspection fees and mileage for on-site staff.

Utilities

- 8 **Electricity** – Record the cost of development-paid and common area electric utility bills.
- 9 **Water & Sewer** – Record the cost of development-paid and common area water and sewer utility bills.
- 10 **Fuel** – Record the cost of development-paid and common area heating bills. **Note:** Rebates received from the utility company must be offset against this line item.

Maintenance

- 11a **Maintenance Payroll** – Record the gross salary of both full and part-time maintenance staff. E.g. pool attendants and others performing maintenance-related work.
- 11b **Temporary Maintenance Services** – Record the cost of employment agency maintenance staff rather than development-paid staff.

Janitorial

- 12a **Janitorial Payroll** – Record the gross salary of both full and part-time janitorial staff for unit and common area cleaning.
- 12b **Temporary Janitorial Services** – Record the cost of employment agency maintenance staff rather than development-paid staff.
- 12c **Janitorial Supplies** – Record the cost of supplies related to regular janitorial maintenance. E.g. detergents, cleaning compounds, disinfectants, brooms, mops, toilet paper, light bulbs, etc.

Grounds

- 13a **Grounds Maintenance Payroll** – Record the gross salaries of both full and part-time grounds staff.
- 13b **Temporary Grounds Services** – Record the cost of employment agency grounds staff rather than development-paid staff.
- 13c **Snow Removal** – Record the cost of snow removal contracts and/or supplies related to the removal of snow and ice.
- 13d **Lawn Maintenance** – Record the cost of lawn care contracts and/or supplies related to on-site lawn maintenance. E.g. trees, fertilizer, weed killers, shrub and lawn trimming.
- 13e **Parking Lot/Concrete Repairs** – Record the cost of routine maintenance and upkeep of the parking lot, sidewalks, concrete. E.g. contracted cleaning, sealing/stripping, etc.

Non-Capitalized Repairs & Maintenance

- 14a **Land Improvement** – Record the cost of **non-capitalized** improvements directly related to or added to the land. E.g. sidewalks, roads, fences, landscaping shrubs and trees, lawn sprinkler system, playground equipment, etc.
- 14b **Building & Components** – Record the cost of **non-capitalized** major structural repairs or additions. E.g. decks, awnings, siding, roofs, doors, windows, storage sheds, lighting systems, heating/cooling systems, security systems and equipment, glass and screens, parts or repairs to drywall, etc.
- 14c **Maintenance Equipment** – Record the cost of **non-capitalized** vehicles and tools used to upkeep the property, such as trucks, snow removal equipment, lawn mowers, power tools, etc.
- 14d **Office Furniture** – Record the cost of **non-capitalized** desks, file cabinets, computers, typewriters, copiers, calculators, communication system equipment, etc.

- 14e **Furniture & Fixtures** – Record the cost of **non-capitalized** non-structural components of a building. E.g. appliances, floor covering, tubs, sinks, cabinets, toilets, air conditioning units, water heaters, window treatments, common area furniture and pictures, countertops and appliances, etc.
- 14f **Painting Units** – Record the cost of **non-capitalized** unit turnover and cycle contracted painting, wall papering, painting supplies, wallpaper and paint removing material, etc.
- 14g **Cleaning Units** – Record the cost of contractual vacant unit cleaning (not janitorial staff).
- 14h **Heating and Air Conditioning** – Record **non-capitalized** unit or common area costs for boiler inspections in addition to replacements and repairs or service contracts for heating and air conditioning equipment.
- 14i **Plumbing** – Record **non-capitalized** unit or common area costs for maintenance contracts for plumbing, routine plumbing maintenance supplies, replacement or repairs and any scheduled payments for calling in a plumber.
- 14j **Electrical** – Record **non-capitalized** unit or common area costs for maintenance contracts for electrical repairs, interior lighting replacements or repairs, routine electrical maintenance supplies, and any scheduled payments for calling in an electrician.
- 14k **Pool Maintenance** – Record the cost of **non-capitalized** maintenance contracts for pool repairs, routine pool maintenance equipment and supplies, and any scheduled payments for calling in a pool repair person.
- 14l **Elevator** – Record the cost of **non-capitalized** maintenance contracts for elevator repairs, routine elevator maintenance supplies, and any scheduled payments for calling in an elevator repair person.
- 14m **Exterior Cycle Painting/Waterproofing** – Record **non-capitalized** exterior cycle painting and waterproofing costs.
- 14n **Common Area Costs** – Record **non-capitalized** common area repairs, painting, renovation, cleaning or replacement costs, fire extinguishers, and smoke detectors.
- 14o **Other** – Record **non-capitalized** unit costs. E.g. doors, floor coverings, glass and screens, parts or repairs made to drywall, countertops, appliances, sinks, tubs, toilets; and maintenance supplies, etc. and any other unit contractual costs not specifically identified elsewhere.

Other Operating

- 15a **Vehicle & Equipment Operating Expense** – Record vehicle and equipment operating expenses such as permits, rentals, licenses, gasoline, oil, lubricants, and upkeep of vehicles and equipment.

- 15b **Exterminating** – Record exterminating contracts and, when applicable, supplies and equipment for use by on-site staff.
- 15c **Rubbish Removal** – Record the contract amount for all rubbish removal.
- 15d **Security Payroll** – Record the contract amount for security service or the gross salaries of security staff.
- 15e **Other** – Record Comprehensive Needs Assessment (CNA), security-related items, and other miscellaneous operating expenses. E.g., monitoring charges, uniforms, city inspection fees and permits.

Taxes

- 16a **Property Taxes or PILOT Expense** – Record property tax or PILOT expense.
- 16b **Other** – Record personal property taxes and municipality assessments. Also, record Pass-Through Program non-profit distributions pursuant to the Regulatory Agreement.

Interest Expense

- 17a **Mortgage Interest** – Record the monthly mortgage interest expense from all MSHDA mortgage loans. Record Section 236 decoupled mortgage interest from both the first and second mortgages on this line item.
- 17b **Other Interest** – Record any other interest expense, including monthly interest from non-MSHDA loans.
- 17c **Section 8 Preservation Pass-Thru Program Bond Interest** – Record Section 8 Preservation Pass Thru Program Bond interest paid to trustees.

Insurance

- 18a **Property & Liability Insurance** – Record the MSHDA-approved property and liability insurance expense.
- 18b **Employee Health Benefits** – Record the cost of staff hospitalization, dental and vision insurance, flexible spending accounts, etc.
- 18c **Worker's Compensation** – Record worker's disability compensation insurance and the cost of the Worker's Compensation audit.
- 18d **Other** – Record the cost of vehicle and equipment insurance, employee or resident discrimination insurance, fidelity bond coverage where allowed under the Authority's employee dishonesty/crime policy and any other Authority-approved insurance costs not included in line item 18a.

Excess Income Payment

- 19 **Excess Income Payment** – For Section 236 developments that did not receive approval to retain Excess Income, record any rent collected in excess of basic rent and returned to HUD.

Regulatory and Bond Fees

- 20a **Section 8 Preservation Pass-Thru Trustee Bond Fees** – Record bond fees paid to a trustee to establish and manage Section 8 Pass-Thru bonds.
- 20b **Section 8 Preservation Pass-Thru Regulatory Fees** – Record the Section 8 Preservation Pass-Through Program Regulatory Fee expense.
- 20c **ARRA Regulatory Fees** – Record fees paid to MSHDA for the Asset Management services provided in reference to ARRA-funded developments.
- 21 **Total Expenditures** - Total of expenditures is calculated in this field by adding Line Items 4a through 20c.
- 22 **Income From Operations** – This amount calculates by subtracting Total Expenditures (Line Item 21) from Total Income (Line Item 3).
- 23a **Amortization/Depreciation Expense** – Record the current month’s amortization and depreciation expense.
- 23b **Partnership Income** – Record income from the partnership.
- 23c **Partnership Expense** – Record expenses from the partnership.
- 23d **Gain/Loss on Disposal of Fixed Assets** – This line item will auto-fill from the Adjustments Tab, Line Item Adj4.
- 24 **Net Income (Loss)** – This amount calculates by adding Partnership Income (Line Item 23b) to Income from Operations (Line Item 22), and subtracting Amortization/Depreciation Expense (Line Item 23a), Partnership Expense (Line Item 23c) and Gain/Loss on Disposal of Fixed Assets (Line Item 23d).

Adjustments to Operating Cash

All adjustments to operating cash auto-calculate the difference between the prior month’s ending balance and the current month’s ending balance pulled from the data entered on the Balance Sheet Tab, Escrows Tab, and Aging of Accounts Receivables & Payables Tabs 1-12.

- 25 **Amortization/Depreciation Expense** – This line item will auto-fill from Line Item 23a.
- 26 **Partnership Income/Expense** – This line item will auto-fill subtracting Line Item 23b from Line Item 23c.

27 **Adjust Security Deposit Cash and Liability for Prior Period** – This line item will auto-fill from the prior year ending balance of the security deposit section of the Balance Sheet Tab (This only applies to the January reconciliation).

FA1-FA9 **Fixed Assets** – These line items auto-calculate from the Balance Sheet Tab: prior month balance minus current month balance.

A1-A16 **Assets** – These line items auto-calculate from the Balance Sheet Tab: prior month balance minus current month balance.

L1-L12 **Liabilities** – These line items auto-calculate from the Balance Sheet Tab: current month balance minus prior month balance.

F1-F19 **Financing** – These line items auto-calculate from the Balance Sheet Tab: current month balance minus prior month balance.

E1-E10 **Investing Activities** – These line items auto-calculate from the Escrows Tab: prior month ending balance minus current month ending balance.

Adjustments

Adj2 **Sale of Fixed Asset** – This line item will auto-fill from the Adjustments Tab; reversal of accumulated depreciation.

Adj14 **Surplus Cash Transaction** – This line item will auto-fill from the Adjustments Tab.

TA **Total Adjustments** - This line item auto-calculates the sum of all the net changes to the Balance Sheet line items including Amortization/Depreciation Expense (Line Item 23a) through Investing Activities – Other (Line Items FA1-FA9, A1-A16, L1-L12, F1-F19, E1-E10, Adj2 and Adj14).

CFO **Cash Flow from Operations** - This line item calculates the total of Net Income (Loss) (Line Item 3) plus Total Adjustments (Line Item TA).

BOC **Beginning Operating Cash Balance** – This amount must be the ending operating cash balance from the prior month. (January's balance will auto-fill from the Balance Sheet tab.)

EOC **Ending Operating Cash Balance** – This line item calculates the Cash Flow from Operations (Line Item CFO) plus Beginning Operating Cash Balance (Line Item BOC). **Note:** This amount must equal Total Operating Cash in the Reconciliation to Operating Cash Balance section (Row 226 must equal Row 234).

Reconciliation to Operating Cash Balance

OC **Operating Checking Balance** – Auto-fills from the Balance Sheet tab.

- SC **Savings** – Auto-fills from the Balance Sheet tab.
- CDC **Certificates of Deposit/Money Market** – Auto-fills from the Balance Sheet tab.
- PC **Petty Cash** – Auto-fills from the Balance Sheet tab.
- SD **Security Deposits Over (Under) Funded** – Auto-fills from the Balance Sheet tab.
- TOC **Total Operating Cash** – Auto-fills from the Balance Sheet tab. The sum of Operating Checking Balance (Line Item OC), Savings (Line Item SC), Certificates of Deposit/Money Market (Line Item CDC), Petty Cash (Line Item PC), and Security Deposit Over (Under) Funding (Line Item SD). **Note:** This line item must equal Ending Operating Cash Balance (Line Item EOC) to meet the first control field validation.

MIE Validations

The validation cells review five control calculations to determine if the MIE template has been fully completed. The controls verify the current month’s Aging of Accounts Receivables & Payables (Tabs 1-12, depending on the applicable month), the Balance Sheet Tab, Escrows Tab and the MIE Tabs’ data has been completed and reconciles. All variance answers must display zero or “YES” before the MIE Excel spreadsheet can be submitted to MSHDA. The five validation fields perform the following verifications:

1. **Variance Between Ending Operating Cash From Cash Flow and Actual** – Identifies if any difference between the Ending Operating Cash Balance (Line Item EOC) and Total Operating Cash (Line Item TOC) exists.
2. **Balance Sheet Balances** – This field verifies that the Total Assets balance equals the sum of Total Liabilities plus Owner’s Equity balance. The Balance Sheet Tab, Row 99 in the monthly submission column must equal zero for this control to display “YES”.
3. **Assets & Liabilities Detail and Terms are Entered** – Descriptions and terms must be completed for all account balances for the Asset Detail and Liability & Financing Detail fields on the Aging of Accounts Receivables & Payables (Tabs 1-12, depending on the applicable month). No error codes can appear in the Column I (cells 21-34) of the Aging of Accounts Receivables & Payables (Tabs 1-12) for this control to display “YES”.
4. **Adjustments Balance** – This field verifies that the Disposal of Fixed Assets and Surplus Cash Transaction adjustments balance. The Adjustments Tab, Rows 10 and 26 in the monthly submission column must equal zero for this control to display “YES”.
5. **Accounts Payable Line Items Are Completed** – All descriptions of non-resident receivable and/or vendor payee names have been entered on the current month’s Aging of Accounts Receivables & Payables (Tabs 1-12, depending on the applicable month). No

error code can appear in Column J (cells 42-266) of the Aging of Accounts Receivables & Payables (Tabs 1-12) for this control to display “YES”.

6. **Development Name, MSHDA #, Certification, # of Units, # Vacant Units, Current Month and Year Are Complete** – On the MIE Tab, Development Name (cell D1), MSHDA # (cell K1), # of Units (cell H3), Current Month (cell L3), Year (cell N3), # Vacant Units (row 14) and Certification (cells A246, A248 and A250) must be completed for this control to display “YES”.
7. **Current Month Transmission Has Completed All Validations** – This control checks the previous six control cells for completion. If all validations display zero or “YES”, then this validation field will display “YES”.

Certification

Completion of the MIE requires a name, title and management agent for Certification purposes. The name may be typed, but when transmitted will be treated in the same manner as a signed document.

460B Balance Sheet Tab

Development name and MSHDA # auto-fill from the MIE tab.

Columns – The following are column descriptions for the Balance Sheet tab:

PY End Balance – The prior year-end balance is the ending balance from the prior fiscal year (Column C).

Monthly Information – There is a column for each month’s ending balance. Do **not** go back and revise a month that has already been submitted (Columns D through O).

YE Audit Adj – This column is for the audit adjustments made by the auditor at year-end (Column P).

Adj Dec – This column auto-calculates the sum of the December ending balance and year-end audit adjustments (Column Q).

Rows – Record the month-end balance for the balance sheet accounts. The following are row descriptions for the Balance Sheet tab:

Assets

OC **Operating Checking** – Record the development’s reconciled checking account balance. **Note:** If Excess Income is retained in a bank account outside of the Authority or the General Operating Checking account, the funds still are to be included in this line item.

- SC **Savings** – Record the balances of saving accounts. **Note:** Saving account balances that exceed the federally-insured limit should be analyzed to determine if transferring the amount which exceeds “the limit” (limit is currently \$250,000 until **December 31, 2013**) is practical and would reasonably reduce the risk of loss at a minimal cost. **Note:** Section 8 Preservation Pass Through Program trustee cash trap requirements must be included in this line item.
- CDC **Certificates of Deposit/Money Market** – Record the amount of Certificates of Deposit (CDs) and money market accounts. For ongoing operating needs and since surplus cash must be submitted to the Authority on an annual basis, investments in CDs should be limited to a reasonable period of time.
- PC **Petty Cash** – Record the amount of cash held at the development (usually less than \$500) that is used to pay for minor miscellaneous expenses.
- SD **Security Deposits Over (Under) Funded** – This line item will auto-calculate from Security Deposit Cash (Line Item SDC) minus Security Deposit Liability (Line Item SDL). **Note:** The value of a surety bond cannot be used as an offset to the security deposit liability. Therefore, if the underfunding is due to the posting of a surety bond, the amount of underfunding must still be recorded on this line item.
- TOC **Total Operating Cash** – The sum of Operating Checking Balance (Line Item OC), Savings (Line Item SC), Certificates of Deposit/Money Market (Line Item CDC), Petty Cash (Line Item PC), and Security Deposit Over (Under) Funding (Line Item SD). **Note:** This line item must equal Ending Operating Cash Balance on the MIE tab (Line Item EOC) to meet the first control field validation on the MIE tab.

All of the account balances recorded above must be held in separate accounts in the name of the development and must be maintained in a bank located in the State of Michigan. Enter the month-end operating cash detail for each of the line item accounts.

Security Deposits – Administration of the security deposit funds must be in compliance with federal, state and Authority requirements. Security deposit collection and disbursement of funds should **not** be recorded in the Income or Expenditures section of the MIE. **However, interest earned on security deposits that does not require reimbursement to the residents must be recorded on the MIE Tab: Interest Income (Line Item 2e).**

Surety Bond – If a development posts a Surety Bond, the security deposits maintained in the development’s security deposit account must be deposited into the development’s operating bank account. Because this transaction does **not** result in income to the development, do **not** report income on the MIE. Any underfunding of the security deposits must be reported on the Balance Sheet tab of the MIE. **Note:** Section 8 developments are not allowed to post a Surety Bond.

TEsc **Escrow Activities** – Auto-fills total from the Escrows Tab’s Total Escrows Accounts Balance (Row 73).

- A1 **Tenant Receivable** – Auto-fills from the applicable Aging of Accounts Receivables & Payables monthly tab: Record the total amount of current and prior tenant rent receivables on the Aging of Accounts Receivables & Payables Tabs 1-12. **Please note the following:**
- Late charges, court costs, NSF fees, resident damages, etc., should be reflected in the receivable column of Line Item A10.
 - Rent receivable in excess of Basic Rent should be reflected in the receivable column of Line Item A9.
 - Any amounts received from residents for court costs or damages should be offset in the appropriate expense line item.
- A2 **Subsidy Receivable (tenant-based)** – Record amounts due from MSHDA resident-based subsidies.
- A3 **Other Subsidy/Grants Receivable** – Record amounts due from RAP, Rent Supplement, Section 8 and development-based subsidy grants. Do not include Section 8 special claims.
- A4 **Laundry & Carport Receivable** – Record amounts due to the development from common area laundry charges and carport rentals.
- A5 **Prepaid Taxes and Property & Liability Insurance** – Record the amount of taxes and insurance payments paid in advance of rendered services.
- A6 **Commercial Income Receivable** – Record the amount of rent due from commercial space covered by a master lease.
- A7 **Interest Receivable** – Record the interest due but not yet received from savings deposits, investment certificates, security deposits (where applicable) and trustee-held escrow accounts (including Section 8 Preservation Pass-Through developments).
- A8 **Interest Receivable (MSHDA-Held Escrow)** – Record the interest due but not yet received from any MSHDA-held escrows. E.g. Tax & Insurance, Operating Reserve Cash, Replacement Reserve, Operating Deficit Reserve, etc.
- A9 **Excess Rental Income** – This line item is for Section 236 developments only. Record the rent due in excess of basic rent not yet received, including the amount of excess income approved by HUD to be retained by the owner for limited purposes.
- A10 **Other Current Resident Receivable** – Record the amount of resident receivables relating to late charges, court costs, NSF fees, resident damages, etc.

- A11 **Escrow Draw Receivable** – Record draws that were submitted to MSHDA before the end of the month, but not received until after the month end.
- A12 **Non-Resident Receivable** –Record the amount of non-resident receivable due to the development. E.g. subsidy grants that support the operation of the development, amounts due from non-identity of interest management agents, etc. **Note:** Any amounts received should be offset in the appropriate expense line item. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F21. Further descriptions and terms of the receivable are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- A13 **Related Party/Affiliate Receivable** –Record the amount due from related parties or affiliates. Include amounts loaned to other developments, split-site shared costs, partnership and identity of interest management agent receivables. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F22. Further descriptions and terms of the receivable are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- A14 **Receivable from Other Developments** –Record the amount due from other developments for shared expenses or loans. **Note:** Any loans between developments must have prior MSHDA approval. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F23. Further descriptions and terms of the receivable are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- A15 **Allowance for Doubtful Accounts** – Record the amount of current year accounts receivable expected to be uncollectible.
- A16 **Other Receivables**–Record Section 8 Special Claims and any amounts due from receivables not covered under Line Items A1-A13. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F24. Further descriptions and terms of the receivable are required on the Aging of Accounts Receivables and Payables Tab (1-12).

Fixed Assets

- FA1 **Land** – This line item includes the value of the cost to purchase the land.
- FA2 **Land Improvements** – This line item includes the value of **capitalized** improvements directly related to or added to the land. E.g. sidewalks, roads, fences, landscaping shrubs and trees, lawn sprinkler system, playground equipment, etc.
- FA3 **Building & Components** – This line item includes the value of **capitalized** major structural repairs or additions. E.g. decks, awnings, siding, roofs, doors, windows, storage sheds, lighting systems, heating/cooling systems, security systems and equipment, etc.
- FA4 **Maintenance Equipment** – This line item includes the value of **capitalized** trucks, snow removal equipment, lawn mowers, power tools, etc.

- FA5 **Office Equipment** – This line item includes the value of **capitalized** desks, files, computers, development-specific computer software, typewriters, copiers, calculators, communication system equipment, etc.
- FA6 **Furniture & Fixtures** – This line item includes the value of **capitalized** non-structural components of a building. E.g. appliances, floor covering, tubs, sinks, cabinets, toilets, air conditioning units, water heaters, window treatments, common area furniture and pictures, etc.
- FA7 **Other Fixed Assets** – This line item includes the value of **capitalized** items not included in the above categories. E.g. service vans, etc.
- FA8 **Intangibles** – This line item includes the balance of intangible assets before amortization. E.g. compliance fees, marketing fees, deferred mortgage costs.
- FA9 **Accumulated Depreciation and Amortization** – This line item includes the accumulated depreciation and amortization. This item is entered as a negative number.

Security Deposit

SDC **Security Deposit Cash** – Record the development’s reconciled security deposit checking account balance and the amount of the security deposit investment account. Identify on the lines provided the investment type. E.g. savings, C.D., money market. **Do not include the amount of the Surety Bond, if applicable.**

SBL **Surety Bond** - Record the amount of any surety bond established as collateral for the security deposit liability. The bond must be posted in accordance with the requirements of the State of Michigan which are described below:

- Where the amount of the total deposits on all rental units does not exceed \$50,000, the amount of the bond shall be equal to the total of all deposits;
- Where the amount of the total deposits on all rental units exceeds \$50,000, the amount of the bond shall be equal to \$50,000 plus 25% of the excess over \$50,000.

Note: A surety bond can be used for all developments with the exception of those financed under the Section 8 Program.

SDL **Security Deposit Liability** – Record the total amount of the development’s obligation to retain security deposit funding. **Note: Do not include funds withheld from former residents that were used to offset resident damages, unpaid rent, etc.** In accordance with Section 883 of the Federal Code of Regulations, all New Construction Section 8 developments whose Agreements to Enter Into Housing Assistance Payments Contracts (AHAPS) were executed on/or after **February 29, 1980**, must deposit tenant security

deposit funds into a segregated, interest-bearing account and any interest earned on the investment of tenants' security deposits must be allocated to the tenants.

Liabilities

- L1 **Accounts Payable** – Auto-fills from the Aging of Accounts Receivables and Payables Tab (1-12), cell G39 each month: Record the development's obligations due based on invoices received from vendors.
- L2 **Accrued Expenses** – Record expenses incurred but not yet paid. Also, record the development's obligations recognized, but not yet invoiced by the vendor.
- L3 **Prepaid Rent** – Record the amount of pre-paid resident rent received.
- L4 **Accrued Interest from Mortgage (Current)** – Record current mortgage interest expenses recognized and due but not yet paid. Do not include the delinquent portion.
- L5 **Delinquent Mortgage Interest** – Record the amount of mortgage interest past due.
- L6 **Other Accrued Interest** – Record other **current** interest expenses due, but not yet paid. Do not include mortgage interest. Do not include deferred interest.
- L7 **Accrued Real Estate Taxes** – Record tax obligations owed for real estate, but not yet paid.
- L8 **Payable to Other Developments** – Record the amount due to other developments for shared expenses or loans. **Note:** Any loans between developments must have prior MSHDA approval. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F28. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- L9 **Short-Term Related Party Advances/Liabilities** – Record amount due within one year to related parties. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F29. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- L10 **Other Short-Term Liabilities** – Record amount due within one year to non-related parties. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F30. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- L11 **Other Long-Term Liabilities** – Record other liabilities due to non-related parties that will not be paid within one year. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cells F31. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).

L12 **Other Long-Term Liabilities** – Records the same type of obligations as described in Line Item L8. This line allows for the separation of multiple long-term liabilities for additional descriptions and terms. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F32. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).

Financing Activities

- F1 **1st Mortgage** – Record the mortgage principle balance that is not delinquent.
- F2 **Delinquent Mortgage** – Record the amount of mortgage principal past due.
- F3 **Deferred Interest on TCAP or Preservation Fund Loans** – Record the amount of TCAP or Preservation Fund loan interest that has been deferred.
- F4 **Other Deferred Interest** – Record all deferred interest not reported on Line Item F3.
- F5 **Small Size Loan** – Record the balance of the Small Size Loan.
- F6 **Security Loan** – Record the balance of the Security Loan.
- F7 **Preservation Loan** – Record the balance of the Preservation Loan.
- F8 **MSHDA HOME Loan** – Record the balance of the MSHDA HOME Loan only. All other HOME loans should be reported in line item F13.
- F9 **TCAP Loan** – Record the balance of the TCAP Loan.
- F10 **NSP Loan** – Record the balance of the NSP Loan.
- F11 **1602 Loan** – Record the balance of the 1602 Loan.
- F12 **Other MSHDA Loan** – Record the balance of all other MSHDA loans, including loans from reserve accounts, Second/Third Mortgages, Community Development Fund Loans, Repayable Subsidies, and Amenity Loans.
- F13 **Other Loan** – Record the balance of all non-MSHDA loans that are not owed to related parties.
- F14 **Long-Term Related Party Loans** – Record the balance of loans (excluding advances) owed to the partnership, owners, management agent, and any other related party. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F33. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).

- F15 **Long-Term Related Party Advances** – Record all repayable advances from the partnership, owners, management agent, and any other related party. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F34. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).
- F16 **Long-Term Related Party Advances (non-repayable)** – Record all advances that are only repayable upon refinancing or sale of the development. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F35. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12). **Note:** If the advance and/or expense paid on behalf of the development by the partnership will never be repaid from the development’s operating account, the advance (expense) amount should **not** be reported in the Line Item 2i. The advance should be reported on the Owner’s Equity Line of the Balance Sheet. However, the General Partner must submit a letter to the Director of Asset Management indicating that the amount will **never** be repaid from the development’s operating account. **This election will be irrevocable.**
- F17 **Accrued Distributions Payable (approved)** – This line item includes any L.D. that has been approved but not yet disbursed.
- F18 **Accrued Distributions Payable (unapproved)** – This line item includes L.D.’s that have accrued but have not been approved or disbursed (L.D. carry forward from the Schedule II of the Annual Certified Audit).
- F19 **Other Financing** – Record interest accrued from related party loans and advances on this line item. Record other financing activities not included in Line Items F1 to F18. Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12), cell F36. Further descriptions and terms of the liability are required on the Aging of Accounts Receivables and Payables Tab (1-12).

Partnership

Partnership Assets

- PA1 **Partnership Cash** – Record all cash belonging to the partnership.
- PA2 **Related Party Receivable** – Record all receivables due to the partnership from the development, owners, management agent, and any other related party.
- PA3 **Other Partnership Assets** – Record all other partnership assets not recorded on line items PA1 and PA2.

Partnership Liabilities

- PL1 **Deferred Developer Fees** – Record the amount of outstanding deferred developer fees owed by the partnership.

PL2 **Related Party Payable** – Record the amount of any partnership payables due to the development, owners, management agent, and any other related party.

PL3 **Other Partnership Liabilities** – Record any other partnership liabilities not recorded on line items PL1 or PL2.

Owner's Equity

OE **Owner's Equity** – Record the amount of owner's equity plus any owner advances that will never be repaid.

OE1 **Distributions Paid in Prior Years** – Auto-fills the total from cell C87.

OE2 **Distributions Paid in Current Year** – Auto-fills total from the previous month's Line Item OE2 on the Balance Sheet tab plus Line Item Adj6 from the Adjustments tab.

RE **Retained Earnings** – Auto-fills totals of the PY End Balance plus the net income for each month.

Totals

TA **Total Assets** – This line item calculates the sum of Total Operating Cash (Line Item TOC) minus Security Deposit Over (Under) Funding (Line Item SD) plus Escrow Activities (Line Item TEsc) plus Assets (Line Items A1-16) plus Fixed Assets (Line Items FA1-FA9) plus Security Deposit Cash (Line Item SDC) plus Partnership Assets (Line Items PA1- PA3).

TL **Total Liabilities & Owner's Equity** – This line item calculates the sum of Security Deposit Liability (Line Item SDL) plus Liabilities (Line Items L1-L12) plus Financing Activities (Line Items F1-F19) plus Owner's Equity (Line Item OE, OE1, OE2) plus Retained Earnings (Line Item RE).

A-L **Assets Minus Liabilities and Owner's Equity** – This line item calculates Total Assets minus Total Liabilities and Owner's Equity. This line must equal zero. If balance sheet does not balance, row 237 on the MIE tab will display "NO".

E6 **ORC Ending Balance from Escrow Activities** – Auto-fills from the Escrows Tab.

PTRec **Prior Tenant Receivables from Monthly Tab** – Auto-fills to the Aging of Accounts Receivables and Payables Tab (1-12).

Liquidity

LIQ LIQUIDITY - Auto-calculates the monthly liquidity of the development. Liquidity equals:

Total Operating Cash (TOC) plus,
Operating Reserve Cash (ORC) Ending Balance (E6) plus,

Total Receivables:

- Tenant Receivable (A1),
- Subsidy Receivable (tenant-based) (A2),
- Other Subsidy/Grant Receivable (A3),
- Laundry and Carport Receivable (A4),
- Commercial Income Receivable (A6),
- Interest Receivable (A7),
- Excess Rental Income (A9),
- Other Current Resident Receivable (A10),
- Non-Resident Receivable (A12),
- Related Party/Affiliate Receivable (A13),
- Receivable from Other Developments (A14),
- Other Receivables (A16),
- Prior Tenant Receivables (monthly tab, cell F13),

Minus Total Payables:

- Accounts Payable (L1),
- Prepaid Rent (L3),
- Delinquent Mortgage Interest (L5),
- Other Accrued Interest (L6),
- Payable to Other Developments (L8),
- Short-Term Related Party Advances/Liabilities (L9),
- Other Short-Term Liabilities (L10),
- Delinquent Mortgage (F2).

460C Adjustments Tab

Development name and MSHDA # auto-fill from the MIE tab.

Columns – The following are column descriptions for the Adjustments tab:

Monthly Information – There is a column for each month's ending balance. Do **not** go back and revise a month that has already been submitted (Columns C through N).

YE Audit Adj – This column is for the audit adjustments made by the auditor at year-end (Column O).

Rows – Record the month-end balance for the adjustment accounts. The following are row descriptions for the Adjustments tab:

Disposal of Fixed Assets

- Adj1 **Cash** – Record cash received for sale or disposal of fixed assets.
- Adj2 **Accumulated Depreciation** – Record the adjustment to accumulated depreciation for the fixed assets sold or disposed. Auto-fills to the MIE Tab, Line Item Adj2.
- Adj3 **Fixed Asset** – Record the adjustment to fixed assets for the fixed assets sold or disposed.
- Adj4 **(Gain)Loss on Sale of Fixed Asset** – Record the gain or loss on the sale of fixed assets. Auto-fills to the MIE tab, line item 23d.
- Adj5 **Balance** – Sums Line Items Adj1 through Adj 4.

Surplus Cash Transactions

Once cash leaves the development operations accounts, the cash is considered disbursed even if the funds have not been disbursed from the partnership accounts.

- Adj6 **Cash Distributions Paid** – Record the cash portion of the L.D. payment disbursed in the current period. Auto-fills to the Balance Sheet Tab, Line Item OE2.
- Adj7 **Deferred Developer Fees Payable** – Record the portion of the L.D. that is allocated to the deferred developer fee.
- Adj8 **Related Party Payable** – Record the portion of the L.D. that is allocated to reduce a related party partnership payable.
- Adj9 **Other Partnership Payables** - Record the portion of the L.D. that is allocated to reduce other partnership payables not recorded on line Adj8.
- Adj10 **Partnership Expenses** – Record the portion of the L.D. that is allocated to pay partnership expenses.
- Adj11 **Operating Cash** – Record the portion of the L.D. which reduced operating cash.
- Adj12 **Operating Liability Including Accrued Distributions Payable** – Record the portion of the L.D. which reduced an operating liability.
- Adj13 **Balance** – Sums Line Items Adj6 through Adj12.
- Adj14 **Total Surplus Cash Transactions** – Sums Line Items Adj6 through Adj10. Auto-fills to the MIE tab, Line Item Adj14. Adjust cash flow for the L.D.
- Adj15 **Limited Dividend Disbursed** – Auto-fills the sum of Adj6 through Adj10 plus the previous month's Adj15 balance. Record the cumulative surplus cash transactions reported on the Schedule II of the Annual Certified Audit.

460D Escrows Tab

Development name and MSHDA # auto-fill from the MIE Tab.

Columns – The following are column descriptions for the Escrow Tab:

MSHDA-Held: YES/NO – Indicate whether or not the funds for each escrow are held by MSHDA.

Beginning Balance – Enter the prior year-end balance from the prior fiscal year.

Monthly Information – There is a column for each month's activity for each escrow account. Do **not** go back and revise a month that has already been submitted.

YE Audit Adj – This column is for the audit adjustments made by the auditor at year-end (Column Q).

Rows – Record the month-end balance or activity for the escrow accounts. The following are row descriptions for the Escrow tab:

Escrows

Tax Escrow – Includes all activity in the MSHDA-approved Tax Escrow account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E1 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of the deposits, withdrawals, interest and adjustments.

Insurance Escrow – Includes the activity in the MSHDA-approved Insurance Escrow account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E2 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of the deposits, withdrawals, interest and adjustments.

Replacement Reserve – Includes activity in the Replacement Reserve Escrow account. Include the monthly Replacement Reserve payments (including CNA needs) as deposits to this account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E3 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of the deposits, withdrawals, interest and adjustments.

DCE Principal – Includes activity in the DCE Principal account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Withdrawal: Record withdrawals from the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E4 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of withdrawals and adjustments.

DCE Interest – Includes activity in the DCE Interest account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E5 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of withdrawals, interest and adjustments.

Operating Reserve Cash – Includes activity in the Operating Reserve Cash Escrow account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E6 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of deposits, withdrawals, interest and adjustments.

Operating Assurance – Includes activity in the Operating Assurance Escrow account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E7 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of deposits, withdrawals, interest and adjustments.

Operating Deficit – Includes activity in the Operating Deficit Reserve Escrow account.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E8 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of deposits, withdrawals, interest and adjustments.

Miscellaneous Special Escrow – Includes activity in the miscellaneous MSHDA-held escrows, such as exterior painting/staining, asphalt repairs, resale repair escrow, roofing, etc.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

Withdrawal: Record withdrawals from the escrow account.

Interest: Record interest deposited in the escrow account.

Adjustment: Record any miscellaneous adjustments made to the escrow account.

E9 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of deposits, withdrawals, interest and adjustments.

Other Escrows – Includes activity in any other MSHDA-approved escrows.

Beginning Monthly Balance: Auto-calculates from the prior month's ending balance.

Deposit: Record deposits to the escrow account.

- Withdrawal:** Record withdrawals from the escrow account.
- Interest:** Record interest deposited in the escrow account.
- Adjustment:** Record any miscellaneous adjustments made to the escrow account.

E10 **Ending Monthly Balance:** Auto-calculates the beginning balance plus the sum of deposits, withdrawals, interest and adjustments. **Note:** The entry cell below the E10 **Other Escrow – Ending Monthly Balance:** Enter a short description of the funds held in the other escrow account on the row below this title.

460E Aging of Accounts Receivables & Payables Tab (1-12)

Development name and MSHDA # auto-fill from the MIE tab. There are twelve tabs; one for each month of the year. The month is identified in cell D2.

Aging of Accounts Receivables

This section is for accounts receivables due from current residents only.

- A6-A11 **STATUS**– Record the rent collection follow-up as of the end of the reporting month:
 N - Notice;
 A - Attorney;
 C - Court;
 J - Judgment Obtained;
 V – Voucher, and;
 P - Payment Plan.

- B6-B11 **# Tenants** – Record the number of current residents who are delinquent in the payment of their rent. **Note:** “Current resident” is defined as any resident who is occupying a unit at the end of the reporting month.

- C6-B11 **0-30 Days** - Record the total of current resident unpaid rent for the reporting month.

- D6-D11 **31-60 Days** - Record the total of current resident unpaid rent due for the month prior to the reporting month.

- E6-E11 **Over 60 Days** - Record the total of current resident unpaid rent more than two months overdue.

- F6-F11 **TOTAL**– Auto-calculates the sum of the totals in Columns 3 (0-30 Days), 4 (31-60 Days) and 5 (Over 60 Days) for each status.

- B12-F12 **Receivable** – Auto-calculates the sum of the totals in Columns 2 (# Tenants), 3 (0-30 Days), 4 (31-60 Days), 5 (Over 60 Days), and 6 (TOTAL).

- F13 **Prior Resident Receivable** – Record the balance of receivables from prior residents that no longer live at the development.
- F14 **TOTAL RESIDENT RECEIVABLE** – Auto-calculates the sum of Receivable (cell F12) and Prior Resident Receivable (cell F13). **Note:** This amount auto-fills to the Balance Sheet Tab.
- A17 **ANNUAL SEC. 236 RS/RAP CONTRACT AMOUNT** – *For Section 236 developments only*, record the amount of the current annual RS/RAP Contract. **Note:** All annual contracts run from October 1st through September 30th.
- C17 **YEAR TO DATE SUBSIDY RECEIVED** – *For Section 236 developments only*, record the amount of subsidy received from HUD as of the end of the reporting month.
- F17 **SUBSIDY AVAILABLE** – *For Section 236 developments only*, this cell auto-calculates the available subsidy by subtracting the YEAR TO DATE SUBSIDY RECEIVED (cell C17) from the ANNUAL SEC. 236 RS/RAP CONTRACT AMOUNT (cell A17).

Asset and Liability & Financing Detail

Column - The following are column descriptions:

Description – Record an explanation of the receivable or liability/financing recorded on each line item.

Account Balance - These amounts auto-fill from the Balance Sheet Tab.

Terms – Record the length of time until the payment is due to the development for each receivable line item and to the payee for each liabilities or financing line item.

Rows – The following are row descriptions:

Assets

Non-Resident Receivable Description – Record the description and terms of other receivables amount entered on Line Item A12 of the Balance Sheet tab.

Related Party/Affiliate Receivable Description – Record the description and terms of the amount entered on Line Item A13 of the Balance Sheet tab.

Receivable from Other Developments – Record the description and terms of the amount entered on Line Item A16 on the Balance Sheet tab.

Other Receivables – Record the description and terms of the amount entered on Line Item A14 of the Balance Sheet tab.

Liabilities & Financing

Payable to Other Developments – Record the description and terms of the amount entered on Line Item L8 of the Balance Sheet tab.

Short-Term Related Party Advances/Liabilities Description – Record the description and terms of the amount entered on Line Item L9 of the Balance Sheet Tab.

Other Short-Term Liabilities Description – Record the description and terms of the amount entered on Line Item L10 of the Balance Sheet Tab.

Other Long-Term Liabilities Description – Record the description and terms of the amount entered on Line Item L11 of the Balance Sheet Tab.

Other Long-Term Liabilities Description – Record the description and terms of the amount entered on Line Items L12 of the Balance Sheet Tab.

Long-Term Related Party Loans Description – Record the description and terms of the amount entered on Line Item F14 of the Balance Sheet tab.

Long-Term Related Party Advances Description – Record the description and terms of the amount entered on Line Item F15 of the Balance Sheet tab.

Long-Term Related Party Advances (non-repayable) Description – Record the description and terms of the amount entered on Line Item F16 of the Balance Sheet Tab.

Other Financing Description – Record the description and terms of the amount entered on Line Item F19 of the Balance Sheet tab.

Aging of Accounts Payable

The top portion of this section (row 39) is the “Totals” of the payable detailed information and calculates automatically as the payable details are entered on rows 42 through 266.

Base the aging of each payable upon the earlier of the invoice date or the date on which the good, service or benefit was received, if the actual cost is known. **Do not estimate costs.**

Column - The following are column descriptions:

A42-A266 **Payable To** – Record the name of the entity to which the unpaid obligation is due.

B42-B266 **Internal Ref #** - N/A

- C42-B266 **Identity of Interest** – Indicate if the entity is an identity of interest vendor.
- D38-D262 **Line Item No.** – Record the applicable expense line item from the MIE.
- E42-E266 **0-30 Days** – Record the amount of unpaid obligations that are within 30 days of the invoice date or the date in which the obligation was incurred.
- F42-F266 **31-60 Days** – Record the amount of unpaid obligations that are within 31-60 days of the invoice date or the date in which the obligation was incurred.
- G42-G266 **61-90 Days** – Record the amount of unpaid obligations that are within 61-90 days of the invoice date or the date in which the obligation was incurred.
- H42-H266 **Over 90 Days** – Record the amount of unpaid obligations that are over 90 days of the invoice date or the date in which the obligation was incurred.
- I42-I266 **Total** – Sheet auto-calculates the amount of Columns 4, 5, 6 and 7 for each entity.

Rows – Record all the amounts owed for goods, services or benefits received, but not paid as of the end of the reporting month. List each obligation separately within the Aging of Accounts Payables section (Tabs 1-12). Accrued liabilities for which an invoice or bill has been received must be reported in this section. **Note:** Do not record the current month’s mortgage interest as a payable.

Forms and Attachments

- 460A – Monthly Income and Expenditure Report
- 460B – Balance Sheet
- 460C – Adjustments
- 460D – Escrows
- 460E – Aging of Receivables and Payables