

---

# **HOUSING AUTHORITY OF THE CITY OF OMAHA (OHA)**



## **FINANCE POLICY HANDBOOK**

## **HOUSING AUTHORITY OF THE CITY OF OMAHA**

---

### **IMPORTANT**

THIS FINANCIAL POLICY SUPERSEDES ALL PREVIOUS VERSIONS OF THE POLICY. THIS POLICY CANNOT ANTICIPATE EVERY SITUATION OR ANSWER EVERY QUESTION ABOUT FINANCIAL POLICIES. IT IS MERELY A CONDENSATION OF VARIOUS OMAHA HOUSING AUTHORITY GUIDELINES AND IS NOT ALL INCLUSIVE. IN ORDER TO RETAIN NECESSARY FLEXIBILITY IN THE ADMINISTRATION OF POLICIES, THE OMAHA HOUSING AUTHORITY'S BOARD OF COMMISSIONERS MAY UNILATERALLY MODIFY, REVISE, RESCIND, OR COMPLETELY ABOLISH THIS FINANCE POLICY OR ANY PART THEREOF WHENEVER THE BOARD CHOOSES TO DO SO, WITHOUT PRIOR NOTICE TO ANY EMPLOYEE.

TO THE EXTENT THAT THIS POLICY MAY CONFLICT WITH FEDERAL, STATE OR LOCAL LAWS, THE OMAHA HOUSING AUTHORITY WILL COMPLY WITH THE APPLICABLE FEDERAL, STATE, OR LOCAL LAW.

## TABLE OF CONTENTS

1	MISSION OF THE HOUSING AUTHORITY OF THE CITY OF OMAHA.....	1
2	EMPLOYEES AFFECTED.....	1
3	POLICY.....	1
3.1	FINANCE DEPARTMENT COMPLIANCE REQUIREMENTS.....	2
3.1.1	LEGAL REQUIREMENTS.....	2
3.1.2	MONEY MANAGEMENT.....	2
3.1.3	BUDGET ADMINISTRATION.....	2
3.1.4	ACCOUNTS RECEIVABLE.....	2
3.1.5	ACCOUNTS PAYABLE.....	2
3.1.6	PAYROLL.....	3
3.1.7	INSURANCE.....	3
3.1.8	GENERAL ACCOUNTING.....	3
3.2	AUTHORITY FUNDS SOURCES/USERS.....	3
3.3	TYPES OF FUNDS.....	3
3.3.1	GENERAL ADMINISTRATION FUND/ CENTRAL OFFICE COST CENTER (COCC).....	3
3.3.2	LOW RENT FUND/PUBLIC HOUSING.....	4
3.3.3	SECTION 8 PROGRAM.....	4
3.3.4	VARIOUS GRANT FUNDS.....	4
3.3.5	COMPONENT UNITS.....	4
4	INTERNAL CONTROLS.....	4
4.1	OVERSIGHT.....	5
4.2	COMPLIANCE.....	5
4.2.1	SUPERVISION TO ENSURE COMPLIANCE WITH POLICY.....	5
4.2.2	SEPARATION OF DUTIES.....	5
4.2.3	DOCUMENTATION AND RECORD RETENTION.....	5
4.2.4	MONITORING.....	6
4.2.5	PROCEDURES FOR MAINTAINING INTERNAL CONTROL OF ASSETS.....	6
4.2.6	INTERNAL CONTROLS FOR REVENUE AND COLLECTIONS.....	7
4.2.7	INTERNAL CONTROLS FOR PURCHASING AND ACCOUNTS PAYABLE.....	8
4.2.8	INTERNAL CONTROLS FOR GENERAL LEDGER.....	9
5	CASH MANAGEMENT.....	9

5.1	CASH FLOW ANALYSIS .....	9
5.2	CASH RECEIPTS .....	9
5.2.1	TYPES OF RECEIPTS .....	10
5.2.2	RETURNED CHECKS.....	10
5.3	CASH DISBURSEMENTS .....	10
5.3.1	TYPES OF DISBURSEMENTS .....	10
5.3.2	DISBURSEMENT GUIDELINES .....	11
5.3.3	VOID CHECKS .....	11
5.4	PETTY CASH .....	11
5.5	INVESTING .....	12
5.5.1	INVESTMENT POLICY.....	12
5.6	BANKING .....	16
5.6.1	ESTABLISHING BANKING SERVICES.....	16
5.6.2	ESTABLISHING AND MAINTAINING BANK ACCOUNTS .....	16
5.6.3	BANK RECONCILIATIONS .....	16
5.7	TENANT ACCOUNTING .....	16
5.7.1	BILLING.....	16
5.7.2	COLLECTIONS .....	17
5.7.3	WRITE OFFS .....	17
5.8	ACCOUNTS PAYABLE.....	17
5.8.1	PURCHASE ORDERS .....	17
5.8.2	1099 PROCESSING .....	17
5.9	TRAVEL.....	18
6	AUTHORITY CREDIT CARDS.....	18
6.1	AUTHORITY CREDIT CARD.....	18
7	MILEAGE.....	18
8	PAYROLL/TIME ENTRY .....	18
9	BUDGETING .....	18
9.1	MEASUREMENT OF BUDGETARY PERFORMANCE.....	19
9.2	BUDGET AMENDMENTS .....	19
10	GRANTS MANAGEMENT.....	19
11	OPERATING RESERVE POLICY .....	19
12	DEBT ISSUANCE.....	19
13	FINANCING AND ORGANIZATIONAL COSTS .....	19
14	STOCK ITEM INVENTORY .....	20

15	FIXED ASSETS .....	20
15.1	CAPITALIZATION.....	20
15.2	DEPRECIATION .....	20
15.3	INVENTORY .....	21
16	SURPLUS/SALVAGE POLICY .....	21
16.1	PROPERTY SALE/DISPOSION .....	21
17	TAX RETURNS .....	22
18	AUDIT .....	22
19	HUD REPORTING .....	22
20	FEDERAL LABOR STANDARDS COMPLIANCE .....	23
21	RECORDS RETENTION.....	23
22	RISK MANAGEMENT.....	23
	DEFINITIONS.....	24



## **1 MISSION OF THE HOUSING AUTHORITY OF THE CITY OF OMAHA**

The Housing Authority of the City of Omaha (“OHA” or “Authority”) is a quasi-municipal corporation authorized by state law to operate in the City. OHA is not an agency of the city. The legislated purpose of a housing authority is to provide decent, safe, and sanitary housing for very low-income, low-income, and moderate-income families.

The Authority is governed by a seven (7) member Board of Commissioners (“Board”) who is appointed by the Mayor and serves staggered five (5) year terms. The Board is the policy-making body of the Authority.

## **2 EMPLOYEES AFFECTED**

Copies of the Finance Policy Handbook will be posted to the Authority’s Intranet. Employees will be notified when it is updated. It is each employee’s responsibility to read and familiarize themselves with the policies.

## **3 POLICY**

These policies are designed to institute controls and standards of the Finance Department’s policy elements across the Authority. Unique requirements may require minor deviations from this policy. Any substantive change must be reviewed and approved by the Finance Department.

The Authority’s management is responsible for establishing and maintaining an internal control structure designed to ensure that the Authority’s assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”). The Authority has designed its internal control structure to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that; the costs of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgment by management.

The Authority’s Board has appointed a Finance Committee which is comprised of Board members and members of the community with financial expertise. This committee meets regularly and acts also as the Authority’s Audit Committee. The responsibilities of the committee include: review and recommend to the Board the Authority’s operating budgets, review the Authority’s financial statements and audit findings, recommend the appointment of external auditors, oversee the financial operations of the Authority, conduct entrance and exit meetings with the Authority’s independent auditors, oversee the Authority Employees’ Pension Plan and oversee the Authority’s Investment portfolio. The Authority’s financial policy changes are reviewed and approved by the Finance Committee. In addition, this committee along with the Authority’s Development Committee reviews the Authority’s real estate development and financing activities.

### **3.1 FINANCE DEPARTMENT COMPLIANCE REQUIREMENTS**

The Finance Department is responsible for the compliance and implementation of the following items:

#### **3.1.1 LEGAL REQUIREMENTS**

- A. Comply with federal, state, and local laws; to include, but not limited to, 1099's and W-2's.
- B. Use GAAP while preparing the Comprehensive Annual Financial Report ("CAFR") and other financial reports
- C. Adhere to state statutes concerning appropriations and expenditures, and fund classifications i.e., Grants, Employee Benefits, and Business type fund
- D. Insure legal publication compliance for annual Financial Reports, Budget, Amendments, Bond Sales, Audits or any other publications as may be required from time to time

#### **3.1.2 MONEY MANAGEMENT**

- A. Facilitate the preparation of annual operating and multi-year capital budgets
- B. Determine cash flow based on revenues, current and future budgeted needs, spending trends, and debt retirement
- C. Maximize interest earnings through approved investments
- D. Pay all expenses of the Authority as approved
- E. Reconcile checks written, Automated Clearing House transactions ("ACH"), wires and deposits made
- F. Monitor all cash transactions for internal safety and accounting integrity
- G. Negotiate bank competition and service contracts
- H. Monitor all financially related transactions

#### **3.1.3 BUDGET ADMINISTRATION**

- A. Prepare budget document for department head preparation to facilitate ease and flexibility without sacrifice to data integrity
- B. Identify sources of revenue
- C. Prepare comprehensive budgets for all departments
- D. Process all other department's expenditure requests
- E. Prepare documents for Board review and approval of budget
- F. Monitor all departmental budgets for compliance during the fiscal year, making recommendations to the Board concerning shortfalls in revenues or over-spending

#### **3.1.4 ACCOUNTS RECEIVABLE**

- A. Oversee accounts receivable, facilitating and monitoring billing, collection and receipting monies from; rents, intergovernmental grants, interest income, etc.

#### **3.1.5 ACCOUNTS PAYABLE**

- A. Pay all bills for activities in all funds that the Authority manages
- B. Prepare the distribution of invoices for all departments to approve
- C. Comply with IRS regulations for 1099 reporting
- D. Maintain good public relations with vendors
- E. Monitor aged payables
- F. Ensure compliance with Authority Procurement policy and procedures



### **3.1.6 PAYROLL**

As requested or instructed by the CEO, the Finance Department shall assist Human Resources with the following functions:

- A. In conjunction with the Human Resources Department, maintain employee payroll records to insure proper pay, deduction processing, union contract and personnel manual compliance
- B. Pay employees bi-weekly based upon time approved and submitted from each department
- C. Process federal, state and local taxes, voluntary deductions, and garnishments
- D. Prepare all federal and state reports (i.e., 941, W-2's, Census Bureau)

### **3.1.7 INSURANCE**

- A. Process payments for insurance coverage, as approved by the Risk Management Director, for general liability, property, Directors and Officers, and other coverage as needed Authority-wide

### **3.1.8 GENERAL ACCOUNTING**

- A. Generate reports for Board and all departments
- B. Prepare all audit schedules in anticipation of required annual examinations
- C. Maintain buildings, vehicles and equipment, and furniture as fixed assets
- D. Manage disposal of asset records
- E. Prepare depreciation schedules for all capitalized assets
- F. Compile necessary financial reports for various grants
- G. Generate reports for all financial aspects to outside agencies
- H. Adhere to the retention policy of financial documents through electronic means and/or the safe keeping of physical documents

## **3.2 AUTHORITY FUNDS SOURCES/USERS**

Cash is segregated into separate funds in compliance with state, federal, and granting agency requirements and various accounting standards. All of the Authority's operations are accounted for as Enterprise Funds. In addition to different purposes, certain funds have different restrictions. Even though the purposes and restrictions may apply to Authority funds, important distinctions should be made about the timing needed for funds to be available. Operating funds require the cash to be available within any current fiscal year. Reserve funds may not be needed for many years to come. The income generated by these long term cash funds is much more important than in the operating funds.

## **3.3 TYPES OF FUNDS**

### **3.3.1 GENERAL ADMINISTRATION FUND/ CENTRAL OFFICE COST CENTER (COCC)**

This fund is used to account for all the administrative operations of the Authority, which are not specifically chargeable to the program funds. The administrative functions accounted for in this fund include the following: Board of Commissioners, Accounting, Management Information Systems, Legal, Procurement, Personnel, Executive, General Services, Housing Management Administration, Finance Administration, and Occupancy functions.

Funding to support this fund is from various fees it charges the Low Rent Housing Program, Section 8 Program, the Capital Fund Program, Partnerships and various other grants.

### **3.3.2 LOW RENT FUND/PUBLIC HOUSING**

This fund accounts for the Authority's public housing program, which provides subsidized housing to low and moderate-income tenants. This program receives rents from tenants and Department of Housing and Urban Development ("HUD") offsets the excess costs of operating these units by providing an operating subsidy to the Authority. Capital grant funds the Authority receives from HUD for public housing improvements are accounted in the Low Rent Fund.

### **3.3.3 SECTION 8 PROGRAM**

This is a program funded by HUD that provides funds to low and moderate income families to rent units from private landlords. Within the Section 8 Program, HUD provides funding for Housing Choice Vouchers, Moderate Rehabilitation Program Vouchers, Disaster Assistance Vouchers, and Veterans Assistance Voucher. The landlords who lease their units to eligible tenants in the Section 8 program collect rents from tenants and the Authority through Housing Assistance Payments ("HAP") from HUD. HUD is offsetting the landlords with the difference between tenant rent and fair market rents.

### **3.3.4 VARIOUS GRANT FUNDS**

The Authority receives a variety of grants from HUD, State, and the City. All OHA grants, irrespective of the source, are set up as Enterprise funds as per GAAP. The Authority competes for HUD and non-HUD grants to support its resident self-sufficiency activities.

### **3.3.5 COMPONENT UNITS**

The Authority has created a number of instrumentalities, which serve in several different legal capacities depending on the housing program. Some of these instrumentalities and affiliates serve as General Partner in partnerships, which have received Low Income Housing Tax Credits ("LIHTC"). These entities are treated as component units for budgeting and financial statement presentation in the Authority's CAFR. The Authority requires management fees from each partnership for providing management services.

## **4 INTERNAL CONTROLS**

Internal control represents an organization's plans, methods, and procedures used to meet its missions, goals, and objectives and serves as the first line of defense in safeguarding assets and preventing and detecting errors, fraud, waste, abuse and mismanagement. Internal control provides reasonable (not absolute) assurance that an organization's objectives are achieved through effective and efficient operations, reliable financial reporting, and compliance with laws and regulations.

It is very important that these policies are not substituted for the commitment, on the part of all staff handling any Authority assets, to prudent management, sound judgment, knowledge and experience. Effective upon approval by the Board, this policy shall be reviewed by the external auditors annually to insure its completeness and implementation. These policies shall be reviewed annually by management under the direction of the Director of Finance, or CEO designee.

The establishment and maintenance of a good internal control system helps to ensure the integrity of the financial reports and assist the officials responsible in maintaining custody over assets. In addition, a good internal control system may increase the external independent auditor's reliance on the system which can result in a decrease in the amount of substantive testing.

#### **4.1 OVERSIGHT**

The Finance Department is responsible for the financial activities of the Authority, including the maintenance of an adequate system of internal control. The Director of Finance, or CEO designee, must:

- A. Identify potential financial errors or irregularities which might occur
- B. Systematically document and evaluate the existing systems of internal control throughout the governmental unit and identify significant instances of under or over-controlled, cumbersome practices
- C. Identify and articulate the factors to consider in assessing the practicality of suggested system improvements, and initiate revisions or policy to improve the control system

#### **4.2 COMPLIANCE**

The Authority shall, to the maximum extent possible, adhere to this policy to preserve and protect all of its assets. In order to comply with the policy, OHA shall provide for the following:

##### **4.2.1 SUPERVISION TO ENSURE COMPLIANCE WITH POLICY**

In order to ensure compliance with this policy, the Authority shall establish and maintain adequate supervision in all areas of asset control; including, but not limited to, those concerning cash, investments, accounting, payroll processing, inventory, purchasing and disposition of Authority property. In order to comply with this policy, the Authority shall establish and follow procedures to safeguard all of its assets. The responsibility of supervision will be that of the Director of Finance, or CEO designee, with the reporting responsibility and method(s) under the direction of the Executive Director.

##### **4.2.2 SEPARATION OF DUTIES**

The Authority, to the maximum extent feasible, shall ensure that there is a separation of duties in handling all transactions such as handling of cash transactions, including receivables and payables. The separation of duties shall not only include those involving cash transactions, but shall also include those related to accounting, payroll, purchasing, inventory control and disposition of Authority property. The assignment of sole responsibility of any transaction in its entirety shall be avoided when feasible and in areas where internal control is particularly of concern.

##### **4.2.3 DOCUMENTATION AND RECORD RETENTION**

Accurate documentation and record retention assists to provide reasonable assurance that all information and transactions of value are accurately recorded and retained. Records are to be maintained and controlled in accordance with the established retention period and properly disposed of in accordance with established procedures.

#### 4.2.4 MONITORING

Monitoring is the process that assesses the quality of internal controls over time. An effective system is able to react dynamically to changing conditions. Reconciliations, confirmations, and exception reports can provide this type of information.

#### 4.2.5 PROCEDURES FOR MAINTAINING INTERNAL CONTROL OF ASSETS

The methods to accomplish maximum internal control shall include; but not be limited to, the following:

- A. Maintain a secure safe or storage area for cash and/or blank checks, blank check stock, and blank purchase orders. Maintain security with limited access and control.
- B. Safeguard the use of a facsimile signature (signature plate) and maintain control over check signature software. Designate a custodian to oversee its use and safekeeping.
- C. Ensure that there is a procedure in place to prohibit the pre-signing of blank checks. Designate a custodian for safekeeping checks and blank check stock.
- D. Obtain a Board action designating personnel authorized to sign checks as set forth on OHA By-laws.
- E. Maintain properly authorized signature documents/cards for signing checks at the bank and to be updated promptly when changes occur.
- F. Ensure that cash receipts are posted as received and residents are receiving receipts, showing a detailed breakdown of the payment (utilities, rent, security deposit, maintenance charges, etc.). Ensure that all cash receipts (in addition to tenant collections) are identified by source and recorded in the Authority's cash receipts register or directly into the General Ledger as appropriate.
- G. Establish a system for making deposits daily.
- H. Perform regular reconciliations between all deposits and cash register entries (collections receipts) by an individual(s) other than those that collect rent, prepare, and make deposits. Receipts recorded in the rental register should always agree with the deposit receipts validated by the bank. If they do not, a system for handling "over" and "under" deposits shall be established by the Authority to ensure that each variance is resolved.
- I. Ensure that all expenditures will be paid for by check, electronic fund transfer, wire transfer, or Authority credit card. No cash payments (other than those authorized according to Petty Cash requirements) shall be allowed. No checks should be written for cash.
- J. Ensure that all transfers of funds are fully documented and follow similar approval procedures as that of any other disbursement of funds, such as those approved for check writing.
- K. Ensure that bank reconciliations are done promptly and that any discrepancies are properly documented and resolved. Bank reconciliations will be performed by a person(s) other than person(s) responsible for writing/issuing checks.
- L. Prohibit the general practice of cashing employee/commissioner checks from Authority funds; unless for the reimbursement to the Authority for travel, or other Authority purposes for which monies are owed (such reimbursements should be clearly identified according to the purpose of each).
- M. Ensure that all "void" checks are accountable and maintained in file.
- N. Ensure that all "void" payments are handled accurately with accountability for each transaction (to include any manual or computer receipts) and maintained in file.

- O. Ensure that all investment income is properly accountable. Maintain investments register and follow board approved investments policy.
- P. Prohibit the utilization of more than one receipting system, unless there is a situation such as a power/computer failure. In that event, an alternate method must be firmly and clearly established and closely monitored.
- Q. Be sure that all receipts are pre-numbered (required on either manual or computerized systems) and that all numbers are accountable.
- R. To maintain accounting records and keep them up-to-date.
- S. To systematically file and preserve accounting records with supporting documentation.
- T. Provide adequate security protection such as passwords, codes for computer access, in areas that particularly must be safeguarded such as control of: tenant receipting, waiting lists, payroll processing, purchasing, inventory, and accounting etc. Each person should have a separate access code, not to be shared by others.
- U. Ensure that the computer system is adequately safeguarded with a backup system for safety of all data.
- V. Ensure that accounts payable items are backed by sufficient documentation including invoices, purchase orders, purchase authorization and receiving documents (also ensuring that invoices agree with specific items authorized by purchase orders, i.e., quantity, amount type specified, etc.). Make payments regularly and on a timely basis. Take advantage of discounts for making payments by a designated date. Where appropriate, do not make payments prior to delivery of goods or services.
- W. Ensure proper account distribution.
- X. Establish a method of cost allocation of payroll salaries (cost center, percentages, or actual job activities) and verify allocation of costs for a particular program.
- Y. Ensure that all journal vouchers are prepared and properly executed. The journal vouchers shall have justification for issuance and be approved by a designated person.
- Z. Establish and assist Public Housing maintain an inventory system and a strict procedure for controlling the distribution of supplies, tools, appliances and all other Authority-owned materials.
- AA. Ensure that all financial reports/statements are submitted to HUD in a timely manner.
- BB. Contract for Annual Audits in accordance with the Single Audit Act and OMB Circular A-133. Maintain copies of internal audits and/or reviews. Ensure audits are conducted in accordance with HUD's latest guidelines and reporting methods.

#### **4.2.6 INTERNAL CONTROLS FOR REVENUE AND COLLECTIONS**

OHA's billing system should be designed and maintained such that the wrong person or account is not billed, that incorrect amounts are not billed, and that the billing is recorded correctly ensuring reliable data for financial reporting.

OHA's Director of Finance, or CEO designee, shall design, implement, and maintain safeguards such that cash cannot be recorded yet deposited, cash deposited yet not recorded and that the cash amount is not recorded incorrectly whether it is to the wrong account, the wrong amount or the wrong period.

In the handling of cash receipts, they must be recorded accurately and deposited along with being allocated correctly in the correct period and applied properly. This includes posting to the General Ledger and the subsidiary ledgers (if applicable), maintenance of the cashbook and the making of deposits.

#### **4.2.6.1 REVENUE AND COLLECTION SPECIFIC CONTROLS**

- A. Cash is secured at all times either locked in the cash drawer or vault.
- B. Cash deposits are not counted in front of anyone that is not an OHA employee.
- C. No more than \$500 in twenties or tens will be in the petty cash drawer.  
Purchases for reimbursement through petty cash shall not exceed \$50.
- D. Cash is counted daily and deposited.
- E. Deposits shall be compared to receipts and bank statement reconciled to the general ledger.
- F. Performance indicators or “outliers” will be researched and reconciled.
- G. The Director of Finance, or CEO designee, will review the number and reasons in regards to adjustments watching for significant monthly changes.
- H. The Director of Finance, or CEO designee, will review the aging accounts receivable report (dollar amount and age of the accounts).
- I. The Director of Finance, or CEO designee, will watch and identify any trends and will suggest an action plan to the CEO and Finance Committee.

#### **4.2.7 INTERNAL CONTROLS FOR PURCHASING AND ACCOUNTS PAYABLE**

OHA’s purchasing and accounts payable system shall be designed and maintained such that the wrong person or account is not paid (vendor and invoice paid matches goods delivered), that incorrect amounts are not paid, and that the purchasing and accounts payable activity is recorded correctly ensuring reliable data for financial reporting.

As authorized by OHA’s Procurement Policies and accompanying procedures, OHA’s Director of Finance, or CEO designee, shall design, implement and maintain safeguards such that all purchases are properly (authorization, budget, compliance with bidding procedures, etc.) recorded and paid timely after verification that the goods or service have been supplied. Additional safeguards shall be in place to ensure that all transactions are accurate and complete (payment made yet not recorded or purchase made but not recorded).

##### **4.2.7.1 PURCHASING AND ACCOUNTS PAYABLE SPECIFIC CONTROLS**

- A. Prior to purchase there is proper authorization and a purchase order issued.
- B. Prior to purchase initiation bid requirements have been satisfied.
- C. Prior to purchase that there is sufficient budget available.
- D. Accounting staff shall ensure that the proper recording and release of encumbrances occurs.
- E. The requisitioning of supplies and services shall be initiated in such manner as to take advantage of discounts due to volume, timing and discounts, shipping, etc.
- F. All expenditures shall be reflected in accounting records in the proper line item.
- G. The payment amount will match the invoice and purchase order amounts.
- H. All expenditures will be allocated to the correct period.
- I. All expenditures will be charged to the correct cost center and/or account.
- J. All invoices will contain sufficient information to identify the payee’s existence and for verification of the occurrence of the expense.
- K. Each invoice shall be compared against the purchase order quantities and price.
- L. Procurement staff shall match purchase order number and original invoice number to avoid duplicate payments.

- M. Checks shall be matched to invoice and purchase order before being issued checking for correct vendor and dollar amount.
- N. The Procurement Department and the Finance Department shall monitor all grant funds to ensure that all purchases and payments are in grant compliance to avoid ineligible expenditures.
- O. The Director of Finance, or CEO designee, will monitor all purchases and expenditures and watch for exception.
- P. All new vendor requests shall be properly authorized by the Department Head and contain physical address, mailing address, telephone number, contact and federal tax identification number. No vendors will be entered in the system without the proper tax information.

#### **4.2.8 INTERNAL CONTROLS FOR GENERAL LEDGER**

OHA's General Ledger system should be designed and maintained such that activity is accurate and complete ensuring reliable data for financial reporting. The general ledger accounts shall be reconciled monthly and match the subsidiary systems.

##### **4.2.8.1 INTERNAL CONTROL SPECIFIC CONTROLS**

- A. All accounts will be reconciled monthly.
- B. The Director of Finance, or CEO designee, will complete a budget to actual monthly report for the Board watching for variances and unexplained increases in cost.
- C. The Director of Finance, or CEO designee, shall review all bank reconciliations to see if there are any unexplained differences between cash reported by the bank and OHA's accounting records.
- D. An annual physical inventory of equipment will be completed and submitted to the Finance Department for comparison to the accounting records. Any unaccounted differences will be reported to the Chief Executive Officer.

## **5 CASH MANAGEMENT**

### **5.1 CASH FLOW ANALYSIS**

The analysis and use of historical and forecast data to determine anticipated cash flow patterns provides a basis for reasoned expectations on needed liquidity and provides for extension of maturities in investments without a risk to liquidity. Cash positioning analysis, done on a daily, or at a minimum, weekly basis, protects liquidity. Cash positioning analysis is necessary to provide decision-making information based on cash flow history and to provide for reasonable projections on which to base investment decisions and cash planning.

### **5.2 CASH RECEIPTS**

The purpose of the Cash Receipts policy is to establish controls and processes over all forms of receipts thereby safeguarding the cash receipts, establishing timely and proper recording of cash receipts, and avoiding fraud or misappropriation of funds. This is not intended to circumvent any established policy and/or procedures, but to provide a timely process for cash receipt items.

For the purpose of this policy, "cash" includes coin, currency, checks, electronic funds transfer ("EFT"), wire transfer and all negotiable instruments.

All checks should be made payable to Omaha Housing Authority, OHA or an OHA instrumentality, not to an Authority department or an Authority staff person. Checks must be signed by the payer. All checks should be stamped with a restrictive endorsement.

Checks should be electronically deposited daily. Coin and currency deposits are to be made once a week, when the amount exceeds \$200, or on the last business day of the month.

### **5.2.1 TYPES OF RECEIPTS**

On a recurring basis, the Authority receives cash for various items. Receipts are made through the mail, in person, as lockbox receipts, or through electronic funds transfer. The most common receipts include:

- A. Mail or Walk-in Receipts:
  - Former Tenant Payments
  - Section 8 Voucher Payments (Portables)
  - Section 8 Clients and Vendors
  - Miscellaneous receipts (i.e. vendor refunds, insurance claim payments, copies)
- B. Lockbox
  - Current Tenant Payments
- C. Electronic or Wire Transfers:
  - Section 8 requisitions
  - Construction draws
  - Operating Subsidy payments
  - HAP payments
  - HUD Line of Credit Control System (“LOCCS”) drawdowns
  - Section 8 Funding
  - ACH rent payments

Any cash received at the Central Office should be safeguarded and handled to ensure timely deposit and recording. Most cash is received via U.S. Mail which is opened by the Finance Department. Walk-in payments should be referred to the receptionist. Cash should not be sent through the interoffice mail.

### **5.2.2 RETURNED CHECKS**

It is Authority policy to charge a returned check fee for any items that do not clear the bank for whatever reason. The appropriate manager should be notified when there is a returned check so that they can take steps to collect the funds.

## **5.3 CASH DISBURSEMENTS**

The purpose of the cash disbursements policy is to establish controls and processes over all forms of disbursements thereby safeguarding the cash, establishing timely and proper recording of cash disbursements and avoiding fraud or misappropriation of funds.

This is not intended to circumvent any established policy and/or procedures, but to provide a timely process for cash disbursement items.

### **5.3.1 TYPES OF DISBURSEMENTS**

On a recurring basis, the Authority makes payments for various items. The most common disbursements include:



- A. Checks:
  - Accounts Payable Vouchers
  - Purchase Order Payments
  - Tenant Account Payments
  - Section 8 Payments
  - Certain payroll related items, such as dues or garnishments
- B. Wire Transfers:
  - Payroll, pension
  - Construction draws
  - Operating Subsidy payments
  - Purchasing Card payments
- C. Petty Cash (See Section 5.4)
- D. Credit Card (See Section 6)

### **5.3.2 DISBURSEMENT GUIDELINES**

All payments due and payable by the Authority shall be paid on a timely basis in order to eliminate any payment penalties and utilize payment discount options as appropriate.

Funds are not to be released in any form without the proper documentation and approval. A receipt or invoice is generally required for payment. Statements are not considered a request for payment, but rather represent summary of current charges.

Checks, once signed, should also be timely mailed and processed to ensure that the cash and liability balances are fairly represented in the accounting records. This is especially important at period ends.

All issued checks should have a voiding date of 180 days and such checks should be cancelled on the ledger and through banking positive pay services.

All stop payment requests should be sent to the Finance Department with the reason for the stop payment and any reissue requests.

### **5.3.3 VOID CHECKS**

All voided checks are to have the word “VOID” printed clearly through the signature block, and largely across the face of the actual check, with the date it was voided, the reason it was voided, and the initials of the person who voided it.

## **5.4 PETTY CASH**

Petty cash funds are to be kept in accordance with existing Board of Commissioners resolutions that the Executive Director be authorized to approve any addition and/or deletion to the Petty Cash Fund and to be used according to the following procedures.

Petty cash is to be used only for the purchase of items of nominal value necessary for operation of the Housing Authority. Some examples of eligible expenses are:

- A. Miscellaneous operating supplies which are not readily available
- B. Repair services, parking fees, etc., transfer of titles on new vehicles, gasoline for snow blowers and lawn mowers, film and film processing
- C. Witness fees
- D. Emergency office supplies

E. Emergency postage expense (amount due on delivered mail on sites, emergency mailing(s))

Some examples of ineligible expenses are:

- A. Business cards
- B. Cashing of personal checks
- C. No loans or borrowing from petty cash is allowed

All purchases must be approved by a department head or immediate supervisor. All purchases will be reviewed and approved by the department head before reimbursement request is submitted.

Maximum limit of a purchase is \$50.00.

Each petty cash custodian shall keep the complete petty cash (money and receipts) locked up in a secure container (metal box, bank bag, etc.), which shall also be secured in a locked safe, vault, or similar locked and secure area.

Unannounced audits will be conducted on a random basis to monitor adherence to this Petty Cash Policy & Procedure.

## 5.5 INVESTING

It is the policy of the Authority to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all federal, state and local statutes governing the investment of funds. The Authority supports fair employment and the right to quality of life for all people. To this end, OHA will prudently seek to avoid business dealings with any company which continues to conduct business in a country in which the United States has imposed sanctions as a means of opposing that country's treatment of its people.

The investment policy of the Authority applies to all of the Authority's financial assets. These assets are accounted for in the Authority's comprehensive annual financial report. This investment policy excludes investments held in connection with debt amortization of outstanding bond issues. These investments are governed by the bond indentures applicable to such bond issue.

The Authority's investment policies require that all investments be made in accordance with the stated objectives of capital preservation, optimum liquidity, and return while conforming to all applicable statutes and regulations. The Authority has established a maximum maturity of three years, and the weighted average maturity of the total portfolio must be no greater than 1.5 years.

The Authority intends to adhere fully to its investment policy, which expressly prohibits the making of speculative or leveraged investments and requires that all investments be made prudently and with due care to ensure compliance with all statutes and regulations.

### 5.5.1 INVESTMENT POLICY

#### 5.5.1.1 OBJECTIVES

- A. **Safety:** Safety of principal is the foremost objective of the Authority's investment policy. Each investment transaction shall seek to first ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. **Liquidity:** The Authority's investment portfolio shall remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.
- C. **Return on Investment:** The Authority's investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the government's investment risk constraints and the cash flow characteristics of the portfolio.

#### **5.5.1.2 DELEGATION OF AUTHORITY**

The Director of Finance, or CEO designee, is designated as the Investment Officer for the Authority and is responsible for investment decisions and activities. No person may engage in an investment transaction except as provided under the terms of this policy. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### **5.5.1.3 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability, or give the appearance of impairing their ability to make impartial investment decisions. Employees and officers shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

#### **5.5.1.4 PRUDENCE**

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

#### **5.5.1.5 ELIGIBLE INSTRUMENTS**

Authority funds may be invested in the following instruments:

- A. Direct obligations of the U.S. Government which are unconditionally guaranteed as to payment of principal and interest, including but not limited to, Treasury bills, notes and bonds, Government National Mortgage Association ("GNMA<sup>M</sup>) and Resolution Funding Corporation Strips ("Refcorp Strips")
- B. Short term obligations of U.S. government agencies and instrumentalities, including but not limited to; Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Farm Credit

- Bank ("FFCB"), Federal Land Bank ("FLB"), Federal Home Loan Bank Board ("FHLBB").
- C. Certificates of deposit at commercial banks and savings and loan associations which are either 1) fully insured by the FDIC or 2) collateralized with securities described in above
  - D. Written repurchase agreements with banks or primary dealers collateralized by securities as described above
  - E. Demand and savings deposits at commercial banks and savings and loans provided the entire deposit is fully insured by the FDIC or the Federal Savings and Loan Insurance Corporation or that any deposits in excess of the insurance coverage are 103 percent collateralized by securities as described above
  - F. Investment pools, approved by the State of Nebraska, whose portfolios consist entirely of U.S. Government securities as described above
  - G. Money market mutual funds whose portfolios consist entirely of U.S. government securities as described above
  - H. The Annual Contributions Contract (ACC) requires the HA to invest General Fund (program) monies only in HUD approved investments.

#### **5.5.1.6 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

In the absence of an investment advisory contract, the Investment Officer will maintain a list of financial institutions authorized to provide investment services. This list will include those institutions whose economic viability and historical investment practices have consistently been of the highest quality standards. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. These may include banks, primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). Deposits shall be made in accordance with all applicable federal and state laws.

#### **5.5.1.7 PORTFOLIO RISK TOLERANCE**

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control default risks. Investment Officers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. In the event of a default by a specific issuer, the Investment Officer shall review and, if appropriate, proceed to liquidate securities having comparable credit risks.

To control market price risks, volatile investment instruments shall be avoided unless specifically approved by the Board. In the absence of an investment advisory contract, the Investment Officer shall establish guidelines for price volatility on the overall portfolio and for individual instruments, after first establishing a range of possible interest rate fluctuations within which markets could reasonably be expected to trade. Also, the weighted average maturity of the total portfolio must be no greater than 1.5 years. Additionally, all investments must have a maximum final maturity not to exceed 3 years from the date of the settlement.

To control risks of illiquidity, a minimum of 15 percent of the total portfolio shall be held in highly marketable instruments with maturities less than 30 days. Nonmarketable (no liquidity due to the absence of a secondary market) instruments with maturities beyond one year shall not exceed 25 percent of the portfolio.

The Investment Officer must also incorporate in the written investment procedures adequate controls for the safekeeping and custody of invested assets to reduce the risk of fraud or embezzlement. Investment officials shall be bonded to protect against possible embezzlement and misconduct.

#### **5.5.1.8 DIVERSIFICATION**

In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector
- B. Maturities selected shall provide for stability of income and reasonable liquidity
- C. Liquidity shall be assured through practices insuring that the next disbursement date and payroll date are covered through maturing investments
- D. Excluding securities backed by the full faith and credit of the United States, no more than 50 percent of the portfolio may be invested with any one entity at any point in time

#### **5.5.1.9 REPORTING REQUIREMENTS**

The Investment Officer shall maintain an investment log. This log shall be distributed to the Chief Financial Officer and Executive Director monthly. In addition, the Board will be provided annual reports which will include data on investment instruments being held as well as any narrative necessary for clarification.

#### **5.5.1.10 PERFORMANCE STANDARDS**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Authority's investment risk constraints and cash flow needs. The Authority's investment strategy is passive. Given this strategy, the basis used by the Investment Officer to determine whether market yields are being achieved shall be the three-month U. S. Treasury Bill and the average Federal Funds rate.

The Authority restricts its investments to direct obligations of the U.S. government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state approved investment pools, or money market funds consisting entirely of U.S. government securities.

Investments are limited to maturities of three years or less, and may include the following:

- A. Obligations of the U.S. Government

- B. Obligations of U.S. Government agencies and U.S. Government sponsored agencies
- C. Money market deposits at depository institutions
- D. Repurchase agreements

#### **5.5.1.11 INTEREST ALLOCATION**

Partnerships' operating cash and security deposits that the Authority manages are pooled with the investments of the Authority. Consequently, investment interest is allocated monthly.

#### **5.5.1.12 GASB 31 – MARKET VALUE ADJUSTMENT**

Per Government Accounting Standards Board (“GASB”) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are to be reported at fair market value. This adjustment is done once a year as part of the year-end closing procedures.

### **5.6 BANKING**

#### **5.6.1 ESTABLISHING BANKING SERVICES**

When banking services are needed, a Request for Proposal is issued. Typical service requests include Reporting and Account Reconciliation Services such as daily balance reporting, account analysis statements and monthly bank statements. The Account Analysis reports should list all fees charged to the Authority, and will be reviewed periodically to ensure the proper fees are being assessed.

#### **5.6.2 ESTABLISHING AND MAINTAINING BANK ACCOUNTS**

When new accounts utilizing HUD funds are opened, a General Depository Agreement must be signed and forwarded to HUD, with a copy maintained by the Authority.

Proper signature cards must be maintained on each bank account. Computer generated signatures for checks should be updated to coincide with changing of signature cards.

#### **5.6.3 BANK RECONCILIATIONS**

It is the policy of the Authority that the Finance Department shall reconcile cash as reported by the Bank and as recorded on the General Ledger monthly. All bank reconciliations shall be reviewed by the next level of supervision.

### **5.7 TENANT ACCOUNTING**

#### **5.7.1 BILLING**

Rent statements are generated and prepared by the Asset Management Department and are sent to tenants once a month. Any additional charges due (such as maintenance or late fees) are also included on the statement. If the rent has not been received by the due date, late notices are sent out.

## **5.7.2 COLLECTIONS**

It is the Authority's policy to maximize the collection of accounts receivable balances. When tenants cannot pay off the entire balance, Repayment Agreements may be set up if tenants meet the requirements and qualify for repayment as set forth in OHA policies and procedures. Former tenants must pay any balances due before they are allowed to lease another unit from the Authority.

## **5.7.3 WRITE OFFS**

The CEO is responsible for insuring that procedures are established to insure that all reasonable attempts are made by Authority staff to collect delinquent tenant accounts receivable.

The Director of Finance, or CEO designee, will not less than quarterly, review the uncollectible tenant accounts receivable and instruct staff to write these uncollectible receivables off of the Authority's accounting records. The Executive Director will recommend the write off be forwarded to the Board for approval.

Writing off uncollectible tenant accounts receivable from the Authority's accounting records will not affect the tenant's liability to the Authority or the Authority's efforts to collect the liability.

## **5.8 ACCOUNTS PAYABLE**

Any payment for service shall be to an authorized active vendor on the Authority's vendor list. Payment for service to any vendor not on the Authority vendor listing will require a completed Vendor Qualification form and W-9 attached before payment can be processed.

The Finance Department will process checks. Fully approved requests for payment must be received in Accounts Payable by published deadlines, with appropriate back-up, in order to be processed.

A receipt or invoice is required for payment. Statements are generally not considered a request for payment, but rather represent summary of current charges.

The requestor of the purchase of goods or services shall ensure that budgets are available for the general ledger account from which they are requesting payment.

### **5.8.1 PURCHASE ORDERS**

Goods ordered on a purchase order (see separate Procurement Policy) are received at various Authority locations throughout the city. When goods are received, the receiving location is responsible for documenting their receipt. Vendor invoices should be received directly by the Finance Department.

### **5.8.2 1099 PROCESSING**

In compliance with Section 604(a) of the Internal Revenue Code, the Finance Department shall submit 1099 forms to the appropriate vendors by January 31 every year and electronically submit the same data to the Internal Revenue Service by February 28.

## **5.9 TRAVEL**

Official travel is defined as travel to conventions, conferences, trainings, meetings, and any other authorized official business required by the traveler to exercise the responsibilities of his/her position. See the Personnel Policy Handbook for further details.

## **6 AUTHORITY CREDIT CARDS**

### **6.1 AUTHORITY CREDIT CARD**

The Authority will issue a company credit card to the Chief Executive Officer. This card is to be used only for Authority business purposes in conjunction with the CEO's job duties. Receipts are required with the submission for payment. No personal uses are authorized with the Authority credit card.

## **7 MILEAGE**

The Authority may pay the mileage amount as approved by the Executive Director. This rate shall be the IRS determined rate. The Finance Department will notify Authority personnel of the fee structure based on IRS regulations annually. See the Personnel Policy Handbook for further details.

## **8 PAYROLL/TIME ENTRY**

Upon automation of the payroll system, as requested or instructed by the CEO, the Human Resources Department shall assist the Finance Department with the preparation of all payrolls and the rendering of all payroll payments to employees. As requested or instructed by the CEO, the Human Resources Department shall assist the Finance Department to ensure that all payments are timely and proper and that all authorized reductions and deductions have been made.

Authority payroll is processed on a bi-weekly basis, with paydays on Friday. The Authority's Personnel Policy guidelines are applied for the processing of the Authority's payroll. See the Personnel Policy Handbook for further details.

The Human Resources Department is responsible for preparation of the necessary reports for all statutory deductions, for remittance of all authorized payroll reductions and deductions to the proper agencies and private companies, and for maintenance of records required by the Authority, State and Federal agencies pertaining to personnel paid through the payroll system.

W-2's will be distributed to employees by January 31 of each year. The same information will be submitted electronically to the Internal Revenue Service by February 28.

## **9 BUDGETING**

It is the Authority's policy that a comprehensive annual budget will be prepared for all Authority funds. The operating budget will be balanced with current revenues.

The budget is approved by the Board of Commissioners at the December Board meeting. A single Resolution is passed by the Board of Commissioners approving appropriations for the ensuing fiscal year.



The Authority Budget document is also published for the public on the Authority's website at [www.ohauthority.org](http://www.ohauthority.org).

## **9.1 MEASUREMENT OF BUDGETARY PERFORMANCE**

Each month the Board of Commissioners is given budget-to-actual reports for all active Authority funds. Each zone is given a monthly budget-to-actual report for his/her area of responsibility.

## **9.2 BUDGET AMENDMENTS**

A request for a budget amendment is submitted for by the CEO for review by the Finance Committee. The amendment as approved by the Finance Committee will be submitted for review and approval by the full Board. Budget amendments for HUD programs are submitted to HUD for approval based on HUD's established criteria.

## **10 GRANTS MANAGEMENT**

The Authority routinely receives various grants from various funding agencies. Authority staff will administer all grants based on program and/or grant requirements.

## **11 OPERATING RESERVE POLICY**

The Authority will maintain adequate operating reserves in each of its programs. The Authority shall strive to maintain Low Rent Operating reserves at the level required to receive maximum Public Housing Assessment System scoring.

## **12 DEBT ISSUANCE**

The Authority is authorized by state statute to issue tax-exempt revenue and special obligation bonds to fund any of its corporate purposes. Obligations of the Authority are not obligations of the City or of the State. Therefore, a bondholder's recovery is limited to the funds of the Authority. All Authority bond issues have to be authorized by Board resolution. The bonds can be sold at private or public sale.

## **13 FINANCING AND ORGANIZATIONAL COSTS**

Financing Costs include costs associated with permanent and construction loans, cost of issuance of debt, organizational costs, and tax credit assets. In order to conform to GAAP these costs need to be recorded as assets as these payments generate future benefits. The costs are capitalized, reflected in the balance sheet as an asset, and amortized using the straight-line method over a specific term which is designated by the life of the financing provided. The unamortized amounts are included in other assets on the balance sheet.

## 14 STOCK ITEM INVENTORY

The purpose of this policy is to guard against misappropriation of assets and to ensure the accurate value of inventory is recorded.

Inventory mainly consists of ranges, refrigerators, range parts, refrigerator parts, janitorial supplies, paint, plumbing and electrical supplies, and construction supplies (e.g. dry wall, lumber, etc.). Inventory is held at the central warehouse and smaller satellites at various residential properties (sites). A physical inventory of all inventories at the sites and the central warehouse is conducted annually. Obsolete inventory items are written off at that time.

## 15 FIXED ASSETS

All equipment obtained by the Authority is subject to Authority control and may be disposed of only in accordance with established procedures outlined in this policy. Equipment obtained by the Authority includes that which is purchased with Authority or Grant funds or obtained by other means. Departments obtaining equipment are responsible for its use, maintenance, safeguarding and disposal.

Departments must notify the Accounting department of any equipment status changes, such as transfers, disposals, title transfers on loaned equipment, loss or theft. Departments are responsible for tracking equipment maintenance.

Accounting is responsible for tracking equipment obtained by the Authority and maintaining the records associated with the equipment from acquisition date to disposal date. Accounting accomplishes this by obtaining relevant data for each piece of equipment and inputting the information into the fixed asset system. Accounting is also responsible for coordinating and conducting the Authority's physical inventory. A physical inventory of capitalized equipment is conducted annually in December.

### 15.1 CAPITALIZATION

Capital assets are carried at historical cost. Maintenance and repairs are charged to current period operating expense and improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are recognized. All Authority equipment purchases over \$5,000 are capitalized.

### 15.2 DEPRECIATION

The straight-line depreciation method (historical cost divided by useful life) will be used by OHA. OHA shall use the half-year convention for depreciation, or the actual date, for indicating when an asset was rendered into service. The half-year convention applies to the 1st and last years of an asset's depreciable life and allows for the recording of a half-year of depreciation for assets placed in service any time during the year. Alternatively, depreciation could be applied from the specific date on which the asset was placed in service.

#### A. Moveable Property Useful Life

Office furniture and fixtures	7 years
Computers and peripheral equipment	5 years
Computer Software	3 years
Office machinery and equipment	7 years
Automobiles	5 years

High mileage automobiles	3 years
Light general purpose trucks (<13,000 lbs.)	5 years
Heavy general purpose trucks (13,000 lbs. or more)	6 years
Trailers and trailer-mounted containers	6 years

**B. Buildings and Improvements**

Buildings and improvements	27.5 years
----------------------------	------------

Any improvements that have a designated warranty period for useful life will follow the warranty period for example:

Roof Replacement	15 years
HVAC Replacement	7 years

**C. Depreciable Land Improvements**

Land improvements such as sidewalks, paths and trails, sprinkler systems, fences and gates, landscaping, fountains, and beaches are not considered infrastructure	20 years
Site Improvements	15 Years

**D. Infrastructure**

Highways, roads, bridges, sidewalks, curbs, gutters, drainage systems.	27.5 years
--	------------

### 15.3 INVENTORY

A physical inventory of all Authority fixed assets at OHA offices is conducted in the fourth quarter of every calendar year.

## 16 SURPLUS/SALVAGE POLICY

The Housing Authority will salvage materials and property where economically and/or environmentally feasible. It is the intention of the Housing Authority to abide by all applicable laws and regulations which govern the disposition of materials and property. The Housing Authority shall make all efforts possible to ensure that the optimal level of economic benefit is provided.

### 16.1 PROPERTY SALE/DISPOSITION

- A. The following class of persons, employees, and their immediate family members are restricted from purchasing OHA surplus.
- A senior employee, as determined by the CEO, as being directly involved in the exercising senior level managerial operations regarding OHA operations or policy making at OHA.
  - The Chief Executive Officer and members of the Board of Commissioners of OHA.
  - An employee directly involved in the operations or preparation of the surplus property sale.
  - An employee directly involved at any level in the decision making process which ultimately resulted in the item(s) being sold. If not otherwise restricted, an

- employee in this category may be eligible to otherwise participate in the in the purchase of surplus property.
- Any persons covered by Section 19 (A) (1) of the Annual Contributions Contract with the Department of Housing and Urban Development.
- B. Under the above circumstances, the restricted persons may not make an agreement with another person to purchase the items for the restricted person. For the purposes of this policy, immediate family members include the following: husband, wife, mother, father, daughter, son, sister, brother, and step-relatives, and in-laws in the same relationship.

## 17 TAX RETURNS

The Authority is a governmental entity, and therefore, is not subject to federal or state income taxes. The Authority or its instrumentalities are general partners in various limited partnerships. The Authority will be responsible for submitting federal and state tax returns for these partnerships annually.

## 18 AUDIT

The Authority's accounting and financial reporting systems will be maintained in conformance with GAAP as applicable to governments. An annual audit will be performed by an independent accounting firm, which will issue an opinion on the Authority's CAFR. The independent auditors will present their audit to the Board's Finance Committee. Management then has the option of submitting the CAFR to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting Award. Management will also submit the Authority's Financial Data Schedule (FDS) to HUD's Real Estate Assessment Center (REAC) the auditor's will verify that the submission is accurate.

The Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. It is the Authority's policy to require the accounting firm to be independent certified public accountants with specific experience in auditing governmental entities. Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133; the Schedule of Expenditures of Federal Awards; the Schedule of Findings and Questioned Costs; and the status of prior year findings are included in the single audit section of this report.

The Authority's audited financial statements are published and available to the public on the Authority's website at [www.ohauthority.org](http://www.ohauthority.org).

## 19 HUD REPORTING

The Authority will follow HUD guidelines for all reporting requirements. All submissions will be made on a timely basis.

## **20 FEDERAL LABOR STANDARDS COMPLIANCE**

The Authority, as a recipient of federal funds, is subject to the requirements of the Davis-Bacon Act, 40 U.S.C. 276a – 276a-5, for all construction, alteration, repair, painting and decorating projects in excess of \$2,000 using any amount of federal fund. Therefore, all laborers and mechanics working on a Davis Bacon Act project must be paid unconditionally and not less often than once a week, the full amount of wages and bona fide fringe benefits computed at rates not less than those listed in the associated wage determination as stated on the contract or purchase order.

The Authority is subject to Section 12(a) of the US Housing Act of 1937, as amended, which requires that all maintenance employees be paid at least the HUD determined prevailing maintenance rates. HUD determined prevailing wage rates are required on all contract maintenance work in excess of \$2,000.

HUD administers and enforces the statutory and regulatory labor standards requirements on HUD assisted construction projects. However, HUD has delegated certain day-to-day enforcement responsibilities to the Authority. Those functions are distributed between the Federal Labor Standards Compliance Officer or designee, the Procurement Department and the Project Manager. To carry out these functions, the Authority will utilize Labor Relations letters; Making Davis Bacon Work – A Practical Guide for State, Indian Tribes and Local Agencies; and technical assistance from HUD.

## **21 RECORDS RETENTION**

The Authority follows HUD guidelines for records retention.

## **22 RISK MANAGEMENT**

The safety and well-being of the residents, employees, and volunteers of the Housing Authority of the City of Omaha are of the utmost importance. It is also important for the Authority to safeguard its assets. Proper procedures must be maintained and updated as needed in order to ensure that the highest level of safety is provided for all. It is the intention of the Authority to abide by all applicable laws and regulations which govern the health and safety of residents, visitors, employees, volunteers, resources, and property. Risk Control methods will be employed where feasible to prevent and control losses which may threaten the health and well-being of the Authority, those it serves, and the employees. Risk Control is a primary responsibility of all levels of the Authority. We shall make all efforts feasible to ensure that the optimal level of safety is provided for all. Through the administration of the adopted Risk Control Policy and the cooperation and support of those involved, the Authority will make risk control a priority.

## DEFINITIONS

**Accounts Receivable** - Accounts due and payable to the Authority.

**ACH** - Automated Clearing House transactions governed by the National Automated Clearing House Association and controlled through the Authority banking services agreement.

**Accrual Basis** - The basis whereby transactions and events are recognized when they occur, regardless of when cash is received or paid.

**Allocation** - Distribution of expenses or revenues according to an approved formula.

**Appropriation** - An authorization made by the Authority Board of Commissioners, which permits the Authority to incur obligations and to make expenditures of resources. An appropriation is a specified sum of money from a specified fund for a specific purpose.

**Asset** - Resources owned or held by an entity that has monetary value.

**Bank Reconciliation** - The process of matching and comparing the accounting details and balances as per the accounting records against the balances presented on the bank statement, and adjusting either the book or bank balances for differences.

**Bank Statement** - The document sent by the financial institution that shows the transactions have posted to specific accounts during a given period.

**Bond** - A long-term IOU or promise to pay. It is a promise to repay a specific amount of money (the face value of the bond) on a particular future date (the maturity date). Bonds are generally used to finance capital projects.

**Budget** - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**Budget Adjustment** - A procedure to revise a budget appropriation either by Board approval through the adoption of a supplemental Resolution for any additional appropriations or by the Executive Director for any inter-divisional or inter-fund adjustments or by the Chief Operating Officers for authorization to adjust appropriations within or between departmental budgets.

**Budget Document** - The instrument used by the Authority to present a comprehensive financial program.

**Budgetary Control** - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

**Capital Budget** - A plan of proposed expenditures that result in the acquisition of or addition to fixed assets, and the means for financing these expenditures.

**Capital Equipment** - Chattels which have a useful life of more than one year and a unit cost of at least \$5,000.

**Capital Fund Program** - The Federal program provided by HUD to provide funds for Capital Improvement, to the Low Rent Housing Program. This program replaces the COMP Grant.

**Capital Improvements Program** - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

**Capitalized** - Term used to describe the process of accounting for an outflow of funds as a fixed asset rather than an expense. The item is expensed over a period of time as depreciation is recorded.

**Cash** - Term used to describe all payments of coin, currency, checks, electronic funds transfers and all negotiable instruments.

**Cash Management** - The application of best practices to control the flow of cash and cash equivalents throughout the Authority. Cash management policies are directed at all aspects of collections, disbursements, investments, and debt management.

**Cash flow analysis** - The matching of revenues and expenses to determine liabilities and cash availability in any given time period. For treasury investment and planning purposes, cash flow analysis is normally sufficient on a monthly basis with maintenance of a liquidity buffer. For daily cash positioning, cash flow analysis is needed on a daily basis to minimize the need for fund transfers and adjustments. The object of cash flow analysis is to determine a cash balance projection based on several periods of operating data.

**Charges for Services** - A term used by Internal Service Funds for the income they receive for providing services to other funds.

**Compensated Absences** - This is a term used to describe the value of vacation time, sick leave or other paid time off that is due to employees for services already rendered and not contingent on any other factors. Compensated absences are generally paid when an employee retires or an employment is terminated.

**Davis-Bacon Act** - An act passed in 1931, and subsequently amended, requiring that all laborers and mechanics employed in certain program of federal financial assistance involving construction activities are paid wage rates no less than those prevailing on similar construction in the locality, as determined by the Secretary of the Department of Labor.

**Debt Service** - the cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

**Delinquent Tenant Accounts Receivable** - Tenant accounts receivable which are not paid when due.

**Department** - An administrative area of the Authority which indicates overall management responsibility for a group of related operations within a functional area.

**Depreciation** - The process of allocating the total cost of fixed assets over each period of their usefulness to the entity.

**Disbursement** - Payment by cash, check, EFT, or any other technological payment method.

**Disbursement Account** - Bank account used exclusively to disburse funds by any method.

**OHA** - Refers to the Housing Authority of the City of Omaha.

**OHA Board** - Refers to the Board of Commissioners of the Housing Authority of the City of Omaha.

**Division** - A group of departments that make up the various divisions: Executive, Finance, Administration, Housing Management, and Section 8/Client Services.

**Electronic Fund Transfers (“EFT”)** - Any transfer of funds between accounts by electronic means rather than conventional paper-based methods.

**Encumbrance** - The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

**Enterprise Fund** - A fund established to account for operations that are financial and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Expenditure/Expense** - This term refers to the outflow of funds paid for an asset obtained or goods and services obtained.

**Fair Market Rent** - Amount established by HUD that sets ceiling rents charged by landlords in the Section 8 program.

**Family Self Sufficiency** - A HUD program that utilizes rental assistance and public housing funds with public and private resources to provide supportive services, allowing Omaha Housing Authority residents to achieve economic independence and self-sufficiency.

**Fiscal Year** - The time period designated by the Authority signifying the beginning and ending period for recording financial transactions. The Authority has specified January 1 to December 31 as their fiscal year.

**Fixed Assets** - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

**Float** - The mail, processing, or clearing time needed for funds processing. Float is a cost to the Authority until funds are deposited in the Authority's accounts with benefit accruing to the Authority.

**Fund** - A fiscal and accounting entity consisting of a balanced set of accounts in which cash and other assets, related liabilities, residual business, and changes therein are recorded and segregated.

**General Administrative Fund** - Used by the Authority to account for most of the Administrative Departmental Operations – also known as the Central Office Cost Center (COCC).

**General Costs** - Includes insurance, employee benefits, payments in lieu of taxes, collection losses and equipment replacement charges.

**Goal** - A statement of broad direction, purpose or intent.

**Grant** - A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

**Housing Choice Voucher** - Combines and replaces the Section 8 Certificate Program and the Section 8 Voucher Program.

**HUD** - The Department of Housing and Urban Development.

**Internal Controls** - A system of accounting procedures that establishes a method for initiating, recording and summarizing business transactions and provides for separation of duties and accountability for assets.

**Investment Policy** - A policy approved by the Board of Commissioners that states the investment goals and objectives of the Authority and provides for maximizing interest income while maintaining the liquidity and safety of assets.

**Invoice** - A request for payment from a vendor documenting specific services, materials or supplies furnished.

**Low Income Housing Tax Credits (“LIHTC”)** - The LIHTC Program is an indirect Federal subsidy used to finance the development of affordable rental housing for low-income households

**Low Rent Housing Program** - This program is the conventional public housing program whereby the Federal Government provides the funds to acquire or build housing for low-income people. The Authority owns and operates the units.



**Liquidity** - The ability of an asset to be converted quickly to cash without a material loss of value. Within an organization, liquidity relies on access to cash or the ability to meet anticipated and unanticipated expenses without loss of underlying value.

**Management Fees** - A fee paid to the General Administration Fund for managing properties based agreements or HUD regulations.

**Net Revenues/ (Expenditures)** - The excess/ (deficiency) of revenues over the total of expenses.

**Non-HUD Funds** - Funds that are not received from HUD, but are generated through the Omaha Housing Authority.

**Non-Routine** - Maintenance expenses for repairs and services, which are not performed on a regular basis such as roof repair, tree removal and other unusual items. This category has the same character as 'extraordinary' maintenance.

**NSF Check** - A bank check returned for insufficient funds in the maker's account.

**Objective** - Something to be accomplished in specific, well defined and measurable terms and is achievable in a specific timeframe.

**Operating Budget** - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and other routine and non-routine expenditures.

**Operating Expenses** - Fund expenses which are directly related to the fund's primary service activities.

**Operating Income** - The excess of operating revenues over operating expenses.

**Operating Revenue** - Fund revenues which are directly related to the fund's primary service activities. They consist primarily of user charges for services.

**Operating Subsidy** - Payments made by the federal government to a Local Housing Authority to compensate for the tenant's limited contribution.

**Operating Transfer** - The transfer of investments between Funds or Projects based on an approved allocation plan to cover overall expenses.

**Outstanding Checks** - Checks that have been written and recorded in the Authority's cash account, but have not yet cleared the bank account.

**Personal Charges, when referring to travel and purchasing card**, are those Charges that are not legitimate business charges.

**Petty Cash** - Funds maintained by individual departments in cash form for the purpose of obtaining miscellaneous items or paying for minor unanticipated operating expenses. Bank accounts established for transactions are not petty cash funds

**Position** - The aggregate of duties and responsibilities performed by one person. A position may be unlimited, limited or on call, and may be occupied or vacant.

**Positive Pay** - A deterrent to check fraud by which banks compare a company's record of checks issued with checks presented for payment. Check must be on outstanding list to clear bank.

**Project** - A publicly supported and administered housing development

**Program Budget** - A budget that focuses upon the various HUD programs rather than upon the organizational budget units or object classes of expenditure.

**Reimbursable Expense** - An expense that is to be repaid such as an employee, vendor or client.

**Replacement Reserve** - The amount placed into a restricted account and used to pay for the cost of extraordinary or major maintenance projects.

**Revenue** - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

**Revenue Bonds** - Bonds usually sold for constructing a project that will produce revenue for the government. That revenue is pledged to pay the principal and interest of the bond.

**Reserve** - An account used to indicate that a portion of a fund's assets are restricted for a specific purpose and is, therefore, not available for general appropriation.

**Risk Management** - An organized attempt to protect a government's assets against accidental loss in the most economical method.

**Section 8 Program** - A housing program which the Authority administers. The qualified low-income person/family rents a unit from a private landlord. The Authority subsidizes the rent based on a Fair Market Rent established by HUD. The client is obligated to pay rent to the landlord based on the client's income.

**Source of Revenue** - Revenues are classified according to their source or point of origin.

**Special Revenue Funds** - A type of fund that accounts for proceeds of specific revenue sources (other than sources for major capital projects) that is legally restricted to expenditures for specified purposes.

**Stale Date** - References the time period (180 days) after which a check is no longer valid.

**Stop Payment Request Form** - Form that is completed when requesting a stop payment or void.

**Strategy** - A systematic plan of action put in place to meet goals.

**Support Maintenance** - An Internal Service Fund whose revenues are derived from user charges for services provided to other funds for pest control, locksmith services, small engine repair and equipment operators.

**Tenant Accounts Receivable** - Amounts owed to the Authority by residents of the Authority for rents, sales and service, damages, or other miscellaneous charges.

**Uncollectible Tenant Accounts Receivable** - Delinquent accounts receivable of tenants who have been moved out of the Authority for more than sixty (60) days.

**Vendor** - Any entity to which the Authority makes payment for goods or services

**Write-off of Tenant Accounts Receivable** - Accounting function to reduce the tenant accounts receivable on the balance sheet to an amount which can realistically expect to be collected. This function does not affect an individual tenant liability or the Authority's collection rights.