



# CDBG Grant Manual

## Policies & Procedures





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## **Introduction**

The City of Frisco has been a recipient of Community Development Block Grant (CDBG) since 1995. The City of Frisco uses these funds to enhance the community and improve the quality of life for all Frisco residents, based on the goals adopted in the City's Five Year Consolidated Plan, as approved by the U.S. Department of Housing and Urban Development. Many non-profit agencies serving hundreds of families within the City of Frisco have received assistance using CDBG funds.

## **Purpose**

The purpose of this manual is to provide management support to CDBG subrecipients, while ensuring that all subrecipients adhere to federal and City of Frisco grant rules. It is designed to help subrecipient agencies understand the requirements that apply to the use of federal funds for the delivery of CDBG programs and activities. It is a supplement to applicable regulations, standards, and policies. The basic program regulations governing management and financial systems for the CDBG programs are contained in the Code of Federal Regulations Title 24 (24 CFR) and Title 2 (2 CFR).

## **CDBG Program**

In 1974, the U.S Congress established the Community Development Block Grant Program through the enactment of the Federal Housing and Community Development Act. The program was created to enhance and maintain viable urban communities. The program gives communities an avenue to address a wide range of issues. Activities undertaken must accomplish at least one of three goals for low-to moderate income individuals; (1) Provide decent housing, (2) Provide suitable living environments, and/or (3) Expand economic opportunities.

### **CDBG Eligible Activities:**

- Acquisition of real property for an eligible use.
- Acquisition, construction, and rehabilitation of public facilities. Demolition and clearance of deteriorated buildings.
- Community services for low-to-moderate income households.
- Removal of barriers that restrict the mobility of disabled persons.
- Rehabilitation of housing for low-to-moderate income households.

### **City of Frisco CDBG Ineligible Activities:**

- Site improvement activities carried out to support new housing construction. These costs will not be reimbursed.

## **Financial Management**

2 CFR Part 200 states the financial management and reporting systems for CDBG grant recipients. These requirements have been established to make sure that subrecipients have a financial management system that: (1) Provides effective control over the accountability for all funds, property, and other assets, (2) Ensures "reasonableness, allowability, and allocability" of costs and verifies that expenses have not violated any federal restrictions or prohibitions, (3) Permit the accurate, complete, and timely disclosure of financial results in accordance with reporting requirements of the grantee (City of Frisco) or HUD, and (4) Minimize the time elapsed between transfer of funds from the U.S. Treasury and disbursement to the subrecipient.

## **Internal Controls**

Internal controls include a combination of procedures, specified job responsibilities, qualified personnel, and records that together create accountability in an organization's financial system and safeguard its cash, property, and other assets. Such controls ensure that: (1) Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies; (2) Resources are protected against waste, mismanagement, or loss, and (3) Reliable information on source, amount, and use of resources are updated and recorded.

Additionally, internal controls will ensure that no one individual has authority of an entire financial transaction. Specifically, an organization must have a separation of power for the following three responsibilities: (1) Authorization to execute a transaction, (2) Recording of the transaction, and (3) Custody of assets involved in the transaction. This type of separation of responsibilities will create a system of checks and balances for grant and general organization expenditures. Finally, it is important that your organization periodically reconcile your financial records to actual assets and liabilities which will safeguard resources as well as detect instances of fraud or misuse.

## **Accounting**

Subrecipients must have accounting records that adequately identify the sources and application of CDBG funds. Simply stated, your organization should have (1) a chart of accounts which includes general assets, liabilities, expenses, and revenue, (2) a cash receipts and disbursements journal, (3) a payroll journal, and (3) a general ledger.

For CDBG funds, records must contain reliable and up-to-date information. The information should at least include:

1. Federal grants received by the agency.
2. Current authorizations and obligations of CDBG funds.
3. Unobligated balances (funds remaining available for distribution).

4. Assets and liabilities.
5. Program Income (if any).
6. Actual outlays or expenditures, with a breakdown of (1) the grant program the funds were derived from and (2) "eligible activity" which clearly indicate use of program funds are for eligible activities.

## **Allowable Costs**

All costs incurred as a part of CDBG financed activities must adhere to the following:

1. The expenditure must be necessary, reasonable, and directly related to the grant.
2. Authorized by The City of Frisco via the budget that was approved in the contractual agreement between the City and your organization.
3. Expenditure cannot be prohibited under 2 CFR Parts 225 and 230, as applicable to your organization.

## **Financial Reporting**

Financial reporting prepared by the subrecipient must be accurate, timely, current and represent complete disclosure of the financial activity and status of CDBG grants. A subrecipient must have the capacity to provide at least the following:

1. Amount budgeted.
2. Reimbursements received to date.
3. Program income and other miscellaneous receipts in the current period and year to-date.
4. Actual expenditures/disbursements in the current period and cumulatively to-date, for both program income and regular CDBG grant funds.

## **Governing Federal Regulations**

The below regulations are applicable to both The City of Frisco and all subrecipients:

- a. 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards relating to conflict of interest, pre- and post-federal award requirements, financial and program management standards, disposition of property, procurement standards, performance and financial monitoring and reporting, subrecipient monitoring and management, record retention and access, remedies for non-compliance, cost principles, and audit requirements.
- b. SubPart J (24 CFR 570.500 - 570.513) covers general responsibilities of CDBG grant administration, including administrative requirements, provisions of subrecipient agreements, program income, use of real property, record-keeping and reporting, and closeout procedures.

The federal government has set standards and procedures for procurement that are intended to ensure that supplies, equipment, construction, and other services acquired in whole or part with federal funds are (1) obtained as efficiently and economically as possible and (2) procured in a manner that provides, to the maximum extent practical, open and free competition.

All solicitations must clearly explain all the requirements that the bidder must fulfill in order for your agency to evaluate the bid. A description of the material, product or service must be clear and accurate. Furthermore, the solicitation must not contain features which unduly restrict competition.

- Examples of restricting competition include but are not limited to:
- Placing unreasonable qualifying requirements on firms.
- Requiring unnecessary experience and excessive bonding.
- Specifying only "brand name" products instead of allowing "an equal" product.
- Noncompetitive pricing practices between firms and affiliated companies.
- Noncompetitive awards to consultants on retainer contracts.

All awards must be made to the bidder whose bid is responsive to the solicitation and most advantageous to the subrecipient. All bids may be rejected when it is in the interest of the agency to do so. The agency must ensure that the award is only made to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement.

## **Debarred Contractors**

HUD maintains a list on their web site of contractors who have been barred from competing for HUD contracts. Before awarding a bid, the agency must check the federal System for Award Management (SAM) web site (<http://www.sam.gov/>) to verify that a contractor is not on the de-barred list.

Subrecipients seeking to procure goods and services, including professional services, in an amount of \$3,000 or greater must check SAM prior to awarding a contract to expend federal dollars.

For any contractor on the excluded parties list, the use of CDBG is prohibited. Print the SAM web page that states that no record was found regarding your contractor and place it in your files.

## **General Purchasing**

Purchases may be made with the use of CDBG funds. The purchase must be (1) required for the success of the program which you have been funded and (2) an allowable cost as determined within the contractual agreement between The City of Frisco and your agency. All purchases must be accompanied by proper source documentation; (1) an



invoice, and/or sales receipt and copies of checks or charge slips to verify that your agency paid for the items at hand.

It is imperative that agencies keep a log of purchases charged to the grant. Below are specific purchase cost requirements.

### **Purchases \$2,999.99 or less**

- The individual buyer/department/division representative may source these items directly.
- Multiple quotes are recommended, but not required for this threshold. One written quote is required.
- This may be accomplished through the use of a submitted requisition and issuance of a purchase order or use of a Departmental Purchase Order for immediate ordering, followed by a requisition converted to a PO.

### **Purchases \$3,000 to \$49,999.99**

- Requires three quotes obtained by user department via written quote (preferred method), printed proof of pricing, or email.
- Requires a documented attempt to contact two (2) Historically Underutilized Businesses (HUBs) on a rotating basis as a portion of the three written quotations as outlined in the Texas Local Government Code Chapter 252.0215. <https://www.comptroller.texas.gov/purchasing/vendor/cmbbl/>. If the list fails to identify a HUB in Collin or Denton counties, the City of Frisco is exempt from Section 252.0215.
- This may be accomplished through the use of a submitted requisition with the corresponding backup, and issuance of a purchase order. A purchase order is required prior to authorizing performance of work or delivery of service.

### **Purchases \$50,000+**

- Purchases in amounts of \$50,000 or greater are generally subject to requirements of the competitive bid process unless specifically exempted by State Law. Exceptions to the \$50,000 Bid Threshold:
- Professional (uses a skill that is predominantly mental or intellectual, rather than physical or manual), personal (labor performed by the person himself or herself) or planning services
  - Sole source procurements
  - Other exemptions as outlined in the Texas Local Government Code Chapter 252

All purchases \$50,000 and greater require City Council approval.

Section 252.062 of the Texas Local Government Code discusses criminal penalties for not following the above guidelines.

## **Land and Building Purchases**

If your grant is to purchase land or an existing building, there are certain notifications which must be made prior to making an offer. When property is purchased using federal funds, certain actions are required by Federal law to ensure that the seller is treated fairly. Proof that these actions were taken will be required before The City of Frisco can fund the activity.

### **Vacant Property or Building:**

An agency may purchase property if, before the seller enters into the contract of sale, the agency informs the seller in writing of the following:

1. That the agency does not have the power of eminent domain and therefore will not acquire the property if negotiations fail to result in an amicable agreement; and
2. Of the agency's estimate of the fair market value of the property. An appraisal is not required; however, agency files must include an explanation, with reasonable written evidence, of the basis for the estimate. Whenever feasible, this information shall be provided before making the purchase offer. In those cases where there is an existing option or contract, the seller must be provided the opportunity to withdraw from the agreement after this information is provided.

Additionally, receipt of the letter must be documented. A return receipt from the post office will suffice.

An example "Notice to Real Property Owner" can be provided by City staff.

### **Non-Vacant Property or Buildings:**

If the land or building is not vacant, or owner occupied, there are additional requirements which must be met at the time the owner is first approached about selling the property. You must contact the Community Development Division as early as possible to avoid time delays, additional expenses, and the possible loss of federal funds for your project.

## **Contracting**

- Federal regulations make it very clear that a subrecipient should make every effort to use local business firms and contract with small, minority-owned, and/or women-owned businesses in the procurement process.
- A subrecipient must take affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus firms. Steps should include:
  - Incorporating such businesses in solicitation lists whenever they are potential sources.
  - Ensuring that such businesses are solicited when identified as potential sources.

- Dividing procurement requirements, when economically feasible, to permit maximum participation of such businesses.
- Requiring prime contractors, when subcontracts are let, to take affirmative steps to select such businesses.
- To find a list of local historically underutilized businesses (HUB) visit the State of Texas website at:  
<https://mycpa.cpa.state.tx.us/tpasscmbsearch/index.jsp>

In conformance with Section 3 of the Housing and Community Development Act of 1968, to the greatest extent feasible, subrecipients must award contracts for work to be performed to eligible business owners located in or owned by residents of the target area. This helps ensure that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low-income persons. Subrecipients should note, however, that the desire to award contracts to local firms is not a legitimate excuse for avoiding an open and competitive bid process.

## **Insurance and Indemnification**

Each agency must procure and maintain insurance for the duration of the contractual agreement between the City of the Frisco and the agency. Insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed by the subrecipient, its agents, representatives, employees, volunteers, officers, director, or subcontractors. Each agency must provide adequate proof of insurance prior to signature of the contract for funding.

**ALL INSURANCE REQUIREMENTS ARE STATED IN DETAIL AS AN ATTACHMENT TO THE AGENCY CONTRACT.**

## **Property Management**

When CDBG funds are used to acquire real property (e.g., land, buildings) or personal property (e.g., equipment, supplies, intangible property), federal regulations make the subrecipient responsible for ensuring that (1) the property continues to be used for its intended (and approved) purpose, (2) that the subrecipient keeps track of and takes care of the property, and (3) that if the subrecipient sells the property, the subrecipient reimburses The City of Frisco for the share of the property's value according to the contractual obligation.

### **Requirement:**

For all equipment (e.g., computers, furniture, hardware)

1. Property records must be maintained that include a description of the equipment with fair market value exceeding \$5,000. This includes a serial number or other identification number, the source of the equipment, who holds title, the acquisition

date, the cost, the percentage of federal participation in the cost of the equipment, the date of disposal, and the sale price when the agency disposes of it.

2. A physical inventory of the equipment must be taken, and the results reconciled with the property records at least every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the property or equipment is sold, proper sales procedures must be established to ensure the highest possible return. Items with a current per-unit fair market value of less than \$5,000 may be retained, sold, or disposed of with no further obligation to The City of Frisco. Items with a current fair market value exceeding \$5,000 may be retained or sold, and The City of Frisco shall have a right to receive a pro-rata share of the proceeds based on the share of the purchase price which was paid from grant funds.

Real property sales require reimbursement to the City if the affordability and/or national objective compliance period is not met. Each CDBG construction contract provides more specific details regarding repayment of obligations.

## **Construction**

The Davis-Bacon Act states that contracts in excess of \$2,000 for construction, alterations, and/or repairs including painting and decorating that employ laborers and/or mechanics adhere to the federal fair labor and wage requirements as established by the act. The Davis-Bacon law applies to the entire project no matter how small the CDBG contribution to it. The U.S. Department of Housing and Urban Development has a guidebook entitled, "Making Davis-Bacon Work: A Contractor's Guide to Prevailing Wage Requirements for Federally-Assisted Construction Projects" that further assists those subrecipients involved in construction projects.

CDBG residential rehabilitation projects on structures with 8 or less units are exempt from Davis-Bacon requirements.

The guide can be accessed at <https://www.hudexchange.info/resource/2541/making-davis-baconwork-contractors-guide-prevailing-wage-requirements/>.

## **Exception to Davis-Bacon:**

Davis-Bacon does not apply if the grant is used solely for soft costs or non-construction work costs. Examples of grant uses that do not trigger Davis-Bacon requirements are real property acquisition, purchase of equipment, architectural and engineering fees, and other services (e.g., legal, accounting, consulting).

**Pre-Bid:**

Before a subrecipient puts a project out for bid, the Community Development Division must be contacted to learn exactly what will be required to comply with Davis-Bacon. A Wage Determination Sheet for your project must be attached to your bid package. Bidders might need to increase their bids to account for the additional paperwork and the probable higher wages. Community Development Division staff can assist you with this process.

**Pre-Construction:**

Prior to starting construction, the subrecipient and the contractor should schedule a meeting with Community Development Division staff to go over the Davis-Bacon requirements that must be met. In past years, agencies have had to pay monetary penalties because the contractor failed to follow the overtime rules or pay the required wages. In all such cases, construction was begun without the knowledge of Community Development Division staff, and the contractor was not properly briefed.

If your grant is for \$200,000 or more, your project will fall under Section 3 Requirements of the Housing and Urban Development Act of 1968, as stated in the “Contracting” section on page 10 of this manual.

**Construction Requirements:**

The subrecipient must: 1) ensure that the contractor maintains special federal time sheets, and 2) conduct written employee interviews to determine whether they are actually receiving the wages the contractor reports that he is paying.

The City of Frisco will not reimburse expenses without receiving and approving the weekly time sheets and employee interview forms.

**Rent and Utility Assistance**

In accordance with 24 CFR 570.207 (B) 4, emergency payments, in the form of rent and utility assistance made over a period of no more than 3 consecutive months can be made on behalf of an individual or family. It is the City's policy that those three months are within the City of Frisco's CDBG program year. Assistance is limited to 1 time per crisis. For example, a client who is assisted with rent on September 15 cannot be assisted with October's rent, as October 1 begins a new program year. The emergency payments period begins when the payment is made, not when the individual's or family's arrearage began. The start of the period of three consecutive months is related to when payments are made from the grant, not the date of arrearages. If an individual or family is in arrears, a grantee may cover some or all the amount in arrears (up to 3 months) within the first month of assistance. Then may assist with two additional consecutive months of



assistance to reach the three-month maximum. Late fees cannot be more than 12% of the monthly rent. In addition, the client receiving assistance may not rent from a relative as this would not be an "arms-length transaction."

Assistance received from this program cannot overlap with assistance from any other source. However, assistance can be supported with assistance from another source (i.e. costs split between two funding sources). It is the City's desire that agencies avoid repeat payments to individuals and work with other agencies to reduce and/or detect fraud.

The subrecipient should also refer to both Income Limits and Fair Market Rate documentation system for max rent paid. See Appendix C.

### **Required Source Documentation Needed for Income Determination:**

1. Copies of all household income sources used in determining gross annual income (pay stubs, tax returns, Social Security award letter, etc....).

### **Required Source Documentation Needed for Payment**

1. A copy of lease,
2. A copy of the rent statements for the months being paid, ledger
3. A copy of utility bill statements for the months being paid,
4. Copy of a cut-off notice, the notice to vacate and/or eviction notice, and
5. Documentation in the case notes stating the crisis situation.
6. A homeless affidavit is preferred if applicable, but not required.

### **Client Lease/mortgage:**

Clients must have a utility bill, lease agreement, and/or mortgage statement with their name listed. The respective amount that your agency is paying in utility, rental/mortgage assistance should correspond directly to the amounts represented on the utility bill, lease agreement and/or mortgage statement with the addition of late fees, if applicable.

### **Staff Requirements:**

- All payments must be made directly to the landlord, mortgage company, or utility service provider. No payment shall be made directly to the applicant.
- Residency must be confirmed with the property management company or landlord.
- If the client rents a home from an individual, then the property owner's name with whom residence is verified must also be verified on the Central Appraisal District (CAD) website and placed in the file.
- See appendix for residency verification

## **Record Keeping and Reporting**

Maintenance of adequate documentation for CDBG funded activities is critical to the effectiveness and overall performance of a program. Adequate documentation includes knowing: (1) What information needs to be collected and why, (2) When that information should be collected (and how often), (3) How the information should be acquired, organized, and stored, (4) How the information should be reported, and (5) The required retention period for records.

The City of Frisco and HUD representatives have a right to access any pertinent subrecipient records to make audits, examinations, excerpts, and transcripts.

**ALL SUBRECIPIENTS MUST RETAIN CDBG PROJECT RECORDS FOR FIVE (5) YEARS AFTER CONTRACT TERMINATION.**

## **Income Eligibility Guidelines**

All persons assisted with CDBG funds must be low-to-moderate income unless clients have "Presumed Benefit" status. In order to document eligibility, an eligibility form must be completed by each client. If the client is under the age of 18, the form should be completed by the client's parent or legal guardian. If you have special circumstances that would make documentation impractical for you, please discuss the situation with us. Income level of presumed benefit clients should be reported according to the levels specified in Appendix B.

### **CDBG-Funded Programs**

#### **"Presumed Benefit" Clients:**

The agency CDBG contract with The City of Frisco will state if the target clientele of an activity is presumed benefit. Clients who are abused children, battered spouses, elderly persons (definition below), severely disabled persons (see below definition), homeless persons, persons with AIDS, illiterate persons, or migrant farm workers are presumed by HUD to be low-income. Those with this designation, do not need to collect income documentation, however documentation of the applicable presumed benefit classification needs to be maintained in the client file. If your contract does not define your clientele as presumed benefit, you may not use this income designation.

#### **Definitions:**

Elderly - Persons age 62 or older

Severely Disabled Adult - Under this definition, persons are classified as having a severe disability if they: (a) used a wheelchair or had used another special aid for 6 months or longer; (b) were unable to perform one or more functional activities or needed assistance with an Activity of Daily Living or Instrumental Activity of Daily Living; (c) were prevented from working at a job or doing housework; or (d) had a condition including autism, cerebral

palsy, Alzheimer's disease, senility, or mental retardation. Finally, persons who are under 65 years of age and who are covered by Medicare or receive SSI are considered to have a disability (and a severe disability). Functional activities include seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs, and walking. Activities of daily living include getting around inside the house, getting in and out of bed or a chair, bathing, dressing, eating, and toileting. Instrumental Activities of Daily Living include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

### **Clients not classified as "Presumed Benefit":**

Verification of the household and/or family income must be provided prior to providing services.

#### *Public Service Activities:*

Activities deemed a public service in the agency contract with The City of Frisco are required to verify family income. A family is defined as all persons living in the same household who are related by blood, marriage, or adoption, including adult children who continue to live at home with their parent(s) and a dependent child who is living outside of the home (e.g., students living in a dormitory). An individual living in a housing unit that contains no other person(s) related to him/her is considered to be a one-person family for this purpose (e.g., a tenant renting a room). You will need to obtain some form of documentation concerning the income of all individuals living in the home. A statement that a student is eligible for the school lunch program is not sufficient, in the event that income source documentation cannot be obtained.

#### *Non-Public Service Activities:*

Activities not referred to as a public service activity in the agency contract with The City of Frisco are required to verify household income. Household income considers the income of all persons living in the house.

### **Income Documentation:**

Documentation of income must be obtained for each client prior to providing services from CDBG. Income must be projected forward for the next 12 months to determine annual income. Obtaining recent pay stubs is an acceptable means to do this. Using the pay stubs, you can then project income forward for 12 months to determine annual income for purposes of the grant. Every effort should be made to obtain as many consecutive, recent pay stubs as possible (up to six). In addition to pay stubs, documentation for all other income sources must be obtained, such as award letters, child support records, unemployment payment history, etc. If clients were paid in cash, and no other documentation can be produced, the client must sign a form, under penalty of perjury, stating their income. The client should be made to understand that they are certifying the truth of the information in the entire document.

Income includes gross wages (not net pay), social security payments before deductions, pensions, disability, alimony, child support, TANF, unemployment and regular financial gifts but NOT food stamps (SNAP) or lump sum payments such as insurance settlements. For a full list of income sources to be included or excluded, please review the definition of annual income located at Appendix B.

The income limits which your clients must meet can be found in Appendix C on page 31.

The CDBG income verification online calculator is an optional tool that agencies may use to assist in calculation household income:  
<https://www.hudexchange.info/incomecalculator/>

CDBG Eligibility Certification Forms are included as appendices to this manual. Please make certain that none of the information requested on the forms is altered or deleted. Income must be verified at least every 12 months for CDBG.

## **General File Management**

The federal government requires that all subrecipients keep records for all CDBG beneficiaries. If the expenditures incurred with federal funds are not adequately documented, the subrecipient will be required to refund to The City of Frisco an amount of money equal to all undocumented expenditures. To help you keep good records, the following information is provided:

### **General Required File Documentation**

#### **Agency Files must contain the following:**

1. Application for funding submitted to The City of Frisco during the Consolidated Grant Process.
2. Grant agreement.
3. Correspondence with The City of Frisco.
4. Documentation of expenditures, including but not limited to request for reimbursements and on-going balances.
5. A property log for all equipment and real estate purchased with grant funds.
6. A copy of all quarterly reports.
7. Documentation of net proceeds from each property (applicable to only housing developers).
8. Records demonstrating that each activity undertaken meets the National Objective of the CDBG program of benefiting low/moderate income persons; and
9. Current audit.

**Beneficiary Files must contain the following:**

1. File for each person or family receiving assistance.
2. Documentation of eligibility.
  - a. CDBG Eligibility Certification Form, or
  - b. Complete documentation of assistance provided; and
  - c. Full description of activity undertaken.
3. Documentation of income or presumed benefit eligibility.
4. Documentation of City of Frisco residency.
5. Demographic information-Only individuals that are provided eligible services may be included in demographics.
6. Number in household

**Construction Specific**

For construction projects, your files should contain the following additional information:

1. Project budget
2. Work specifications
3. Bid documents including documentation of contractor solicitation and selection and Sam.gov
4. HUD wage determination
5. Weekly HUD payroll sheets
6. Payroll deduction authorizations
7. Employee Field Interviews
8. Progress and final inspections including documentation of the subrecipient's periodic onsite inspections and final inspection
9. Approved change orders
10. All correspondence related to construction; and
11. Records of disbursements made for completed and approved work. This documentation should ensure that data in the project file agrees with financial records.

**Land and Building**

As evident in this manual, Land and Building Purchases require extensive documentation.

The following records which must be kept:

1. Identification of property and property owner(s)
2. A copy of the environmental clearance completed by City staff
3. Evidence that owner was informed on a timely basis about the acquisition and his/her rights, including a copy of letter and acknowledgment of receipt, notice to seller
4. Proof the property is not occupied by a tenant at the time of purchase



5. Copy of each appraisal report or the explanation of the basis for your estimate of fair market value
6. Copy of the written purchase offer and the date of delivery to the owner
  - a. Copy of the purchase contract and document conveying the property including but not limited to: Evidence of liens to secure loans
7. Copy of closing statement identifying incidental expenses; evidence that owner received net proceeds due from sale including but not limited to:
  - a. Evidence of any owner contribution or private loan match
  - b. Underwriting costs; and
8. Copy of any appeal or complaint filed and agency response.

### **Rent and Utility Files**

Required Documentation: (when applicable)

1. Copy of utility bill paid highlighting the specific months being paid
2. Copy of eviction/ notice to vacate
3. Copy of a Lease agreement; and
4. Documentation of the months which the individual is behind in rent (ledger)
5. Documentation that payment was made to either the landlord or the utility company in the form of the following
  - a. Receipt from payment made
  - b. Copy of payment check.

### **Reporting**

HUD requires the City to report quarterly and annually regarding the use of HUD funds. Therefore, all subrecipients are required to submit information quarterly and annually stating progress towards the use of CDBG funds.

### **Quarterly Reports**

Subrecipients must submit Quarterly Reports for each contract funded through the city's Consolidated Grant Process and affirm that all the information that has been submitted, through Neighborly Software, is true and accurate in accordance with federal requirements.

For example, if CDBG funds are used to repair your building, provide counseling services, and provide rent and utility assistance, the agency will need to submit three separate reports; one for each program funded based on the consolidated grant application submitted. In addition, if you receive funding from another City of Frisco funding source, such as the Social Service Grant, a Quarterly Report is required for each grant received. All clients should be included in the report for the building repairs, because all of them will benefit. Then, each client who receives counseling would be included in the forms for

counseling services, and each client receiving rental assistance would be included on those forms..

### **Single Audit**

In accordance with 2 CFR Part 200, all agencies expending \$750,000 or more in federal funds must have an audit conducted at least nine (9) months after the close of the agency fiscal year. The U.S. Department of Housing and Urban Development requires The City of Frisco to obtain the audit at or before the nine-month period ends. All agencies that fall within this category should submit their audits to the Community Development Division within the aforementioned time period.

### **Request for Reimbursement**

The City of Frisco will reimburse funds based upon invoices and information submitted through Neighborly by the subrecipient. Any eligible expenditures occurring after the effective date of the contractual agreement between The City of Frisco and the subrecipient are eligible for reimbursement. Expenditures must be consistent with the approved budget as stated in the contractual agreement between The City of Frisco and the subrecipient. Only eligible expenses will be reimbursed. Payments will be adjusted by the City in accordance with program income balances available in subrecipient accounts, if applicable.

Subrecipients should follow City of Frisco reimbursement procedures (see below) to ensure timely expenditure reimbursements. All requests for final reimbursements must be submitted through Neighborly within 5 days after the last date of the contract.

### **Reimbursement Procedures**

To request reimbursement, the following information must be submitted through Neighborly for the time period covered:

1. Exhibit D Financial Report (See Appendix D)
2. Exhibit C Demographic Report (See Appendix D)
3. Client List. Your client list must include the following: name, female HOH, race, ethnicity, address, county total in household, total household income, income % and date seen (See Appendix D)
4. Documents
  - a. Invoices for all expenditures to be reimbursed
  - b. Payment receipts, copies of checks, and/or all documentation proving that payment has been made prior to requesting reimbursement; and
  - c. For salary reimbursement, time sheets must include total time worked and a breakdown of funding sources covering the salary and benefits associated. Timesheets should be signed by the employee and supervisor.

All reimbursements will be made within thirty (30) days of receipt of the request if proper documentation has been submitted. Please be advised that The City of Frisco will not provide reimbursements if quarterly reports have not been submitted within the time limits stated in the contractual agreement between The City of Frisco and the subrecipient.

**ALL REQUESTS FOR FINAL REIMBURSEMENT MUST BE SUBMITTED TO THE CITY WITHIN 5 DAYS AFTER THE LAST DATE OF THE CONTRACT.**

### **Contract Signing**

The Community Development Division staff facilitates a contract signing and training session that is mandatory for all awarded agencies. If the agency signatory is not available for training, someone from the agency can attend in the signatory's place. If there is an unavoidable conflict with the training meeting time, the signatory must schedule a one-hour meeting with the Community Development staff liaison and the Housing and Community Development Manager to go over all details addressed in the mandatory training.

A representative possessing signature authority from the Subrecipient's board or governing body must sign the contract and submit all required Exhibits by no later than September 30<sup>th</sup>. If City of Frisco Community Development staff has not received a signed contract and its required Exhibits by the said date, the contract shall be null and void.

### **Contract Modifications**

If, during the term of this Agreement, Agency wishes to utilize funds for purposes other than stated above, such change will be allowed only if the proposed change is not in violation of Community Development Block Grant regulations. Such change may be allowed only after approval by Agency's Board, as evidenced by the official minutes of the board authorizing the change, and by the Social Service and Housing Board, and by the City Manager or his designee. No expenditure of funds in conformance with the proposed change is permitted until written approval is executed by the City Manager or his designee. The City of Frisco may, in its discretion, amend contracts to conform with Federal, State, or local guidelines, policies, and available funding amounts, or for other reasons. If such amendments result in a change in the funding or the scope of services, such modifications will be incorporated only by written amendment and will not become effective until signed by both, The City of Frisco and the subrecipient.

Any request for transfer of funds among the contract budget categories submitted by the subrecipient will require written approval from The City of Frisco before the transfer can be effective. The subrecipient may make transfer of CDBG funds between or among budget categories as listed in the Budget attached to the contract, without requiring a formal amendment to the contract provided:

1. The cumulative dollar amount of all transfers among budget categories is equal to or less than ten percent (10%) of the total amount of the budget;
2. The transfer will not change the scope of the project funded under this contract; and
3. The subrecipient submits to City of Frisco, a written statement specifying reason for transfer request, amount of funds to be transferred and identification of effected budget categories and receives an approval from the Housing and Community Development Manager.

All other transfer of funds will require a formal amendment.

**A request to increase a contract or previously approved activity by 25% or more requires a Substantial Amendment to the City's Action Plan.** A Substantial Amendment is required even if the proposed amendment will be funded from multiple Action Plan years. For example, if a 2018 activity budget equals \$100,000 and the agency would like to add \$9,000 in 2019 funds to the same activity, then a Substantial Amendment is not required. However, if the agency proposes to increase the 2018 activity budget by \$25,000 using 2019 funds, then a Substantial Amendment is required. Multiple amendments less than the 25% threshold cannot be made to subvert this requirement.

When a Substantial Amendment is proposed, it must be made available for public comment for 30 days by publication in the Frisco Star Courier. The proposed Substantial Amendment must then be reviewed and approved by City Council at a public hearing to be effective.

The Substantial Amendment process is required by HUD, defined by the City's Citizen Participation Plan, and cannot be waived for any reason.

## **Monitoring**

HUD requires monitoring of subrecipient agencies on an annual basis. Monitoring is an ongoing process of reviewing performance using agency data to make judgments about agency performance, and to assist in improving that performance.

The contract compliance monitoring performed by Community Development Division staff is different from an annual audit. Monitoring is not an audit of the agency, but rather is focused on the "program" that is CDBG funded.

To meet HUD requirements, the City may conduct an on-site monitoring visit, or in certain instances, the City may conduct "desk-top" monitoring, whereby the agency is not visited, and the grant is monitored remotely through review of files requested by the City electronically and provided by the agency or information already in City files.

**Program Monitoring Goals:**

1. To review subrecipient agencies to determine if services are delivered in accordance with contract requirements as to type of services and number of units of service.
2. To review records of subrecipient agencies to determine if systems are in place to properly document the provision of services, client eligibility, and compliance with any other contract requirements.

**Fiscal Monitoring Goals:**

1. To review subrecipient agencies to determine if expenditures of allocated funds are made in accordance with contract requirements.
2. To review records of subrecipient agencies to determine if systems are in place to properly document financial transactions, the use of allocated funds, use of program income and any other contract requirements.

Program and fiscal monitoring may or may not be scheduled concurrently. In some cases, it may be necessary to perform a follow up monitoring visit.

**Program Monitoring Process**

Community Development Division staff will contact the subrecipient to arrange for a monitoring visit. The agency will be informed of records to be reviewed. These records should be ready for review upon the monitor's arrival and available at the working space set up for the monitor.

**Entrance Conference**

Monitors meet with agency to answer any questions regarding the monitoring process and are introduced to appropriate staff to begin work.

1. Meet staff responsible for the intake process, preparation of reports for units of service and direct service providers.
2. Review records selected for monitoring and discuss record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records which will be reviewed by the monitor include but are not limited to:
  - a. Units of service reports sent to the City for the period under review.
  - b. Daily logs, time sheets, or other documents used to derive the number of units reported.
  - c. A list of clients served during the contract period must be provided. A sample of client records, drawn from this list, will be requested after review of the unit tallies. These client records should include eligibility documentation and services provided.



## Review of Records

1. Subrecipients are required to submit the demographics and units of service on a quarterly basis. The monitor will check the agency records against City records regarding these reports to determine the following:
  - a. If amounts in agency records reported for each quarter match amounts noted in City records
  - b. If reports are presented in a timely manner (by the date specified in the contract)
  - c. If reports are completed in a satisfactory manner
  - d. If the quantity of units provided is roughly proportionate to the amount of the allocation expended; and
  - e. If the subrecipient is significantly behind in the provision of units.
2. The monitor will review documents used by the subrecipient to derive the number of units reported. This includes but is not limited to:
  - a. Determine the method used to distinguish CDBG clients from clients not billed to the CDBG contract. Determine if this method is usable and satisfactory.
  - b. Determine whether the number of units reported in sample months matches the number in the backup documents.
  - c. Determine if units are in keeping with the contract definition.
  - d. If units are differentiated between types, determine that only units of the types listed in the contract are billed for CDBG clients.
  - e. Develop a list of client files to be reviewed from the sample months, listing client number, client name, date of service, number of units served and type of service.
  - f. Present list to staff and allow a reasonable length of time for client files to be pulled for review.
3. The monitor will review client files for:
  - a. Documentation of eligibility which is dated within twelve months of the sample service date:
    - i. Documentation of residence within the city limits.
    - ii. Documentation of income equal to or lower than 80% of the median income for the Dallas metro area.
4. Documentation of the provision of services which meet the terms of the contract.
5. Determine if date of service and type of service provided which was taken from the tally log is also recorded in the client file and appears to be reasonable:
  - i. Review complete file for each client determining whether services being provided are in accordance with the contract, whether client is in contracts, target population (such as client who is documented as homeless being visited at home); and

- ii. Where applicable, determine if client notes are dated, reflect the units provided, are signed by the caseworker, complete and informative as to the client's progress.
6. Determine if files are complete and maintained in an orderly fashion.
7. Obtain blank copies of intake and other pertinent documents used by agency.

## **Exit Conference**

The monitor will meet with the agency director to discuss results of monitoring. The director may invite staff and/or board members as he/she deems appropriate.

1. Discuss findings, if any, and methods of correcting each individual deficiency
2. Discuss concerns, if any, and methods of correcting concerns
3. Discuss any observations made regarding the agency and offer technical assistance where applicable; and
4. Answer any questions agency director or staff may have.

## **Fiscal Monitoring Process**

Community Development Division staff monitoring will contact the subrecipient to arrange for monitoring. The agency will be informed as to the initial records to be reviewed. These records should be collected and available at the working space set up for the monitor and should be in an understandable format. Alternatively, the monitor may conduct a desktop review in the CDBG office and may require the agency to submit documents to the CDBG office.

## **Entrance Conference**

Monitors may meet with or call the agency director to answer any questions regarding the monitoring process.

1. Meet staff responsible for preparing reimbursement requests, payroll, and maintaining accounting records.
2. Review records selected for monitoring and discuss record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records to be reviewed by the monitor may include, but are not limited to:
  - a. Time and attendance reports (time sheets or timecards)
  - b. Payroll register
  - c. Cash receipts journal
  - d. Check disbursement journal or check register
  - e. Bank statements, canceled checks, and/or direct deposit verification
  - f. General ledgers
  - g. Invoices and purchase orders

- h. Bank reconciliation; and/or
- i. Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions.

## **Review of Records**

### **Review of Records:**

*Salaries* - The monitor will:

1. Review time and attendance reports for time billed to CDBG and verification of reports by supervisor.
2. Check to see if there is a clear audit trail between the time and attendance reports, payroll register, general ledger accounts and federal & state reports.
3. Test computation for gross amounts, deductions, and net payments.
4. Verify canceled checks for amounts and endorsements.
5. Verify employees' time from timecards to the time reported to CDBG on reimbursement requests.
6. Verify that the salary costs requested for reimbursements are allowable under the terms of the contract.

*Property and Equipment* - The monitor will:

1. Verify invoices and payments.
2. Verify purchase of equipment is in agreement with general ledger account and financial reports.
3. Ensure that purchased equipment is allowable.
4. Verify calculation of depreciation (if applicable).
5. Make physical inspection of equipment (if applicable).

*Other Operating Expenses* - The monitor will:

1. Examine invoices and related canceled checks.
2. Review invoices for approvals and account distribution.
3. Determine if the costs are allowable.
4. Verify agency's line-item costs to amounts requested for reimbursement.
5. Verify that amounts requested for reimbursement agree with posting to general ledger accounts.
6. Select insurance invoices to verify that amounts requested for reimbursement apply only to employees who work with the CDBG funded program.

*Revenue* - The monitor will:

1. Verify amounts disbursed by City to reconcile with funds received by the agency.
2. Verify amounts and use of any program income or CHDO proceeds received.

#### *Overall Accounting Review* - The monitor will:

1. Review the process used to record the various transactions and determine if it is effective.
2. Review the actual transactions and their supporting documentation to determine eligible reimbursement expenses. In order for an expenditure to be considered eligible for reimbursement, the following requirements must be met:
  - a. The expenditure must be for the current funding period;
  - b. It must be an expenditure related to a CDBG activity; and
  - c. It must be an expenditure permitted by the contract.
3. Review the overall agency performance to determine if it is within compliance according to the contractual terms and conditions.
4. Determine if the prior year's monitoring findings have been corrected have not been repeated.

### **Exit Conference**

The monitor will call or meet with the agency director to discuss results of monitoring. The director may invite staff and/or board members as he/she deems appropriate. The following will be discussed:

1. Discuss findings, if any, and methods of correcting each individual deficiency.
2. Discuss concerns, if any, and methods of correcting concerns.
3. Discuss any observations made regarding the agency, offer technical assistance where applicable.
4. Answer any questions director or staff may have.

### **Monitoring Reports and Appeals**

Within thirty (30) days after the completion of the monitoring visit or desk-top review, a written report of the results of the monitoring visit will be forwarded to the sub-recipient. If the program and fiscal monitoring were performed concurrently, the reports for both will be combined under a single cover letter.

### **Monitoring Report**

The monitoring report contains:

1. A detailed list of areas reviewed
2. A detailed list of findings, if any
3. A recommendation accompanying each finding explaining how the deficiency can be corrected;
4. A detailed list of concerns, if any
5. A recommendation may be included on how to eliminate the concern
6. Observations, if any, made regarding the subrecipient's operation; and

7. If findings are severe, the letter accompanying the report may place a hold on further reimbursements to the sub-recipient until the findings are cleared.

### **Response to Monitoring Report**

Within thirty (30) days after receipt of the monitoring report, the subrecipient must submit a written response to the monitoring report. The response should include:

1. A response to each individual finding and concern, if applicable.
2. Copies of any documentation to back up the response to the findings (copies of corrected employee monthly time reports, etc.).

### **Response to Subrecipient Response**

Upon receipt of the subrecipient's response to the monitoring report, the program and fiscal monitors will review the response to determine if the findings have been satisfied. A written response to the subrecipient's response will be sent to the agency, to include the following:

1. Those findings which have been satisfied will be noted as closed. If all findings are closed, the sub-recipient's monitoring for the year under review is considered to be complete.
2. Findings which are not satisfied will remain open and will require further response or action on the sub-recipient's part.
3. The subrecipient will be given an adequate period to take any further action needed to correct the findings and respond in writing.
  - a. If these actions are satisfactory, the findings are noted as closed and the monitoring is complete.
  - b. If these actions are not satisfactory, further correspondence is required until all findings are closed, and the monitoring is concluded.
  - c. The close of the contract does not necessarily close the monitoring. Correspondence will continue until all findings are closed.

### **Appeals**

In the event that a subrecipient agency and the monitor cannot come to an agreement on one or more findings of the City's monitoring visit, an appeal may be made in writing to the Community Development Manager. The appeal should state clearly the finding being appealed, and the basis for the appeal.

HUD does not accept appeals of decisions by the City regarding monitoring issues.

## **Appendix A: Support Documentation**

### **Source Documentation**

All accounting records must be supported by source documentation. Supporting documentation is important to keep for all CDBG expenditures. Documentation must prove that expenditures charged to the grant are (1) Incurred during the effective period of the contractual agreement between The City of Frisco and your agency (2) Were paid out (or properly accrued), (3) Expenditures were allowable, and (4) Expenditures were approved by a responsible official in your organization.

In general, source documentation must explain the basis of the costs incurred. For example:

- With respect to staff time charged to the grant: Time sheets (signed by the employee and supervisor) explicitly stating the hours charged to the grant and attendance sheet should be available at all times for The City of Frisco to verify time charged to CDBG grants is accurate. Confirmation of payment of salary is also required in the form of canceled checks or payroll advice from bank or vendor.
- With respect to cost of space and utilities: Space costs must be supported by rental or lease agreements. Utility costs should be supported by bills from the utility company. Such information should be available at all times for The City of Frisco to verify costs charged to CDBG grants are accurate. Confirmation of payment is required.
- With respect to supplies, documentation includes purchase orders or requisition forms, vendor invoices, confirmation of payment, and information regarding where supplies are being stored and for what approved cost objective(s) they are being used.

### **General Procurement Requirements**

Federal procurement requirements are stated in 2 CFR 200. In general, standards set forth in 2 CFR 200 may be viewed as "safe harbor" for satisfying the federal requirements. They include the following:

- A subrecipient must maintain records to detail the significant history of a procurement. These records include but are not limited to: (1) Files on the rationale for selecting the methods of procurement used, (2) Selection of contract type, (3) Contractor selection/rejection process, and (4) Basis for the cost or price of a contract.
- Pre-Qualified lists of vendors/contractors, if used, must be current, developed through solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time during the solicitation.

- In an effort to eliminate unfair competitive advantage, a subrecipient should exclude contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals from competing for such procurement.
- A subrecipient must ensure that awards are not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs. The federal System for Award Management website is: <http://www.sam.gov/>.
- There must be written selection procedures for procurement transactions. Such procedures must ensure:
  - The purchase of unnecessary or duplicate items is avoided;
  - Whenever possible, use of Federal excess and surplus property or intergovernmental agreements for procurement or use of common goods and services should be considered
  - All purchases (and contracts) are signed by your authorized agency official(s);
  - Items delivered and paid for are consistent with the purchase order and/or contract for goods and services
  - Timely payment to vendors occurs once the order is delivered, inspected, accepted, and payment authorized
  - A cost analysis is performed for every procurement action, including contract modifications and documentation to that effect is maintained in your files
  - Profit or fee is negotiated separate from price where competition is lacking or whenever a cost analysis is performed; and
  - The list of provisions in 24 CFR 85.36(i) or 84.48, as applicable must be included in any contract.
- Subrecipients may not use "cost plus a percentage of cost" pricing for contracts. Additionally, subrecipients should use "time and material" type contracts only after a determination is made that no other contract is suitable, and the contract includes a ceiling price that the contractor exceeds at its own risk.
- Subrecipients must have protest procedures in place to handle and resolve disputes relating to their procurement and in all instances report such disputes to The City of Frisco.
- There must be a documented system of contract administration for determining adequacy of contractor performance.

A subrecipient must have a written code of conduct governing employees, officers, or agents engaged in award or administrative contracts.

## **Verification of Residency Process**

Funds are to be used for program services for Frisco residents only and verification of residency is required. All agencies should have a process in place to request identification to verify if clients reside in Frisco.

The following are acceptable items for proof of residency

1. Driver's License
2. Copy of lease agreement/ mortgage statement
3. Utility statement (water, electric)
4. Copy of benefits award letter (SSI/SSDI, SNAP, child support)

## **Presumed Benefit**

Presumed Benefit Clientele: HUD has granted a special status of "presumed benefit" to certain groups. By virtue of a client being in this group, the client is presumed to be income eligible. The following groups are considered to be presumed benefit:

- Homeless persons
- Abused children
- Battered spouses
- Elderly persons (age 62 and up)
- Illiterate persons
- Migrant farm workers
- Severely handicapped persons – Severely Disabled: Persons are classified as having a severe disability if they:
  - a. Have used a wheelchair or another special aid for 6 months or longer.
  - b. Are unable to perform one or more functional activities or need assistance with an activity of daily living (ADL) or an instrumental activity of daily living (IADL).
  - c. Are prevented from working at a job or doing housework.
  - d. Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia, or have an intellectual or developmental disability.
  - e. Are under 65 years of age and are covered by Medicare or receive SSI.

Functional activities include seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs, and walking. IADL's include getting around inside the home, getting in and out of bed or a chair, bathing, dressing, eating, and toileting. ADL's include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.



## **Appendix B: Annual Income Definition**

### **Annual Income: 24 CFR § 5.609**

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section)

(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

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(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 ( 20 U.S.C. 1001et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 ( 20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years

- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone)
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section)
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member
- (5) Income of a live-in aide, as defined in § 5.403
- (6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire
- (8)
  - (i) Amounts received under training programs funded by HUD
  - (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS)
  - (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program
  - (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time
  - (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program
- (9) Temporary, nonrecurring or sporadic income (including gifts)

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse)

(12) Adoption assistance payments in excess of \$480 per adopted child

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(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the FEDERAL REGISTER and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

## Appendix C: Income Limit and Rent Calculator

### U.S. Department of Housing and Urban Development FY 2023 Income Limits

Household size	1	2	3	4	5	6	7	8
80% (Low)	\$57,550	\$66,000	\$74,250	\$82,500	\$89,100	\$95,700	\$102,300	\$108,900
50% (Very)	\$36,100	\$41,250	\$46,400	\$51,550	\$55,700	\$59,800	\$63,950	\$68,050
30% (Extremely)	\$21,700	\$24,800	\$27,900	\$30,950	\$35,140	\$40,280	\$45,420	\$50,560

### Reporting Income Data for Presumed Benefit Activities

If a program is limited to assisting one or more of the presumptive benefit groups, report the number of persons benefiting under the following income categories:

Group	Income Level
Abused children	Extremely low income
Battered spouses	Low income
Severely disabled adults	Low income
Homeless persons	Extremely low income
Illiterate adults	Low income
Persons with AIDS	Low income
Migrant farm workers	Low income
Elderly	<p>If assistance is to acquire, construct, convert and/or rehabilitate a senior center or to pay for providing center-based senior services, report the beneficiaries as moderate income.</p> <p>If assistance is for other services (not center-based), report the beneficiaries as low income.</p>

## Rent Limit Calculator

### Sources & Instructions

- The zip code list comes from the FY 2024 Fair Market Rent Documentation System released at <https://www.huduser.gov/portal/datasets/fmr.html>
- The FMRs for unit sizes larger than 4 BRs are calculated by adding 15% to the 4 BR FMR foreach extra bedroom.
- 120% Max Rent Paid is the maximum amount of rental assistance for each unit size per month.
- 150% Max Mortgage Paid is the maximum amount of mortgage assistance for each unit size per month.

### ZIP Code 75033

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<b>FMR</b>	\$1,530	\$1,610	\$1,890	\$2,370	\$3,060
<b>120% Max Rent Paid</b>	1,836	1,932	2,268	2,844	3,672
<b>150% Max Mortgage Paid</b>	2,295	2,415	2,835	3,555	4,590

### Zip Code 75034

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<b>FMR</b>	\$1,850	\$1,950	\$2,280	\$2,870	\$3,690
<b>120% Max Rent Paid</b>	2,220	2,340	2,937	3,444	4,428
<b>150% Max Mortgage Paid</b>	2,775	2,925	3,420	4,305	5,535

### Zip Code 75035

Unit Size	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
<b>FMR</b>	\$2,030	\$2,130	\$2,500	\$3,150	\$4,050
<b>120% Max Rent Paid</b>	2,436	2,556	3,000	3,780	4,860
<b>150% Max Mortgage Paid</b>	3,045	3,195	3,750	4,725	6,075

**Zip Code 75036**

<b>Unit Size</b>	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
<b>FMR</b>	\$1,490	\$1,570	\$1,840	\$2,320	\$2,980
<b>120% Max Rent Paid</b>	1,788	1,884	2,208	2,784	3,576
<b>150% Max Mortgage Paid</b>	2,235	2,335	2,760	3,480	4,470

**Zip Code 75068**

<b>Unit Size</b>	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
<b>FMR</b>	2,000	\$2,110	\$2,470	\$3,110	\$4,000
<b>120% Max Rent Paid</b>	2,400	2,532	2,964	3,732	4,800
<b>150% Max Mortgage Paid</b>	3,000	3,165	3,705	4,665	6,000

**Zip Code 75071**

<b>Unit Size</b>	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
<b>FMR</b>	\$1,960	\$2,060	\$2,410	\$3,030	\$3,900
<b>120% Max Rent Paid</b>	2,532	2,472	2,892	3,636	4,680
<b>150% Max Mortgage Paid</b>	2,940	3,090	3,615	4,545	5,850

**Zip Code 75072**

<b>Unit Size</b>	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>
<b>FMR</b>	\$1,680	\$1,770	\$2,070	\$2,600	\$3,350
<b>120% Max Rent Paid</b>	2,016	2,124	2,484	3,120	4,020
<b>150% Max Mortgage Paid</b>	2,520	2,665	3,105	3,900	5,025

## Appendix D: Example Reporting Documents

### Exhibit C: Demographic Report

**City of Frisco**  
**Social Service Grants**

EXHIBIT C  
Demographic Report - Individuals- Frisco Only

AGENCY NAME: City of Frisco

PROJECT NAME: WeCare

REPORT FOR TIME PERIOD: 10/01/2021 to 09/30/2022

**NOTE: All Frisco clients served are to be reported as new during the first quarter in which they receive service. They are to be reported only one time during the year.**

RACE	December 31 Quarter		March 31 Quarter		June 30 Quarter		September 30 Quarter		Annual Total	
	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics
American Indian or Alaska Native									0	0
Asian	3								3	0
Black or African American	6								6	0
White	13	4							13	4
American Indian or Alaska Native and White									0	0
Asian and White									0	0
Black or African American and White	4								4	0
American Indian or Alaska Native and Black or African American									0	0
Other multiple race combinations greater than one percent									0	0
Balance of individuals reporting more than one race									0	0
<b>Total Served by Race (Must equal Total Served by Income)</b>	<b>26</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>4</b>
<b>INCOME</b>										
0-30% of Median Income	17	DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE
30-50% of Median Income	7									
50-60% of Median Income	2									
Over Income Limits										
<b>Total Served by Income (Must equal Total Served by Race)</b>	<b>26</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	
Female Head of Household	4	DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE		DO NOT ENTER DATA HERE
Disabled	1									
<b>Total Served by County (Must equal Total Served by Race)</b>	<b>26</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	
Collin	20									
Denton	6									

For Internal Purpose Only:

Date Received: \_\_\_\_\_

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: \_\_\_\_\_ Entered in IDIS: \_\_\_\_\_



## Exhibit D: Financial Report

### City of Frisco SSG/CDBG

#### EXHIBIT D FINANCIAL REPORT

Agency/Organization: WeCare  
Reporting Period: August 2022-October 2022

Program Revenues	Approved Budget	Current Period	Cumulative-to-Date	Available Balance
1 City of Frisco Grant	\$ 5,000.00			\$ 5,000.00
2 Q1 Reimbursement		\$ 500.00	\$ 500.00	\$ 4,500.00
3 Q2 Reimbursement		\$ 500.00	\$ 1,000.00	\$ 4,000.00
4 Q3 Reimbursement		\$ 500.00	\$ 1,500.00	\$ 3,500.00
5 Q4 Reimbursement		\$ 500.00	\$ 2,000.00	\$ 3,000.00
<b>Total Revenues</b>	<b>\$ 5,000.00</b>	<b>\$ 2,000.00</b>	<b>\$ 2,000.00</b>	<b>\$ 3,000.00</b>

  

Expenditure Category	Approved Budget	Current Period	Cumulative-to-Date	Available Balance
1 Reg(example-delete)	\$ 500.00	\$ 100.00	\$ 700.00	\$ (200.00)
2 Travel(example-delete)	\$ 700.00	\$ -	\$ 200.00	\$ 500.00
3 Snacks(example-delete)	\$ 600.00	\$ -	\$ 300.00	\$ 300.00
4 Printing(example-delete)	\$ 200.00	\$ -	\$ 400.00	\$ (200.00)
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -
11	\$ -	\$ -	\$ -	\$ -
12	\$ -	\$ -	\$ -	\$ -
13	\$ -	\$ -	\$ -	\$ -
14	\$ -	\$ -	\$ -	\$ -
15	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 2,000.00</b>	<b>\$ 100.00</b>	<b>\$ 1,600.00</b>	<b>\$ 3,400.00</b>

SSG/CDBG Reimbursement Requested for this Period.

I CERTIFY TO THE BEST OF MY KNOWLEDGE, THE DATA REPORTED HEREIN IS CORRECT.

Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

For Internal Purpose Only:	
Date Received: _____	Date: _____
Reviewed by: _____	Submitted for Payment: _____
Comments: _____	

## Example Client List

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2	Last Name	First Name	Female HOH	Race	Ethnicity (Hispanic or Latino)	Street	City	Zip Code	County	TTLHHInc	TTLNHH	inc%	Date seen
3	Blue	Skye	Y	Black	Non-Hispanic	6106 Frisco Square Blvd	Frisco	75034	Denton	\$38,820.00	2	80%	12/6/2021
4	Ester	Polly	N	Black/Wi	Non-Hispanic	6104 Frisco Square Blvd	Frisco	75034	Collin	\$7,200.00	4	30%	11/15/2021
5	Labor	Manuel	N	White	Non-Hispanic	6107 Frisco Square Blvd	Frisco	75034	Collin	\$25,450.00	3	50%	12/20/2021
6	Makit	Willie	N	Black	Non-Hispanic	6105 Frisco Square Blvd	Frisco	75034	Denton	\$27,520.00	4	50%	11/24/2021
7	Teak	Anne	Y	White	Hispanic	6102 Frisco Square Blvd	Frisco	75034	Collin	\$9,900.00	4	30%	10/7/2021
8	Turner	Paige	N	White	Non-Hispanic	6103 Frisco Square Blvd	Frisco	75034	Collin	\$6,500.00	6	30%	11/5/2021
9	Yew	Olive	Y	Asian	Non-Hispanic	6101 Frisco Square Blvd	Frisco	75034	Collin	\$6,000.00	3	30%	10/5/2021
10													
11													
12	disabled												
13	Female HOH												