

## CHAPTER 4 -- FINANCIAL MANAGEMENT

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## CHAPTER 4

### FINANCIAL MANAGEMENT

#### I. OVERVIEW

This chapter provides guidance on the federal and state requirements that govern the financial management of all CDBG funds, so that each local government grantee can maintain an adequate financial system. The financial system maintained must be flexible enough to accommodate applicable laws and regulations and conform to generally accepted accounting principles as well.

**The Montana Department of Commerce and the Department of Administration's Local Government Assistance Bureau area available to provide assistance to local governments concerning these accounting requirements and all related financial management practices that you will need to use in managing and accounting for CDBG grant funds that you have received.**

#### II. APPLICABLE FEDERAL AND STATE REQUIREMENTS

##### A. FEDERAL REQUIREMENTS

The key federal requirements that the grantee must comply with are embodied in the following Office of Management and Budget (OMB) circulars and Federal Housing and Urban Development (HUD) regulations.

1. **OMB Circular A-87, Cost Principles for State and Local Governments**

This circular establishes the principles for classifying administration costs as direct or indirect and for determining which costs are allowable and unallowable.

2. **HUD Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, 24 CFR, Part 85**

These HUD administrative requirements are the basis for a number of financial management requirements on grantees. They are divided into four major subparts and include:

- Subpart A - General
- Subpart B - Pre-award Requirements
- Subpart C - Post-award Requirements:  
Financial Administration
  - Changes, Property and Sub-awards
  - Reports, Records, Retention and Enforcement
  - Subpart D - After-the-Grant Requirements

3. **HUD (Part II) CDBG State Final Rule, 24 CFR, Part 570**

This rule includes HUD's regulations governing the state administration of CDBG funds.

4. **HUD (Part III) CDBG Final Rule Regulations, 24 CFR, Part 570, Subpart C - Eligible and Ineligible Activities**

These HUD regulations deal specifically with eligibility issues and are, therefore, the controlling regulations in this regard. Subpart C includes the following sections:

- 570.201 Basic eligible activities
- 570.202 Eligible rehabilitation and preservation activities
- 570.203 Special economic development activities
- 570.204 Special activities by certain subrecipients
- 570.205 Eligible planning, urban environmental design and policy-planning-management-capacity building activities
- 570.206 Program administration costs
- 570.207 Ineligible activities

**B. STATE REQUIREMENTS**

1. **Budgetary, Accounting and Reporting Systems (BARS) for Cities, Towns and Counties**

The BARS system fulfills all HUD project accounting and reporting requirements (Section 2-7-504).

2. **Budgetary Authority**

Under Montana law, local governments are required to appropriate, by resolution, all CDBG funds received, regardless of the time the funds are received. The resolution should state the source of the funds, the program in which they will be expended and the effective date of the appropriation (Section 7-6-4006).

3. **Surety Bonds**

Montana law requires surety bonds for local government officers and employees who are involved in the administration of public funds. The amount of a bond should be based on the amount of money handled and the opportunity for misuse of funds (Sections 2-9-701, 2-9-702 and 2-9-802).

**III. PROGRAM REQUIREMENTS**

**A. PROJECT BUDGET**

The budget for the CDBG project is a part of the project Management Plan and of the CDBG contract. Once the Management Plan is approved and the contract is signed by the Grantee and by MDOC, specific requirements are placed on the grantee.

1. **The grantee, in accordance with Section 7-6-4006, must appropriate, by resolution, the CDBG money received from the MDOC.** The resolution must state the source of the money, the program in which money will be expended, and the effective date of the resolution. **(See Exhibit 4-A.)**
2. **The grantee must expend the grant money in accordance with the provisions of the CDBG project budget.** However, the budget may be amended so long as it is not increased

or does not violate the conditions under which the grant was awarded. If the amount of the amendment will not exceed \$5,000, the grantee need not request MDOC approval. **If the amount will exceed \$5,000, the grantee must request written approval from MDOC.**

The preparation, content and approval of the project budget is dealt with in Chapter I, Project Start-Up. Please consult Chapter 1 for related information.

## **B. PROJECT ADMINISTRATION COSTS**

1. **To avoid early depletion of administrative expenses for a housing and public facilities project, draw requests for administrative costs must be reasonable and appropriate.** The grant recipient's draw request must have appropriate documentation, reasonable depletion in comparison to the activity costs, and support the activities outlined in Section 5, Scope of Work, in the CDBG contract.
2. Please see **Exhibit 4-B** for a detailed description of allowable and unallowable administration costs for CDBG projects.

## **C. LOCAL DEPOSITORY ACCOUNT**

**The grantee is required to establish and maintain a depository account in a local financial institution. The account will be used exclusively for the receipt and disbursement of CDBG funds.**

There are, however, certain conditions the grantee must meet in the management of the account, including:

1. The grantee must follow the appropriate HUD accounting and financial management procedures required by 24 CFR 85.20.
2. **The account must be non-interest bearing. If, however, any interest is earned, it must be returned to MDOC.**
3. **The time elapse between grantee drawdown and disbursement must be minimized.**
  - a. Treasury Circular 1075 requires that state disbursements to a recipient organization must be limited to the minimum amounts needed and must be timed to be in accord with actual, immediate cost requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances must be as close as administratively feasible to the actual disbursements by the recipient organization for direct program cost and the proportionate share of any allowable indirect costs.
  - b. **HUD has interpreted this provision to mean that no more than \$5,000 may be retained in a grantee's federal depository account for a period longer than three business days.**

## **D. PROJECT DRAWDOWNS**

All projects are subject to State and Federal environmental review requirements. **Requests for "drawdowns" -- requests for transfer of CDBG grant funds to your account, by submitting a Request For Funds -- cannot be made until a "Request for Release of Funds" (part of CDBG**

**Environmental Review process) has been submitted and approved by MDOC.** See Chapter 2, Environmental Review , for more information about how this official "release of funds" is accomplished and how and why it is related to your completion of the CDBG environmental review requirements.

CDBG "Program Income" is defined as "income directly generated from the use of CDBG funds used in a previous CDBG project." If a grantee has generated and retained any "CDBG Program Income" from a past CDBG project (see Section IV, . Program Income and Revolving Loans, of this chapter) -- all such Program Income must be expended before drawing down funds from a current grant award.

To establish the mechanisms for requesting CDBG funds and for receiving them, the grantee must complete the following forms:

1. Signature Certification Form (**Exhibit 1-D**);
2. Designation of Depository Card (**Exhibit 1-E**);
3. Designation of Depository for Direct Deposit, if opted for (**Exhibit 1-E**).

**Grantee drawdowns include preparation and submission of:**

- **The Request For Funds (Exhibit 4-C)**
- **Uniform Status of Funds Spreadsheet (Exhibit 4-D)**
- **The Uniform Invoice Tracking Spreadsheet (Exhibit 4-E).** Completion instructions are included for these reports -- see Exhibits 4-C, 4-D and 4-E at the end of this chapter. **Drawdown and tracking spreadsheet forms (along with the entirety of this manual) are available on CD or diskette at your request.** The CDBG recipient is required to use the Invoice Tracking Spreadsheet to record all invoices, which will make the spreadsheet reconcilable to the Status Of Funds Spreadsheet and other accounting records.
- **Copies of invoices, purchase orders, lease agreements, acquisition agreements, etc., are required.** All expenditures that have been paid in part or totally from CDBG funds, regardless of the amount, must be documented with copies of eligible costs incurred, and itemized in the Project Progress Report.
- **Contractors providing professional services for the Grantee (such as engineering, architectural, project administration) must submit itemized invoices to the Grantee describing: (a) services furnished, (b) total hours worked to accomplish each item, (c) amount being billed for each item, (d) a description of any other eligible reimbursable expenses incurred during the billing period, and (e) total amount being billed. In addition, (f) a narrative description in sufficient detail must be submitted to the Grantee to justify the amount claimed on invoice. Documentation of "a" through "f" must accompany a Grantee's drawdown request related to such contracted professional services.**
- **If your project's CDBG liaison has any questions concerning the propriety or amount of an expenditure, copies of more detailed supporting documentation may be required before a drawdown request can be approved.**

- **Copies of timesheets or other summary payroll information for work performed by city or county employees.** Summary information must include at a minimum the name, title, time period, activities performed, and total amount.
- **During periods of construction, all draws must be accompanied by Exhibit 6-K (Record of Employee Interviews) and Exhibit 6-P (Certification of Labor Compliance).**
  - See Chapter 6 (Labor Standards) for a detailed explanation of **what information 6-K and 6-P require and why this information is crucial for demonstrating that federal and state labor standards and protections are being met.**
  - **CDBG also requires that copies of the reviewed weekly payrolls (initialed, annotated as necessary and dated) be submitted with drawdown requests.** (See Chapter 6, page 6-18, and Chapter 9, pages 9-21 and 9-22.)
- **Each drawdown request must also be accompanied by a Project Progress Report (Exhibit 4-F).** The Progress Report should provide the CDBG Program Specialist with information on the expected use of the funds requested, the status of the project, completed milestones and project progress as it relates to the current implementation schedule. If key dates identified in the current implementation schedule should change, a revised implementation schedule would need to be forwarded to CDBG.
- **The Request For Funds form (4-C), Uniform Status of Funds Spreadsheet (4-D), Uniform Invoice Tracking Spreadsheet (4-E), necessary documentation, and accompanying Progress Report should be mailed** to your CDBG Program Specialist at Department of Commerce, Community Development Division, 301 S. Park, P.O. Box 200523, Helena, MT 59620 or faxed to MDOC at 841-2771. If the draw is faxed, original copies should be mailed as soon as possible.

► **Minimum amounts for requests for funding:** Processing a drawdown request for funds involves staff from several state agencies. In order to reduce the expense for processing requests for funds and to provide the most efficient service to grant recipients, we ask that grant recipients avoid submitting requests for funds that total less than \$1,200, to the extent possible.

► **Proportional administrative draw requests:** When processing a drawdown request for administrative funds, it is necessary for CDBG and grantees to consider the amount of funds spent for both administrative and activity costs. **To avoid early depletion of administrative dollars, the drawdown amount of administrative expenses must be in reasonable proportion to the activity costs.**

Upon receipt by CDBG, **the Request For Funds form (4-C), Uniform Status of Funds Spreadsheet (4-D), Uniform Invoice Tracking Spreadsheet (4-E), Progress Report** (and all accompanying documentation in support of the request) will be reviewed by CDBG staff.

1. The CDBG staff review the Request for Funds form and all the required material submitted and will check:
  - a. The contract number, addresses and bank account number for accuracy.
  - b. The reasonableness of the amount requested. Expenditures must be appropriate, based upon the description offered for both administration and project activity costs. The amount requested must be consistent with the approved contract budget and the project progress report.

- c. The eligibility of all costs and their consistency with the contract scope of services.
  - d. The financial numbers for accuracy.
  - e. The expended to date balances for consistency with the preceding request for payment.
  - f. The percentage of the administration and activity budgets expended, the total amount drawn to date against the amount budgeted and the amount of CDBG funds on hand; and
  - g. The correctness of signatures against the authorized signature form.
2. If the information is satisfactory, the CDBG staff signs the Request for Funds form and forwards it to the MDOC Management Services Division. The Management Services staff collects the Request for Funds submitted and usually prepare claims for payments twice per week. If the claims process correctly, warrants are prepared and mailed the following business day.
  3. If the information is unsatisfactory, the grantee will be notified as to why by the CDBG liaison.
  4. Once the request for payment is approved, the grantee has the option of getting the funds by return mail or direct deposit. The drawdown request should stipulate the preferred option.

The turn-around time for receipt of funds by the CDBG recipient is expected to be 7 to 10 business days. Overall, the grantee should expect at least 30 days from the date the contractor submits an invoice to the grantee until receipt of funds from the CDBG program.

5. To expedite routine drawdowns, the grantee should consider using a "master form" to prepare the Request For Funds Report. The "master" is headed up with only that information that is fixed or must appear on every drawdown. Then, it's just a matter of making a copy of the "master" each time and entering the information that is relative to the current drawdown. Unchanged information is not repeated for each drawdown. A new "master" would only have to be prepared in the case of budget amendments or changes in line item amounts.

## **E. REPORTING REQUIREMENTS**

**The CDBG Housing and Public Facility grant recipient is required to submit a Quarterly Update Report (Exhibit 4-K) each calendar year quarter (March, June, September and December).** This Quarterly Update Report must describe the status of the project with respect to each implementation objective, as applicable, including the percentage of the project which has been completed, costs incurred, funds remaining and anticipated completion date. The report must also describe any significant issues or problems encountered and any necessary modifications of the project scope or implementation schedule that are being requested.

**The Quarterly Update Report must be submitted no later than fifteen (15) days prior to the close of each quarter. (Refer to Exhibit 4-K for the Quarterly Update Report).**

When the CDBG recipient is submitting a draw request a **Project Progress Report** will be need to be submitted with each drawdown request The Project Progress Report should include the amount requested and an explanation of the expenses, as explained above. (Please see Exhibit 4-F, Project Progress Report, for more instructions).

## **F. TWO PERCENT RETAINAGE**

**The Department will retain two percent (2%) of the total authorized grant amount until:**

- the project has been completed (a Certificate of Substantial Completion has been issued), and
- a conditional closeout report has been submitted by the CDBG recipient and approved by the Department.

**This 2% retainage amount will be withheld from a drawdown request at the end of the project** (not from each request for funds). Once a conditional closeout report has been submitted and approved by the Department, the two percent retainage will be released to the CDBG recipient. (For more information on the release of the retained funds at the time of project closeout, refer to Chapter 13, Project Closeout.)

## **G. INTERIM FINANCING**

The environmental review process or unforeseen circumstances could, occasionally, delay the grantee's receipt of CDBG funds. In either event, the grantee may need or want to secure other interim financing. **Please consult MDOC for approval prior to incurring any financing costs.**

The local government grantee has the following interim financing options:

1. Under Attorney General opinion number 14, volume 38, it may borrow money directly from a financial institution;
2. Under Section 7-7-109, it may sell notes in anticipation of receiving a grant or loan from federal or state sources;
3. Counties and municipalities may make interfund loans in lieu of registering warrants under Generally Accepted Accounting Principles.
4. Under Sections 7-13-2221 (county water and sewer districts) and 7-13-236 (solid waste districts), they may borrow money, in addition to the issuance of bonds, for construction purposes and the purchase of equipment.

## **H. PROPERTY MANAGEMENT AND DISPOSITION**

Please see **Exhibit 4-G** – Federal Regulations for Real Property.

## **I. RETENTION – DOCUMENTS / RECORDS / REPORTS**

Under HUD regulations, the documents, records and reports described below must be retained for four (4) years after project closeout. However, in the event of litigation, claim, negotiation audit or other action, such documents, records and reports must be retained until completion of the action or regular time period, whichever is later.

1. Documents:
  - Receipt
  - Purchase order
  - Expenditure review
  - Invoice/statement
  - Claim
  - Check
  - Warrant
2. Records:
  - Accounting



- Budgetary
  - Payroll
  - Time
  - Bank statement
3. Reports:
- Financial statement/monthly and annual
  - Budgetary/monthly and annual
  - Payroll
  - Request For Payment And Status Report
  - Progress Report
  - Payment Certification
4. Other:
- Budgetary Resolution
  - Signature Certification
  - Designation of Depository

These documents, records and reports are subject to applicable federal, state, and local laws relating to public access, privacy and confidentiality.

#### **IV. CDBG PROGRAM INCOME AND REVOLVING LOANS**

Because of HUD's emphasis on its policies dealing with program income and the related amendments to the Housing and Community Development Act, MDOC established guidelines for local government grantees that retain and use program income in the ***CDBG Program Income and Revolving Loan Fund Manual*** (Montana Department of Commerce, January 1996).

These guidelines also address the other side of the CDBG Program Income equation -- the area of revolving loans. The guidelines focus on state oversight and local government management of and accountability for program income and revolving loans. (Please see **Exhibit 4-H**, Program Income.)

## **CHAPTER 4**

### **EXHIBITS**

- 4-A Budgetary Authority Resolution**
- 4-B Allowable and Unallowable CDBG Administration Costs**
- 4-C Request for Funds Form Instructions and Form**
- 4-D Directions for Using the Uniform Status of Funds Spreadsheet and Spreadsheets**
- 4-E Directions for Using the Uniform Invoice Tracking Spreadsheet and Spreadsheets**
- 4-F Project Progress Reports**
- 4-G Federal Regulations for Real Property**
- 4-H Program Income**
- 4-I Expenditure Review**
- 4-J Program Income - Title I Certification**
- 4-K Quarterly Update Report**

**EXHIBIT 4-A**

**BUDGETARY AUTHORITY RESOLUTION**

**RESOLUTION NO. \_\_\_\_**

WHEREAS, on \_\_\_\_\_, 20\_\_\_\_, the (City, Town, County of \_\_\_\_\_) received CDBG funds in the amount of \$ \_\_\_\_\_, for which no provision was made in fiscal 19\_\_\_\_ (City, Town or County) budget; and

WHEREAS, (cities, towns or counties) may appropriate federal or state money received during the fiscal year by formal resolution,

NOW, THEREFORE, BE IT RESOLVED that the (City Council or Town Council or Board of County Commissioners) hereby appropriates the sum of \$ \_\_\_\_\_ and directs the (City Clerk, Town Clerk or County Clerk and Recorder) to allocate said amount to the following program activities:

<u>EXPENDITURE CODE</u> (LIST)	<u>ADMINISTRATION COSTS</u> \$	<u>ACTIVITY COSTS</u> \$
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>TOTALS</b>	<b>\$</b> _____	<b>\$</b> _____

BE IT FURTHER RESOLVED that the above appropriation shall become effective on \_\_\_\_\_, 20\_\_\_\_.

CITY OR TOWN OF \_\_\_\_\_ (OR) BOARD OF THE COUNTY COMMISSIONERS  
\_\_\_\_\_, MONTANA \_\_\_\_\_ County, Montana

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Chair

Attest \_\_\_\_\_

By \_\_\_\_\_  
Member

Attest \_\_\_\_\_

By \_\_\_\_\_  
Member

## EXHIBIT 4-B

### ALLOWABLE AND UNALLOWABLE CDBG ADMINISTRATION COSTS

A. **Allowable Administration Costs.** Allowable administration costs are those costs that are related to the planning and execution of CDBG eligible activities (HUD 24 CFR, Part 570.206)

(1) **Classification of Administration Costs.** Project administration costs are classified and must be accounted for on either a direct or indirect basis. **Direct Costs** are those costs that can be identified specifically with a particular cost objective. **Indirect Costs** are those costs incurred for a common or joint purpose, benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefited. **The grantee can expect to account for their administration costs on the direct cost method, simply because the paper work involved in the indirect cost method may be too complex and time consuming to justify its use. If a grantee prefers to use the indirect cost method, they may do so, provided they have an approved cost allocation plan. A copy of the cost allocation plan should be filed with MDOC. If the grantee chooses to use the indirect cost method and does not have an approved cost allocation plan, they should request the appropriate how-to information from MDOC.**

(2) **Computer Software**

Computer software necessary to utilize the various CDBG forms and spreadsheets is an eligible administrative cost. In addition, CDBG will also allow appropriate computer hardware as an eligible administrative cost if it is required to run the software; however, DOC will only reimburse the CDBG recipient on a 50/50 cost share basis.

B. **Unallowable Administration Costs.** The general rule is that any activity that is not authorized under HUD CFR 24, Part 570.206, is ineligible to be assisted with CDBG funds and is, therefore, an unallowable administration cost. **The following activities may not be assisted with CDBG funds (HUD 24 CFR, Part 570.207):**

(1) **Buildings or portions thereof used for the general conduct of government as defined in 570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under 570.201(k) involving any such building.** Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in 570.208.

- (2) **General Government Expenses.** Except as otherwise specifically authorized, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance.
- (3) **Political Activities.** CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.
- (4) **The following activities may not be assisted with CDBG funds unless authorized under provision of 570.203 or as otherwise specifically noted, or when carried out by a subrecipient under the provisions of 570.204:**

(a) **Purchase of Equipment.** The purchase of equipment with CDBG funds is generally ineligible.

- **Construction Equipment.** The purchase of construction equipment is ineligible. However, compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to OMB Circulars A-21, A-87 or A-122, as applicable, for an otherwise eligible activity is an eligible use of CDBG funds. The purchase of construction equipment, however, for use as part of a solid waste disposal facility is eligible under 570.201(c).

- **Fire Protection Equipment.** Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under 570.201(c).

(b) **Furnishings and Personal Property.** The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with OMB Circulars A-87 or A-122, as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as fire fighting equipment, or when such items constitute all or part of a public service pursuant to 570.201(e).

(c) **Operating and Maintenance Expenses.** The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable cost of operating and

maintaining a facility used in providing a public service would be eligible under 570.210(e), even if no other costs of providing such a service are assisted with such funds. **Examples of ineligible operating, repair and maintenance expenses for which CDBG funds may not be used are:**

- Maintenance and repair of streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for the handicapped, parking and similar public facilities;
- Maintenance and repair activities including filling pot holes in streets, repairing cracks in sidewalks, mowing recreational areas, and replacing expended street light bulbs; and
- Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public work and facilities.

(d) **New Housing Construction.** Activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in 570.206(g), are not considered as activities to subsidize or assist new residential construction. **CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:**

- **As provided under the last resort housing provisions set forth in 24 CFR Part 42;**
- **As authorized under 570.201(m); or**
- **When carried out by a subrecipient pursuant to 570.204(a);**

(e) **Income Payments.** The general rule is that CDBG funds shall not be used for income payments for housing or any other purpose. Examples of ineligible income payments include: payments for income maintenance and housing allowances.

**EXHIBIT 4-C**  
**INSTRUCTIONS FOR "REQUEST FOR FUNDS FORM"**

Each request for payment (4-C) must also be accompanied by: (1) Uniform Status of Funds Spreadsheet (Exhibit 4-D); (2) Uniform Invoice Tracking Spreadsheet (Exhibit 4-E); (3) CDBG Project Progress Report (Exhibit 4-F); (4, as applicable) Certification of Labor Compliance (Exhibit 6-P); and (5, when requested by CDBG, as described in Chapter 6, Labor Standards), Documentation of compliance with requirements concerning weekly payroll reviews .

In order to complete a request for funds, please completely fill out **Sections I, II and III** of the "Request for Funds Form" (Exhibit 4-C).

**Section I – CDBG Recipient Information:**

1. **MDOC/ CDBG CONTRACT NUMBER.** Enter the MDOC/CDBG contract number of the CDBG grant.
2. **DRAWDOWN NUMBER.** Number the draws consecutively beginning with "1" for the initial request. (Enter the appropriate number **and** the word "FINAL" for the final draw request.)
3. **TOTAL AMOUNT REQUESTED.** Enter the total amount requested. Must be the same as Line 5 of Column D of Section II.
4. **NAME AND ADDRESS OF CDBG RECIPIENT.** Enter the CDBG recipient's mailing address exactly as shown on the Designation of Depository Form.
5. **MAKE DEPOSIT PAYABLE TO:** Enter the CDBG recipient's name, the account number where indicated, and the name and address of the bank as shown on the Designation of Depository Form.

**Section II - Financial Information:** Lines 1 through 5 must be completed. (Lines 1 through 5 relate to CDBG funds only.)

1. **COLUMN A.** Enter the amount budgeted for lines 1 and 3 (as shown on your MDOC-approved project budget and on the attached Uniform Status of Funds Spreadsheet, Exhibit 4-D).
2. **COLUMN B.** Enter the amount expended prior to this draw for lines 1 and 3 (as shown on your MDOC approved project budget and attached Uniform Status of Funds Spreadsheet).
3. **COLUMN C.** Enter the amount requested for this draw for lines 1 and 3 (as shown on your MDOC approved project budget and attached Uniform Status of Funds Spreadsheet).
4. **COLUMN D.** Enter the amount remaining after this draw for lines 1 and 3 (as shown on your MDOC- approved project budget and attached Uniform Status of Funds Spreadsheet).
5. **PERCENT.** Enter the calculated percentages as indicated for lines 2 and 4 as appropriate for the approved budget and subsequent expenditures.

6. **CASH ON HAND.** Enter the amount of cash on hand from previous CDBG draw.
7. **AMOUNT OF REQUESTS SUBMITTED AND NOT RECEIVED.** Enter the amount of CDBG funds requested and not yet received.
8. **TOTAL PREVIOUSLY DRAWN FROM STATE.** For public facilities projects or housing projects without program income, enter the total of line 5, column B. For housing projects with program income, see 9.e. below.
9. **PROGRAM INCOME SUMMARY.** Enter the amount of Program Income received to date, and the amount of expenditures to date, each time this form is submitted. Generally only housing rehabilitation or economic development projects need be concerned with this summary. **NOTE:** Program Income is defined as income (such as loan repayment received) that is generated as a result of project activities. CDBG grant funds received from MDOC is not part of "Program Income." See CDBG Program Income Manual for Revolving Loan Funds for additional explanations.
  - a. Program income must be expended before CDBG grant monies.
  - b. Program income is not deducted from the individual line items (Lines 1-5).
  - c. Program income is deducted from Line 5, Column C, Amount Requested.
  - d. Line 5, Column D, will be the grant balance less requested amounts (cumulative total of line 5, Column C).
  - e. Line 8, Column B, will be the grant balance less requested amounts less program income (i.e., the actual money received by the grantee from the CDBG program).
  - f. All program income expenditures must be submitted to MDOC for approval using the draw form.
  - g. When the balance on Line 5, Column D is equal to "0", the grantee will have the option of:
    - (1) Requesting approval of budget modification in the amount of Line 10; and then
    - (2) Submitting a draw request for no more than the amount of Line 10; or
    - (3) Closing out the project, allowing the MDOC to recapture the amount of Line 10.
 Note: At the end of the project, the amount on Line 10 should be equal to the amount on Line 5, Column A less the amount on Line 8, Column B.
10. **CDBG TOTALS.** Total columns A through D on line 5 (as shown on your MDOC approved project budget and attached Uniform Status of Funds Spreadsheet).
11. **FOR MDOC USE ONLY.** Leave blank. This box is only for MDOC's use, in order to subtract the 2% retainage on the final drawdown.
12. **REMARKS.** Use this space to clarify information.

**Section III - Local Approval:** Two original authorized signatures from the CDBG recipient are required, along with the date signed and titles of the officials. These signatures must be exactly as shown on the Signature Certification Form. **Photocopied signatures are not acceptable.**

**Section IV - MDOC Approval:** Leave blank. This section is for MDOC comment and approval only.

**Create an initial copy of the form to use as a "master" form to avoid unnecessary duplication for subsequent drawdown requests.** Type the information for MDOC/CDBG Contract Number, Name and Address of CDBG Recipient, "Make Deposit Payable To", and Column A of Section II on this master form. For each subsequent drawdown request, enter the remaining information on a **copy** of this "master" form. **Submit the signed original of the drawdown request, retaining a copy for your files.**



COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)  
REQUEST FOR FUNDS FORM

SECTION I - CDBG RECIPIENT INFORMATION					
CDBG CONTRACT NUMBER:		DRAWDOWN NUMBER	TOTAL AMOUNT REQUESTED <b>\$0.00</b>		
Name and Address of Grant Recipient		Make Deposit Payable To:			
	<b>A</b> Amount Budgeted	<b>B</b> Amount Expended Prior To This Draw	<b>C</b> Amount Requested	<b>D</b> Balance Remaining After This Draw	
1. TOTAL ADMINISTRATION BUDGET	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
2. Percent	% of Total Grant #DIV/0!	% of Column A #DIV/0!			
3. TOTAL ACTIVITY BUDGET	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
4. Percent	% of Total Grant #DIV/0!	% of Column A #DIV/0!			
5. TOTAL CDBG GRANT BUDGET	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
6. Cash on Hand		\$			
7. Amount of Requests Submitted and Not Received		\$			
8. Total Previously Drawn from State		\$			
PROGRAM INCOME SUMMARY					
9. Amount Received to Date	\$0.00				
10. Amount Expended to Date	\$0.00				
11. Program Income Balance	\$0.00				
REMARKS:		Amount from line 11.			\$0.00
		Total Amount Requested: (5C - 11A)			<b>\$0.00</b>
FOR DOC USE ONLY!		Less 2% Retainage On Final Drawdown			\$
		Adjusted Amount Requested	\$		
SECTION III - LOCAL APPROVAL					
DATE:	SIGNATURE		TITLE		
DATE:	COUNTERSIGNATURE		TITLE		
SECTION IV - DOC APPROVAL					
EXPENDITURES ARE REASONABLE, APPROPRIATE _____		APPROVED BY:			
FINANCIAL NUMBERS & SIGNATURES CORRECT _____		TITLE:			
CONSISTENT WITH PRECEDING DRAW & SABHRS _____		DATE:			
ADMINISTRATION DOES NOT EXCEED 10% _____					
BUDGET AMENDMENT APPROVED _____					

 Computer will Calculate

## EXHIBIT 4-D

### DIRECTIONS FOR USING THE UNIFORM STATUS OF FUNDS SPREADSHEET

The purpose of the Uniform Status of Funds Spreadsheet is to provide a uniform method for local governments to track project expenditures on infrastructure and housing projects which use multiple federal, state, local, and private funding sources. All required calculations have been formatted into the spreadsheet (formatted in Excel).

**NOTE: Only the non-shaded cells require information to be input (if accessing through Excel these cells will appear in yellow). All other cells will automatically calculate.**

- Enter the name of the local government. The date will automatically fill in.
- Indicate funding sources for the project in the cell titled "Funding Source" including local funds.

This spread sheet separates administrative costs and activity costs and then totals them together for total project costs. Under each administrative cost and activity cost, for **all funding sources used in the project** you must:

- Indicate the amount Budgeted (the amount budgeted with the particular funding source for this line item);
- Indicate the amount Previously Expended (the amount already spent through the particular funding source);
- Indicate the Amount of the Draw (the amount submitted via the current drawdown to the particular funding source)

Note: To enter an amount, you only need to enter the number. You do not need to enter a "\$" or commas. You do need to enter a period to indicate an amount less than one dollar.

All totals for both columns and rows will be automatically calculated, including:

Balance Remaining  
Total Budget: Budgeted  
Expended  
Balance  
Total Administrative Costs  
Total Activity Costs  
Total Project Costs

The spreadsheet has been formatted with a column width of 9.43" for columns which have numbers displayed. Depending on the amounts involved in your project you may need to widen columns so that your amounts will fit. Note that this may cause your spreadsheet to expand beyond a single page, and resulting in your spreadsheet being printed on two pages.

**Grantees may change categories on the spreadsheet to suit their needs. For example, CDBG draw forms have different line item categories under administration budget and activity costs. These categories can be changed to reflect the need of each project and grantees are not restricted to using the line items on the sample spreadsheet.**

ADMINISTRATIVE/ FINANCIAL COSTS:	Funding Source:				Funding Source:				Funding Source:				Total Budget		
	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Expended	Balance
Personnel Costs				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Office Costs				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Professional Services				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Legal Costs				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Audit Fees				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Travel & Training				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Loan Fees				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Loan Reserves				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Interim Interest				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Bond Cost				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Administrative Costs</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>ACTIVITY COSTS:</b>															
Land Acquisition				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Preliminary Engineering				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Final Engineering Design				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Construction Engineering				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Construction				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
Contingency				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Activity Costs</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL PROJECT COSTS</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

UNIFORM STATUS OF FUNDS SPREADSHEET FOR: "Anywhere Water and Sewer District" (EXAMPLE OF A COMPLETED SPREADSHEET) 9/19/2013

	Funding Source: TSEP				Funding Source: RD Grant				Funding Source: RD Loan			Total Budget		
<b>ADMINISTRATIVE/ FINANCIAL COSTS:</b>	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Balance Remaining	Budgeted	Previously Expended	Amount of Draw	Budgeted	Expended	Balance
<b>Personnel Costs</b>	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
<b>Office Costs</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Professional Services</b>	\$20,000.00	\$7,000.00	\$3,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$4,000.00	\$30,000.00	\$14,000.00	\$16,000.00
<b>Legal Costs</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Audit Fees</b>	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
<b>Travel &amp; Training</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$0.00	\$40,000.00
<b>Loan Fees</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$230,000.00	\$0.00	\$0.00	\$230,000.00	\$0.00	\$230,000.00
<b>Loan Reserves</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Interim Interest</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Bond Cost</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
<b>Total Administrative Costs</b>	\$21,000.00	\$7,000.00	\$3,000.00	\$11,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$280,000.00	\$0.00	\$4,000.00	\$301,000.00	\$14,000.00	\$287,000.00
<b>ACTIVITY COSTS</b>														
<b>Land Acquisition</b>	\$22,000.00	\$15,000.00	\$0.00	\$7,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00	\$32,000.00	\$15,000.00	\$17,000.00
<b>Preliminary Engineering</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Final Engineering Design</b>	\$20,000.00	\$10,000.00	\$5,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00	\$5,000.00	\$7,000.00	\$40,000.00	\$27,000.00	\$13,000.00
<b>Construction Engineering</b>	\$15,500.00	\$0.00	\$0.00	\$15,500.00	\$50,000.00	\$0.00	\$0.00	\$50,000.00	\$200,000.00	\$0.00	\$0.00	\$265,500.00	\$0.00	\$265,500.00
<b>Construction</b>	\$383,500.00	\$0.00	\$0.00	\$383,500.00	\$600,000.00	\$0.00	\$0.00	\$600,000.00	\$1,700,000.00	\$0.00	\$0.00	\$2,683,500.00	\$0.00	\$2,683,500.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
				\$0.00				\$0.00				\$0.00	\$0.00	\$0.00
<b>Contingency</b>	\$38,000.00			\$38,000.00	\$60,000.00			\$60,000.00	\$170,000.00			\$268,000.00	\$0.00	\$268,000.00
<b>Total Activity Costs</b>	\$479,000.00	\$25,000.00	\$5,000.00	\$449,000.00	\$710,000.00	\$0.00	\$0.00	\$710,000.00	\$2,100,000.00	\$5,000.00	\$7,000.00	\$3,289,000.00	\$42,000.00	\$3,247,000.00
<b>TOTAL PROJECT COSTS</b>	\$500,000.00	\$32,000.00	\$8,000.00	\$460,000.00	\$710,000.00	\$0.00	\$0.00	\$710,000.00	\$2,380,000.00	\$5,000.00	\$11,000.00	\$3,590,000.00	\$56,000.00	\$3,534,000.00

Copy and submit to the applicable funding agency with each drawdown request.  
 l:\cdbg\projmgt\new\fund.exmpl  
 Community Development Block Grant (CDBG) Program CDBG / NSP Administration Manual  
 Montana Department of Commerce October 20  
 4-D.3

## EXHIBIT 4-E

### DIRECTIONS FOR USING THE UNIFORM INVOICE TRACKING SPREADSHEET

The purpose of the Uniform Invoice Tracking Spreadsheet is to provide a uniform method for local governments to track individual invoices on infrastructure or housing projects that use multiple federal, state, local, and private funding sources.

**Note: The non-shaded areas are the only areas that will be completed by the grantee. All other cells will automatically calculate.**

Enter the name of the local government. The date will automatically fill in.

**Vendor's Name:**

Place the name of the vendor (payee) in this space.

**Invoice or Pay Estimate Number:**

This is a number assigned by the vendor to the invoice or pay estimate that has been submitted to the local government for payment.

**Invoice Date or Time Period Covered:**

Put the date of the invoice in this space. If the time period to which the invoice pertains is more appropriate, place this information in this space.

**Total Amount of Invoice:**

This amount should be the "total" of the invoice. For instance, if the invoice is for \$500 and CDBG is paying \$200 and TSEP is paying \$300 – then \$500 should still be placed in this space.

Note: To enter an amount, you only need to enter the number. You do not need to enter a "\$" or commas. You do need to enter a period to indicate an amount less than one dollar.

**Warrant Number:**

The number on the warrant issued by the local government for payment of the invoice.

**Date Paid:**

The date on the warrant.

**Funding Source, Amount Expended, and Drawdown Number:**

Source -- indicate the funding sources paying for each invoice – RD/USDA, SRF, TSEP, CDBG, HOME, Local, etc.

**Amount** -- the amount expended by each funding source (indicated above) to pay for an invoice.

**Number** -- indicate the number of the draw that was submitted to the particular funding source for payment of the indicated amount. For instance, the Contractor X invoice dated

11/08/98 was paid from CDBG funds obtained through the CDBG draw number one, RD funds obtained through RD draw number one, and TSEP funds obtained through TSEP draw number three.

**Total Amount Paid This Invoice:**

This figure will automatically be calculated. The figure should equal the amount in "Total Amount of Invoice" and should also equal the sum of the "Amounts" under the heading "Funding Source, Amount Expended, Drawdown Number."

UNIFORM INVOICE TRACKING SPREADSHEET FOR:

DATE:

12/14/1998

Vendor's Name	Invoice or Pay Estimate Number	Invoice Date or Time Period Covered	Total Amount of Invoice	Warrant Number	Date Paid	Funding Source, Amount Expended, Drawdown Number										Total Amount Paid This Invoice	
						Funding Source: #		Funding Source: #		Funding Source: #		Funding Source: #		Funding Source: #			
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
		<b>TOTALS</b>	\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00

Copy and submit to the applicable funding agency with each drawdown request.

							Community Development Block Grant Program						
							CDBG / NSP Administration Manual						
							Montana Department of Commerce						
							4-E.3						
							Oct-13						

UNIFORM INVOICE TRACKING SPREADSHEET FOR: **Anywhere Water and Sewer District** DATE: **9/19/2013**

Vendor's Name	Invoice or Pay Estimate Number	Invoice Date or Time Period Covered	Total Amount of Invoice	Warrant Number	Date Paid	Funding Source, Amount Expended, Drawdown Number								Total Amount Paid This Invoice	
						Funding Source: CDBG #	Funding Source: RD #	Funding Source: SRF #	Funding Source: TSEP #	Funding Source: RRGL #	Amount Expended	Drawdown Number	Amount Expended		Drawdown Number
Engineering Inc.	1000	11/02/07	\$400.00	4301	11/15/07	\$0.00		\$0.00		\$0.00		\$400.00	1	\$0.00	\$400.00
Engineering Inc.	1001	11/07/07	\$700.00	4350	11/16/07	\$0.00		\$0.00		\$0.00		\$400.00	2	\$300.00	\$700.00
Contractor X	4005	11/08/07	\$1,500.00	4400	11/16/07	\$500.00	1	\$500.00	1	\$0.00		\$500.00	3	\$0.00	\$1,500.00
City/Personnel	2	12/10/07	\$100.00	4500	12/15/07	\$100.00	2	\$0.00		\$0.00		\$0.00		\$0.00	\$100.00
Management Services	10	12/11/07	\$400.00	4510	12/15/07	\$0.00		\$200.00	2	\$0.00		\$200.00	4	\$0.00	\$400.00
Contractor X	4006	12/31/07	\$1,000.00	4600	01/15/08	\$200.00	3	\$200.00	3	\$300.00	1	\$200.00	5	\$100.00	\$1,000.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
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			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
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			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
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			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
			\$0.00			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
<b>TOTALS</b>			<b>\$4,100.00</b>			\$800.00		\$900.00		\$300.00		\$1,700.00		\$400.00	<b>\$4,100.00</b>

Copy and submit to the applicable funding agency with each drawdown request.



**EXHIBIT 4-F  
PROJECT PROGRESS REPORT**

*[... Should be included with each Request for Funds, Exhibit 4-C ...]*

NAME OF COMMUNITY: \_\_\_\_\_  
GRANT CONTRACT NUMBER: #MT-CDBG-\_\_\_\_\_ - \_\_\_\_\_  
DRAWDOWN NUMBER: \_\_\_\_\_  
TOTAL REQUESTED: \_\_\_\_\_  
DATE: \_\_\_\_\_

**ADMINISTRATION:** Amount Requested \$ \_\_\_\_\_

**Description of the use of the administration funds requested:**

\_\_\_\_\_

**Description of current and planned administrative activities, highlighting any issues or concerns relevant to project administration:**

\_\_\_\_\_

**Include above the amount and a brief description of the use of funds requested for each administrative line item**, as shown on the Request for Funds form submitted. The progress report should provide documentation of any major expenditure under this "administration" budget category.

**The Administration portion of the Progress Report should also describe your current and planned administrative activities, highlighting any issues or concerns relevant to project administration.** For example: If you anticipate the need for changes in the line item amounts shown in the activity budget these should be discussed well in advance, since budget adjustments require prior approval and if greater than 10% per line item, formal contract amendment.

**ACTIVITY:** Amount Requested \$ \_\_\_\_\_

**Description of the use of the activity funds requested:**

\_\_\_\_\_

**Description of current and planned project activities, highlighting any issues or concerns relevant to project activities:**

\_\_\_\_\_

**Include above the amount and brief description of the use of funds requested for each activity line item, as shown on the Request for Funds form submitted. This portion of the Progress Report should provide documentation of any major expenditure under this “activity” budget category.** For example, for a public facilities project, attach a copy of the contractor's request for partial payment as reviewed and approved by the project engineer. For economic development projects involving loan agreements, provide documentation from the assisted entity for major expenditures such as: construction, equipment purchase and installation and working capital expenses.

Any other information relevant to the implementation of project activities should also be included in this section of the progress report, including a description of the cumulative progress and accomplishments achieved since project start-up and since the last progress report submitted. Use quantitative terms whenever possible. Any other information that appears pertinent should be included, especially if it may affect the level of accomplishment called for in the grant contract. For example, if you anticipate any problems or delays that could affect the project implementation schedule or budget, these should be fully described. Anticipated changes in the contract budget, implementation schedule, or scope of services should be discussed in detail, well in advance of the needed change.

**Note:** When grantees submit a drawdown to CDBG for grant funds, CDBG requests that grantees report completed milestones and project progress as it relates to the current Project Implementation Schedule. When key dates identified in the current implementation schedule change, a revised implementation schedule needs to be reviewed for approval by CDBG. Upon approval, CDBG will issue a letter to the grantee confirming that the revised implementation schedule has been reviewed and approved.

**Note on required Labor standards monitoring and documentation.** As part of the documentation you submit to CDBG with all your requests for drawdown of Activity budget funds, during the construction period, include:

- (1) copies of the required labor compliance interviews of contractors' employees; and
- (2) certification (on Exhibit 6-P) of your completion of weekly reviews of weekly payroll.

**Maintain in your local project files documentation that you have assured that all during the project that the proper federal Davis-Bacon wages (and hourly zone rates, if applicable) are being paid.** See Chapter 6 (pages 6-13 and 6-14) and Exhibits 6-K and 6-P.

## **SAMPLE PUBLIC FACILITY PROJECT PROGRESS REPORT**

NAME OF COMMUNITY: Town of Sunrise  
GRANT CONTRACT NUMBER: #MT-CDBG-PFXX-XX  
DRAWDOWN NUMBER: 3  
TOTAL REQUESTED: \$73,500  
DATE: 8/23/08

### **ADMINISTRATION: Amount Requested: \$2,500**

#### **Description of the use of the administration funds requested:**

The funds requested for administrative costs in this drawdown are for the following tasks:

1. Legal services for preparation and local review of contract with construction contractor. 10 hours at \$45.00/hour = \$450.
2. Reimbursement for time spent by the CDBG Project Manager conducting Davis-Bacon employee interviews and on-site meetings with the engineer and contractor to discuss and monitor project construction. 70 hours at \$25.00/hour = \$1,750.
3. Travel expenses for CDBG Project Manager - \$250.
4. Misc. office expenses and supplies - \$50

#### **Description of current and planned administrative activities, highlighting any issues or concerns relevant to project administration:**

Contractor employee interviews will continue. Weekly review of payrolls will continue. Assistance with completion of project closeout report is requested. Local staff will review the CDBG Project Monitoring Guide in preparation for the on-site monitoring visit (scheduled for the final week of October, 2008). Working with project engineer and construction contractor to assure we meet final inspection deadline (January 15, 2009).

### **ACTIVITY: Amount Requested: \$71,000**

#### **Description of the use of the activity funds requested:**

The breakdown of activity costs is as follows:

1. Payment of \$50,000 to XYZ Construction Company for work on the water lines (see attached documentation). An additional \$2,000 will be paid with cash on hand from the last drawdown. Since the last drawdown, an additional 1,000 linear feet of water line has been installed, inspected and covered for a total of 1,500 feet to date. Another 500 feet will be installed in the next month;
2. Reimbursement for engineering services and inspections to Gasket Engineering Inc. – 75 hours at \$80.00/hour = \$6,000;
3. For payment of 1% Montana contractors tax - \$520;
4. Service connections - \$14,080. Eighty new service connections have been completed since the last draw for a total to date of 100. The remaining 15 connections will be completed after the next 500 feet of water line is installed

#### **Description of current and planned project activities, highlighting any issues or concerns relevant to project activities:**

1. **Acquisition of the land for the water tank will be completed this month** -- that is a little behind schedule. Construction of the tank will begin as soon as possible next month;
2. **None of the 12 fire hydrants have been installed to date.** Installation will begin next month.
3. **Labor standards monitoring and documentation (for this period) is included as part of the drawdown request packet, as required.** Included: (1) copies of recent (June-July-August, 2008) labor compliance interviews of a representative sample of employees and trades for all contractors and subcontractors; and (2) certification (on Exhibit 6-P) of our completion of weekly reviews of weekly payroll.
4. **We need CDBG's assistance:** There is a new employee for one of the prime contractor's subcontractors (Superb Water Fixers, Inc) and the work being done does not seem to correspond to anything we can find on the Davis-Bacon wage rate determinations packet for this project. Help!

## EXHIBIT 4-G

### FEDERAL REGULATIONS FOR REAL PROPERTY

1. The standards described in 24 CFR, Part 570.505, Subpart J, apply to real property within the grantee's control that was acquired or improved using CDBG funds in excess of \$25,000. These standards apply from the date CDBG funds are first spent for the property until five years after closeout of the grant.

A grantee may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, unless the grantee provides the affected citizens with reasonable notice and opportunity to comment on any proposed change, and:

- (a) The new use of such property qualifies as principally benefiting low and moderate income persons and is not a building for the general conduct of government, or
- (b) If (a) does not apply, the recipient may retain or dispose of the property, provided:
  - It determines, after consultation with the affected citizens, that it is appropriate to change the use of the property to a use which does not qualify as principally benefiting low and moderate income persons, and
  - If MDOC decides to recover the funds, MDOC must be reimbursed for the amount of the current fair market value of the property, and
  - If any portion of the reimbursement is attributable to the expenditure of non-CDBG funds, that portion will be deducted from the total reimbursement.

Following reimbursement, the property no longer will be subject to any CDBG requirements.

2. The proceeds received from the sale of real property, acquired or improved with CDBG funds, in the amounts in excess of \$25,000 is subject to 24 CFR, Part 85.31. It provides that the amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from the sale may be offset against the original cost of the property. When a grantee or sub-grantee is directed to sell property, sale procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.

3. Disposition of equipment is subject to 24 CFR, Part 85,32. It requires that when original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal Agency, disposition of the equipment will be made as follows:
- Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
  - Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from the sale of the awarding agency's share of the equipment.

In cases where a grantee or sub-grantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or sub-grantee to take excess and disposition actions.

After closeout, the grantee must retain records relating to the disposition of real property, equipment and supplies for at least three years from the date of disposition.

## EXHIBIT 4-H

### PROGRAM INCOME

Program income means gross income that is received by either a recipient or sub-recipient and has been directly generated from the use of CDBG funds. When program income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.

Note: This exhibit applies to both the CDBG Housing Program and the CDBG Economic Development Program. Please refer to Chapter 8 for additional requirements related to CDBG economic development activities.

#### A. EXAMPLES OF PROGRAM INCOME

1. Program income examples include, but are not limited to, the following:
  - Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
  - Proceeds from the disposition of equipment purchased with CDBG funds;
  - Gross income from the use of rental of real or personal property acquired by the grantee with CDBG funds, less costs incidental to generation of the income;
  - Gross income from the use or rental of real property, owned by the grantee that was constructed or improved with CDBG funds, less costs incidental to generation of the income;
  - Payments of principal and interest on loans made using CDBG funds;
  - Proceeds from the sale of loans made with CDBG funds;
  - Proceeds from sale of obligations secured by loans made with CDBG funds;
  - Interest earned on funds held in a revolving fund account;
  - Interest earned on program income pending its disposition; and
  - Funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of public improvement.

2. Program income does **not** include, but is not limited to, the following:

- Interest earned on grant advances from the U.S. Treasury. Any interest earned on grant advances is required to be returned to the U.S. Treasury;
- Proceeds from fund-raising activities carried out by sub-recipients that are receiving CDBG assistance to implement eligible activities;
- Funds collected through special assessments that have been made to recover the non-CDBG portion of a public improvement;
- Proceeds from the disposition by the grantee of real property that has been acquired or improved with CDBG funds when the disposition occurs after grant close-out for entitlement grantees;
- Proceeds from the disposition of real property that has been acquired or improved with CDBG funds, where the disposition occurs within a five-year period after expiration of the agreement between the grantee and sub-recipient.
- Proceeds from CDBG economic development loans that are used for economic development activities through a community development organization are not considered program income.

## **B. PROGRAM INCOME PLAN**

MDOC will allow local government grantees to retain program income after project closeout. To do so, a grantee must submit a plan for the proposed use of the program income. (Preferably, a local government would do so within its project application or management plan.) The decision to permit a local government grantee to retain program income will be based upon the grantee's final plan for use and administration of such program income.

## **C. PROGRAM INCOME CONTRACTUAL REQUIREMENTS**

If MDOC determines that program income is to be retained by a grantee, the program income plan will specify the activities that will be undertaken with the program income and that all provisions of the program income plan shall apply to the specified activities. Accordingly, the contract will contain the following provisions that will be modified during contract negotiations to fit the specific program income situations that exist.

The grantee will be permitted to retain program income generated by the activities described in the contract under Section 5, Scope of Activities. Program income



received before the project is closed out by MDOC must be expended on project activities before additional CDBG funds are requested by the grantee. MDOC will deduct the amount of program income on hand as shown on the drawdown form from the amount requested by the grantee. The receipt and expenditure of program income shall be treated as additional CDBG funds, subject to all applicable requirements governing the use of CDBG funds. The receipt and expenditure of program income shall be recorded as part of the financial transactions of the grant program. At the time of closeout, MDOC will specify the conditions and requirements that will apply to program income received after closeout by the grantee.

The CDBG Program Officer preparing the contract will insert specific program income requirements that relate directly to the project, based on the application, other open or closed CDBG projects, current MDOC policy for program income, the existence and purpose of revolving loan funds, and the source of program income that is expected to be generated from project activities.

#### **D. USES OF PROGRAM INCOME**

1. After Project Closeout -- For the years of 1992 and prior:
  - If the grantee does not have an on-going grant that was received directly from MDOC at the time of closeout, the MDOC encourages the use of program income for CDBG eligible activities that assist a minimum of 51% low and moderate-income persons.
  - Program income should be expended on activities as specified in the local government's program income plan and/or closeout agreement.
2. Before Project Closeout -- For the years of 1993 and later (*this applies only to program income managed by local governments*):
  - Program income received by a grantee before closeout must be used in accordance with the provisions of Title I. As such, all the regulations and requirements that applied during the term of the project will apply to the program income received before closeout. For the most part, this means that program income must be used for eligible CDBG activities, and that a minimum of 51% of the funds must be used for activities that are clearly designated to meet identified needs of persons of low and moderate income.
3. After Project Closeout -- For the years of 1993 and Later (*this applies only to program income managed by local governments*):

MDOC has developed the following proposed policy for expenditure of program income after close-out which will meet the federal national objective

of benefiting low and moderate income persons (LMI) and allow local governments some flexibility with their program income:

- As program income is received, the following applies: For CDBG housing and public facilities activities: a maximum of 15% would be allocated to an administration fund and a minimum of 85% allocated to an activity fund for each state fiscal year;

For CDBG economic development activities: a maximum of 18% would be allocated to an administration fund and a minimum of 82% allocated to an activity fund for each state fiscal year.

- Under the activity fund, 70% of the expenditures of that fund in any year would have to principally benefit LMI (51%) persons, be a CDBG eligible activity, and meet federal Title I regulations. The "70%" derives from the federal statutory requirement that requires states to demonstrate to HUD that at least 70% of CDBG funds expended are used to assist LMI persons or households.
- The remaining 30% of the activity fund could be used for any CDBG eligible activity as long as it meets Title I requirements. Grant recipients would still need to submit a program income report for any program income generated. ► This strategy assures that program income is being spent on CDBG eligible activities that principally benefit 51% low and moderate-income persons, the original intent of the program, but allows some flexibility to carry out eligible CDBG activities in those communities that are not 51% LMI community-wide.

All program income received by a grantee after closeout must continue to be used in accordance with the provisions of Title I (Davis Bacon wage rates, environmental review, etc.). As such, all regulations and requirements that applied during the term of the project will apply to the program income received after closeout.

Exception: Federal Title I requirements do not apply to funds which are less than \$25,000 received and retained in a single year by a grantee. A grantee may use this amount for any eligible CDBG activity that benefits at least 51% low and moderate-income persons. The first annual period for which it may be applied begins with fiscal year 1994, beginning July 1, 1993.

4. For CDBG economic development payments made to a qualified non-profit:

Payments made to a community development organization that uses the funds for continued economic development activities do not have to

meet any Federal requirements. However, the local government can still establish requirements for re-use of the funds, and require some CDBG requirements to be followed through grant agreements between the local government and the community development organization. A revolving loan fund plan must be executed that is agreeable to the local government. The local government must also execute a sub-recipient agreement with the community development organization for management of the revolving loan fund.

The Department encourages community development organizations to continue to use loan proceeds for CDBG eligible activities that benefit 51% low and moderate-income persons, and to follow activities specified in the revolving loan fund plan.

#### **E. USE OF PROGRAM INCOME IN LIEU OF GRANT DRAWDOWNS**

If at the time of closeout the grantee has another on-going CDBG grant from MDOC, the funds received after closeout will be treated as program income of the on-going grant program, unless MDOC specifies otherwise in the grant agreement or there is a Revolving Loan Fund set-up. MDOC may specify in the grant agreement or in a future grant agreement that program income from an earlier CDBG project will be used for a CDBG project awarded at a later date.

The receipt and expenditure of program income shall be recorded as part of the financial transactions of the grant program in the grantee's financial records. Program income received before grant closeout may be retained by the grantee, with MDOC approval, if the income is treated as additional CDBG funds. If the grantee chooses to retain program income, that income shall affect withdraws of grant funds from the U.S. Treasury as follows:

- Program income in the form of repayments to, or interest earned on, a revolving fund, as defined above, shall be substantially disbursed from the fund before additional cash withdraws are made from the U.S. Treasury for the same activity.
- Substantially all other program income shall be disbursed for eligible activities before additional cash withdraws are made from the U.S. Treasury.

This requirement could lower the total amount of CDBG funds received from MDOC that are actually expended (as opposed to requested and budgeted) for the project. MDOC will decide whether to allow the remaining CDBG funds to be used for further project activities, such as additional housing rehabilitation or to reallocate the remaining funds to other CDBG projects.

## **F. USING PROGRAM INCOME FOR FOR-PROFIT ENTITIES**

A grantee proposing to use CDBG program income, regardless of source, for economic development activities must determine that assistance to for-profit entities is appropriate, as defined in the current Montana CDBG Application Guidelines and HUD policy.

The grantee will have to retain records to document compliance with this requirement, including the financial analysis conducted to determine whether the financial assistance to the for-profit was "necessary and appropriate."

## **G. REVOLVING LOAN FUND(S)**

### **1. Definition and Purpose**

HUD defines a revolving fund as a separate fund with a set of accounts independent of other program accounts, established for the purpose of carrying out a specific activity that, in turn, generates payments to the fund for use in carrying out such an activity. An example is a revolving fund set up for financing housing rehabilitation loans. Loan repayments are paid into the fund and used to finance other rehabilitation loans or loans to businesses.

### **2. Establishment**

Typically, a revolving fund will be established at the time the specific activity begins to generate program income, e.g., principal and interest received by the grantee from payments on rehabilitation loans or business loans.

### **3. Optional Fund Requirements**

The grantee may maintain a separate revolving fund for housing activities and a separate revolving fund for economic development activities. Or, the grantee may opt to utilize a single revolving fund for both activities.

### **4. Mandatory Fund Requirements**

Due to Title I changes, the grantee will be required to maintain a separate fund for revolving activities covered under 1992 and prior contracts, and a separate fund for revolving activities covered under 1993 and future contracts, or combine the two and follow the post-1992 requirements.

### **5. Rules Applying To A Revolving Fund**

Revolving fund activities are subject to the same rules as other CDBG grant activities. They must be eligible activities that meet a national objective and must be carried out in compliance with all applicable program requirements.

## H. REVOLVING LOANS

### 1. Loan Management

The making of real estate and business loans by the grantee parallels in importance the function of a financial institution, such as bank or savings and loan association. Consequently, proper management of these loans is paramount to the success of the CDBG Program.

The guidelines that follow, while not all inclusive, should help the grantee in the management of real estate and business loan activities.

- a. Applicable loan committees should be established to provide citizen involvement and guidance;
- b. All amortized loans made should be supported by amortization schedules and they should be kept current. The loan amortization schedule(s) will serve as the subsidiary loan receivable records;
- c. All loan repayments of principal and interest should be collected directly by the grantee (unless a sub-recipient agreement has been executed between the grantee (local government) and a non-profit community development organization to manage the funds through a revolving loan fund plan;
- d. The person who receives the loan repayments should not be the same person who keeps the records;
- e. All loans made and resulting transactions should become a part of the general accounting records;
- f. A system should be established to monitor all loans outstanding;
- g. A formal policy for dealing with delinquent loans should be established and enforced;
- h. Delinquent loan reports should be issued periodically and used for follow-up;
- i. All loans should be secured by trust indentures;
- j. All borrowers should protect the grantee against insurable risks (where applicable) and the policies underwritten should be on file with the grantee;

- k. Any grants made that provide a contingency for repayment should be appropriately accounted for and secured by the filing of liens.

## 2. Accounting And Reporting Treatment for Revolving Loans

Authoritative literature on accounting for loans, often referred to as revolving loans, is skimpy at best. The December, 1989 GAAFR Review, published by the Government Finance Officers Association, discusses the pros and cons of several possible treatments - each having some theoretical defect. However, the most favored, and recommended, treatment is to report the loan receivable on the balance sheet with a corresponding amount of deferred revenue.

### **I. RECORDKEEPING REQUIREMENTS**

Communities planning to utilize program income must maintain, at a minimum, the following records:

- Sources of program income, including interest earned;
- A schedule of anticipated program income receipts;
- Designated persons(s) or entity(ies) responsible for tracking loan payments and servicing the loan(s);
- Policies and procedures for determining how the program income funds will be expended and for what activities;
- Names of the person(s) or board(s) responsible for implementing the program income plan and for ensuring compliance with applicable requirements;
- Dates and amounts of program income deposits and disbursements; and
- The activities funded with program income.

These records must be available for review. The grantee must retain such records for at least three years from the end of the fiscal year in which the last receipt of program income occurs.

### **J. MDOC OVERSIGHT AND MONITORING OF PROGRAM INCOME**

Because MDOC has ultimate responsibility for the program income retained and used at the local level, it must ensure that such program income is used in a manner

consistent with CDBG requirements. To do so, MDOC has instituted a reporting process that will require an Annual Program Income Report from each grantee.

For the reporting convenience of the grantee, MDOC has designed two versions of the Annual Program Income Report, Version A and Version B.

1. Version A (See **Exhibit 4-H.1**)

The grantee should utilize Version A when it opts to combine the reporting of housing or public facility program income activity. However, such program income activity must be reported separately for the contract years of 1992 and prior and for the contract years of 1993 and later.

The compliance certification on this report must be signed by the appropriate local official. In so doing, the grantee certifies that it has adhered to all Title I compliance requirements as required.

2. Version B (See **Exhibit 8-I**)

The grantee should utilize Version B when reporting CDBG economic development activities for primary and secondary loans.

3. Reporting Period And Filing Deadline

For CDBG housing or public facility activities: The Program Income Report(s) will cover the fiscal year of July 1, through June 30. The reports must be filed with MDOC no later than August 15 of each year.

For CDBG economic development activities: The Revolving Loan Fund Report will cover the calendar year January 1, through December 31. The reports must be filed with MDOC no later than January 31 of each year. Reporting forms will be sent to revolving loan fund managers each December.

Version A

City/Town/County of

Annual Program Income Report  
Receipts, Disbursements and Changes in Fund Balance(s) - All Funds  
for CDBG Housing or Public Facility Activities

For the Fiscal year Ended June 30, 20\_\_

	1992 And Prior	1993 And Later	Totals
<b>Receipts:</b>			
Interest	\$ 15,000	\$ 5,000	\$ 20,000
Principal	10,000	5,000	15,000
<b>Total Annual Receipts</b>	<u>\$ 25,000</u>	<u>\$ 10,000</u>	<u>\$ 35,000</u>
<b>Disbursements:</b>			
Loans	\$ 10,000	\$	\$ 10,000
Grants	5,000		5,000
<b>Total Annual Disbursements</b>	<u>\$ 15,000</u>	<u>\$</u>	<u>\$ 15,000</u>
<b>Transfers Out:</b>			
Drawdowns	\$ 5,000	\$	\$ 5,000
General Government		5,000	5,000
<b>Total Annual Transfers</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>
<b>Total Disbursements &amp; Transfers</b>	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 25,000</u>
Excess Receipts over Disb. & Trans. or Excess Disb. & Trans. over Receipts	\$ 5,000 ( )	\$ 5,000 ( )	\$ 10,000 ( )
Fund Balance(s) Beginning	<u>35,000</u>		<u>35,000</u>
Fund Balance(s) Ending	<u>\$ 40,000</u>	<u>\$ 5,000</u>	<u>\$ 45,000</u>



## PROGRAM INCOME - TITLE I CERTIFICATION

Amendments to Title I of the Housing and Community Development Act require that local governments continue to spend all program income for eligible Community Development Block Grant (CDBG) activities according to all Title I requirements, even after close out of the CDBG project. The following certification is to be executed by the chief local government official to certify in its annual program income report to the Department of Commerce that these requirements have been met.

### Certification

I hereby certify that all program income expenditures generated by Community Development Block Grant (CDBG) activities for the local government of \_\_\_\_\_, were expended for eligible CDBG activities, according to requirements of Title I of the Housing and Community Development Act of 1974, as required by amendments to the Act dated October, 1992.

\_\_\_\_\_  
Chief Local Government Official

\_\_\_\_\_  
Date

**EXHIBIT 4-I**

**EXPENDITURE REVIEW**

Several communities have developed forms that provide for routine review and approval of proposed CDBG expenditures by the Project Manager, before they are submitted to the local Financial Officer for processing. The "paper trail" resulting from the use of such forms also documents a proper separation of duties and adequate internal control.

Two sample formats follow. The first format would be used for routine local expenditures and attached to each invoice or request for payment submitted for local review:

**CDBG PROGRAM EXPENDITURE REVIEW**

Name of Vendor/Contractor Purpose of Expenditure/Activity	Date of Invoice or Billing	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- 1. Expenditure is an eligible use of CDBG funds according to the project budget?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- 2. Expenditure should be assigned to the \_\_\_\_\_ budget line item.
- 3. Sufficient funds are available for payment? Yes \_\_\_\_\_ No \_\_\_\_\_

The proposed expenditure meets the requirements of the CDBG Program and is authorized for payment.

\_\_\_\_\_ Project Manager

\_\_\_\_\_ Date

Another format, shown below, could be used for housing rehabilitation activities or demolition activities. The form would be prepared by the local Project Manager, after the contractor has completed work on the demolition or rehabilitation project.

### **CDBG PROGRAM EXPENDITURE REVIEW**

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Application Number: \_\_\_\_\_

### **CDBG PROGRAM PROJECT COMPLETION CERTIFICATION**

I certify that the demolition/rehabilitation work on the above listed property has been completed in accordance with the work write-up and contract.

Contractor Signature: \_\_\_\_\_

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

### **PAYMENT APPROVAL**

The demolition/rehabilitation work on the above listed property has been inspected and determined to have been completed in accordance with the work write-up and contract.

A payment of \$ \_\_\_\_\_ is authorized.

Project Manager Signature: \_\_\_\_\_

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

**EXHIBIT 4-J**

**PROGRAM INCOME - TITLE I CERTIFICATION**

**Amendments to Title I of the Housing and Community Development Act require that local governments continue to spend all program income for eligible Community Development Block Grant (CDBG) activities according to all Title I requirements, even after close out of the CDBG project. The following certification is to be executed by the chief local government official to certify in its annual program income report to the Department of Commerce that these requirements have been met.**

Certification

I hereby certify that all program income expenditures generated by Community Development Block Grant (CDBG) activities for the local government of \_\_\_\_\_, were expended for eligible CDBG activities, according to requirements of Title I of the Housing and Community Development Act of 1974, as required by amendments to the Act dated October, 1992.

\_\_\_\_\_  
Chief Local Government Official

\_\_\_\_\_  
Date

**EXHIBIT 4-K**

**QUARTERLY UPDATE REPORT  
Montana CDBG Program – Housing and Public Facilities**

NAME OF GRANTEE: \_\_\_\_\_

DATE OF ANNOUNCEMENT OF  
GRANT AWARD: \_\_\_\_\_

DATE OF FIRM COMMITMENT OF  
ALL OTHER NON-CDBG FUNDING: \_\_\_\_\_

GRANT CONTRACT NUMBER: #MT-CDBG-\_\_\_\_\_-\_\_\_\_\_

QUARTER: MARCH JUNE SEPTEMBER DECEMBER  
(Please circle one.)

PERCENT COMPLETED: \_\_\_\_\_

DATE REPORT COMPLETED: \_\_\_\_\_

**SCOPE OF WORK:**

**Include comments on each of the specific items in the project's Scope of Work -- as found in the Section 6 (Scope of Activities) of the CDBG contract for your project.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IMPLEMENTATION SCHEDULE:**

**Include comments on the relevant items in the Quarterly Implementation Schedule – as found in Attachment A of the CDBG contract for your project.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Timeliness Compliance: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**START-UP CONDITIONS**

Chapter 1

**Include comments on the items in the Project Start-up Checklist in Exhibit 1-G, CDBG Grant Administration Manual and on the items in Section 18 (Special Project Start-Up Conditions) of the CDBG contract for your project.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ENVIRONMENTAL REVIEW**

Chapter 2

**Include comments on the items in the Environmental Review Checklist in Exhibit 2-B, CDBG Grant Administration Manual and in Section 17(a)(i) of the CDBG contract for your project.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PROCUREMENT STANDARDS**

Chapter 3

**Include comments on the items in the Procurement Checklist in Exhibit 3-I of the CDBG Grant Administration Manual and on relevant procurement issues from Chapter 9 (bid solicitation).**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FINANCIAL MANAGEMENT**

Chapter 4

**Include comments on relevant items from Chapter 4 (especially Section III, Program Requirements, page 4-4 and following) and on items from Section D (“Financial Management”) of Exhibit 12-A, CDBG Project Monitoring Guide.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CIVIL RIGHTS**

Chapter 5

**Include comments on the items in the Civil Right Checklist (Exhibit 5-U) of the CDBG Grant Administration Manual and also on relevant items in Section E (“Civil Rights Compliance”) of Exhibit 12-A, CDBG Project Monitoring Guide.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LABOR STANDARDS**

Chapter 6

**Include comments on relevant labor standards items in Chapter 6 (especially Grantee Labor Standards Responsibilities -- page 6-9 and following) -- and on items in Section F (“Labor Standards Compliance”) of Exhibit 12-A, CDBG Project Monitoring Guide.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ACQUISITION & RELOCATION**

Chapter 7.

**Include comments on relevant acquisition and relocation items in Chapter 7, if applicable.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONSTRUCTION MANAGEMENT**

Chapter 9

**Include comments on relevant items in Chapter 9 (especially Section Iii, page 9-9 and following) and on items in Section F (“Construction Management”) of Exhibit 12-A, CDBG Project Monitoring Guide.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**HOUSING**

Chapter 10

**Include comments on relevant items in Chapter 10, if applicable. Also include comments on any relevant items in Section J (“Housing Rehabilitation File Review”) of Exhibit 12-A, CDBG Project Monitoring Guide, if applicable.**

Milestones Completed: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CLOSEOUT**

Chapter 13

**Include comments on relevant items in Chapter 13 and in Section L (“Project Closeout and Audit Review”) of Exhibit 12-A, CDBG Project Monitoring Guide.**

Status of Closeout Forms: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Issues / Problems Encountered: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_