

FISCAL PROFILE AND BUDGETING INSTRUCTIONS

A. Preparation of Proposed Budget Information for Overall Agency Operations

These instructions provide social service districts (districts) with the required accounting procedures, definitions of expenditure categories, reporting guidelines for personnel services (PS), other than personnel services (OTPS), and required fiscal reporting forms for homeless shelter budgets. The information contained herein will assist you in completing the required fiscal forms that will be used to propose/adjust a program/facility negotiated rate.

At this time, all non-certified emergency shelters and certified Adult emergency shelters in operation for an entire fiscal year outside of New York City must report their anticipated expenditures for Calendar Year (CY) 2017 only, which is the local districts' fiscal period. Certified Tier II shelters outside of NYC must report program/facility expenditures for CY 2017, as well as the previous year's approved budgetary amounts and associated changes.

For certified Tier II shelters in New York City, DHS must report program/facility expenditures on the July to June 2017 City Fiscal Year (CFY), as well as the previous CFY's approved budgetary amounts and associated changes. All other emergency shelters in NYC only need to report CFY 2017 budgeted expenditures at this time.

For CY and CFY 2018 and all subsequent years, all shelters will report the prior year's budgeted amounts and reflect associated changes, including justifications as necessary.

B. General Accounting Procedures

1. The Modified Accrual Basis for Accounting is required.
2. Once the accounting methodology for the allocation of indirect expenditures has been established, any changes by programs/facilities will require prior approval by OTDA.
3. Replacement and acquisition of plant, furnishings, equipment, and vehicles should be distinguished as minor or major items. Minor items, which may be expensed, are defined as items costing less than \$1,500, and should be reported in the appropriate OTPS category on the Line Item Budget Form-A. Items costing \$1,500 or more are to be capitalized, with the resultant depreciation expense reported on the Depreciation Report and the corresponding line of the Line Item Budget Form-A.
4. The straight-line method of calculating use charges (depreciation) on owned plant, furnishings, equipment and vehicles is generally required. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method of depreciation must be used.
5. Income and expense amounts are to be reported in even dollar amounts. All amounts of 50 cents or more are to be rounded up to the nearest dollar. All amounts under 50 cents are to be rounded down to the nearest dollar.
6. In conformance with the State's full financial disclosure practice, each emergency shelter is required to report all allowable operating expenditures and revenue even if the other

programs are not related to the facility shelter program, with certain exceptions. However, grant funded expenditures (private or public) cannot be included in the shelter per diem cost, and must be reported on the Revenue form.

7. Leasehold improvements are to be amortized over the life of the lease or the life of the improvements, whichever is shorter. Renewal options are to be included as the life of the lease when amortizing leasehold improvements. The amortization schedule will be based on the life of the original lease plus the option period, or the life of the improvement, whichever is shorter. Leasehold improvements must be amortized over a period of at least 60 months.

C. Expenditure Categories and Procedures

- **Budget Summary Form** – Lines 6-10 should be completed, providing the following information:
 - Agency/Provider – The legal name of the entity providing shelter services;
 - Contract No. – Identifying number provided by district, as applicable;
 - Program/Facility – The name of the specific shelter to which the budget applies;
 - Fiscal Year – Generally January 1 to December 31, except in NYC;
 - Term of Contract – The multi-year term of the contract between the agency/provider and district;
 - Agency Representative – The Chief Executive or Fiscal Officer who is responsible for, and knowledgeable of the facility's fiscal matters, including telephone and e-mail contact information;
 - Federal EIN – The Federal tax identification number of the entity providing shelter services.
 - Vendor ID # – Benefits Issuance and Control System (BICS) generated identification number. BICS Vendor ID is not required in NYC.

All other information on the Budget Summary form will automatically pre-populate from entries on the Line Item Budget Form-A.

Dated signatures from the districts' Program and Budget representatives, as well as the Agency Representative, are required.

- **Line Item Budget Form-A**

The following describes the specific categories in which budgeted costs should be grouped for reporting purposes. All gross expenditures shall be reported by program. Only allowable items of expenditure should be included in the budget. Non-allowable expenditures are listed at the end of these instructions.

If an agency operates more than one shelter program, each program must report a separate Line Item Budget Form-A, which must then be aggregated into a summary form. Agencies may only submit consolidated budgets for shelters of the same type. Districts and agencies should seek clarification from OTDA for further assistance as necessary.

Projected costs will be evaluated by OTDA based upon facility size and similar programs in comparable geographic areas, as well as increases over prior year budgets.

The categories of expenditures are as follows:

Page 1 - PERSONNEL SERVICE (PS)

Column A: Position Title – List the associated title of all budgeted positions within the specific category.

Columns B and E: FTE's – The total number of full time equivalents (FTEs), per position. For example: 40 hours per week per person = 1.0 FTE.

Columns C and F: Salary – Total salary paid for one FTE in each position.

Columns D and G: Total – Automatically calculates the total PS cost by line, by multiplying the number of FTE's by Annual Salary.

Column J: Justification – Justification must be included on separate report for any item that changes by 10% or \$10,000 more or less than the previous fiscal year's budget submission.

****Data for FY 2016 and associated justifications are only required for certified Tier II Shelters at this time. For CY and CFY 2018 and subsequently, all shelters will provide the prior year values and justification for variances as necessary.**

1. Administration – Include in this category personnel costs associated with the administration and management of the program/facility. Work performed in this category includes, but need not be limited to: total administration of the facility; management of personnel; background checks and fingerprinting; data processing; reception and secretarial; accounting and bookkeeping, and supervision of this functional category. Allowable administrative costs are a maximum of 15% of total allowable program/facility costs, excluding rent and debt service payments.

2. Social Work – Include in this category personnel costs associated with the preliminary needs determinations and assessments of families/individuals; development of treatment goals and objectives; and provision of counseling. Costs for the provision of medical services which either can be provided only by, or under the direct supervision of, a medical professional or are reimbursable under Medicaid, are not permitted and should not be included.

3 & 4. Child Care and Recreation – Include in these categories personnel costs associated with the supervision of the activities of children in care and recreational needs of families. Costs to operate a NYS licensed day care program are not to be included. The regulations for family shelters allow for a suitable adult resident to be counted as staff for the purpose of supervised child care ratios. These staffing patterns, including the adult residents are mandated. However, the guidelines for reimbursement will provide agencies with funds only for the child care workers in relation to the number of children listed on the chart that follows. Include in these categories all persons whose primary function is to provide child care and recreational needs of children and families.

Allowable staffing patterns, including adult resident staff, for child care activities:

Infant (0-2 years)

Facilities are expected to employ, and will be eligible for reimbursement of, 1 child care worker for every 4 children in this age group.

Pre-School (3-5 Years)

Facilities are expected to employ, and will be eligible for reimbursement of, 1 child care worker for every 8 children in this age group.

School Age (6-16 years)

Facilities are expected to employ, and will be eligible for reimbursement of, 1 recreation worker for every 15-20 children in this age group.

The allowable supervisor ratio is 1 to every 8 reimbursable employees.

5. Case Management – Include in this category personnel costs associated with the daily care of the residents and assistance in accessing services and obtaining permanent housing, including staff whose primary function is to provide direct care and supervision of the families/individuals in the facility; assist families/individuals in applying for and obtaining income entitlements, public benefit programs, mental health and social services, and job training; and finding and obtaining permanent housing.

6. Security – Include in this category all staff whose primary function is to provide security for families/individuals, 24 hours/7 days a week. Work performed in this area includes, but need not be limited to, family monitors and attendants.

7. Maintenance – Include in this category all staff whose primary function is the maintenance and repair of the buildings and grounds. Work performed in this area includes, but need not be limited to: building maintenance, housekeeping, cleaning, painting, and porter duties.

8. Motor Vehicle Operator (MVO) – Include in this category all staff whose primary function is to provide transportation for clients.

9. Kitchen – Include in this category all staff whose primary function is to provide food for clients. Work performed in this area includes, but need not be limited to cooks and other kitchen assistants.

10. Fringe Benefits – Should include the following:

- a. Social Security – Include employer portion of FICA taxes;
- b. Insurances – Include employer cost of health, disability and dental insurance, as applicable;
- c. Pension and retirement – Include employer costs of employee retirement benefit plans; and
- d. Workers' Compensation, Unemployment Insurance, NYS Disability.

Fringe Benefits as a percent of PS subtotal will be automatically calculated.

Page 2 – OTHER THAN PERSONNEL SERVICE (OTPS)

Column A: OTPS Expense: Potential OTPS expenses are pre-populated for each category. If necessary, additional expense lines may be inserted into a category, subject to review by OTDA.

Columns D and E: Budget: Include the total budgeted amount for each OTPS line, by fiscal year.

Column H – Justification: Justification shall be included on separate report if any item changes by 10% or \$10,000 more or less than previous fiscal year's budget submission.

****Data for FY 2016 and associated justifications are only required for certified Tier II Shelters at this time. For CY and CFY 2018 and subsequently, all shelters will provide the prior year values, and justification for variances as necessary.**

Office Equipment – Include in this category the acquisition cost, freight, delivery and installation charge of minor equipment. Minor equipment is defined as equipment costing less than \$1,500. Individual items costing \$1,500 or more are to be capitalized, with the resultant depreciation expense reported on the Depreciation Report and the corresponding line of the Line Item Budget Form-A. This category is restricted to items that are necessary for the operation of the facility.

Client Supplies/Furniture – Include in this category the consumable supplies, including freight and delivery charges, for blankets, sheets, bedding, household and kitchen items, beds, dressers, and similar items costing less than \$1,500. Items costing \$1,500 or more are to be capitalized, with the resultant depreciation expense reported on the Depreciation Report and the corresponding line of the Line Item Budget Form-A.

Client Transportation – Include in this category all costs incurred by client while engaged in facility business in connection with training or housing/employment search, including car fare, taxi fare, gasoline, tolls and parking charges.

Utilities – Include in this category the cost of telephone, electricity, oil/gas and water/sewer, provided these costs are not included in costs reported for rent.

Office Expenses – Include in this category the cost of consumable office supplies, computer supplies and software for preparation of payroll. Other administrative cost such as insurance, recruitment, staff training and transportation are allowable. Details on insurance must be included on the Insurance Attestation Form.

Professional Services – Include in this category the cost of establishing and maintaining accounting and other information systems required for the management of the shelter program, as well as the cost of independent accountants required for certified audits, attorneys, and computer consultants. Detailed information on any consulting services must be reported on the Consultant Project Information Report.

Maintenance/Repair – Include in this category costs incurred for necessary maintenance, repair, or upkeep of property, offices, and stationary or movable equipment, which keeps the property and equipment in an efficient operating condition. These costs are allowable to the extent that they are not otherwise included in rental or other charges for space. Please note that costs for maintenance and repairs must not include any capital costs which add to the permanent value of the property or appreciably prolong the property's intended life.

Mechanical System Contracts – Include in this category costs incurred for services rendered by independent contractors, including payments for contracted boiler and generator system maintenance, fire detection, elevator maintenance and repair, and extermination contracts. Detailed information on any independent contractor services must be reported on the Consultant Project Information Report.

Food – Include in this category payments for the cost of food purchased for use and consumption by clients, including infant formula and delivery of food purchases.

Contracted Security – Include in this category costs incurred for services rendered by independent contractors for the reasonable security needs of clients, staff and physical plant, including security cameras. Detailed information on any independent contractor services must be reported on the Consultant Project Information Report.

Vehicle Expenses – Include in this category all costs incurred while engaged in facility business in connection with the care of families/individuals, including payments for vehicle rental/lease, insurance, gasoline and vehicle maintenance and repair. Details on insurance must be included on the Insurance Attestation Form.

TOTAL PS & OTPS will be calculated automatically

Administrative Overhead – Include in this category charges to the program/facility receiving supportive services from sponsoring provider if applicable (administrative services, finance, human resources, technical consultants, etc.). Costs must be identified separately on the Administrative Overhead report and may not be paid for by other funding sources. The maximum allowable percentage is 10% of the Total PS & OTPS, and the amounts and/or allowable percentage of expenditures may be further limited by the district and/or OTDA.

Rent – Rental costs for property are allowable if the costs are reasonable when compared to similar facilities of like type, life expectancy, condition, and value in the area.

Total Operating Budget will be calculated automatically.

Non-allowable expenditures that should **NOT** be included in PS or OTPS are listed below:

1. **Capital Construction Costs:** Improvements to capital assets that materially increase the assets' value or useful life. Examples of such improvements include activities that go beyond the arresting of deterioration or maintenance of capital assets (e.g., adding a new wing to a shelter; replacing a conventional roof with a slate roof, etc.).
2. **Child Care:** If an agency is operating or proposes to operate a NYS licensed day care program, do not include any of these child care expenses in the shelter program cost center.
3. **Contributions and Donations:** Political and charitable contributions and/or other donations.
4. **Entertainment Costs:** Entertainment costs, including lunches, dinners and staff parties.
5. **Fines and Penalties:** Costs resulting from violations of, or failure by the program/facility to comply with, federal, state, and/or local laws and regulations.
6. **Fund Raising Costs:** Costs of organized fund raising, including financial campaigns, endowment drives, or solicitation of gifts and bequests, done to raise capital or obtain contributions.

7. **Goodwill:** Goodwill or the stated value of a business in excess of its book value.
8. **Investment Management:** Costs of investment counsel and staff, and similar expenses incurred solely to enhance income from investments.
9. **Personal Costs:** All personal expenses, including but not limited to personal travel expenses, laundry charges, beverage charges, gift certificates to staff and vendors, flowers or parties for departing staff, holiday parties, repairs on a personal vehicle, rental expenses for personal apartments.
10. **Profits and Losses on Investments:** Profits or losses on the sale or exchange of investments will not be considered either an offset to expenses or an allowable cost.

Start-Up Costs – Start-up costs incurred by a new program/facility prior to its operational starting date, may be reimbursable, but only upon prior approval of OTDA. For purposes of the Shelter program, the operational starting date will be calculated as 45 days from the date the operational plan is submitted to OTDA. Since certain staff members are required to be employed prior to the opening of the agency, their salaries and certain OTPS costs will be allowed 90 days prior to the shelter's operational starting date. Since these costs are related to shelter services that are to be rendered after the agency is in operation, they must be capitalized as deferred charges and amortized over a 60-month period. This requirement to defer these charges shall not apply to single adult shelters in New York City.

Start-up costs include, but need not be limited to: salaries, utilities, insurance, rent, employee training, repairs and maintenance, loan servicing fees and interest payments and any other allowable costs incident to the start-up period. However, any costs that are properly identifiable as construction or major renovation costs are capitalized and must be excluded from start-up costs.

Limitations on allowable start-up costs are as follows:

Administrative salaries – 90 days prior to operational starting date;
Utilities - 90 days prior to operational starting date;
Rent - 90 days prior to operational starting date;
Building Security - 90 days prior to operational starting date; and
All other Salaried Positions – 30 days prior to operational starting date.

OTHER REQUIRED REPORTS

The following reports must be completed when applicable, with the corresponding total entered onto the relevant line on Line Item Budget Form A:

1. **Justification** – A detailed explanation is required for every budget line item that increases or decreases by more than 10% or \$10,000 from the previous fiscal year's budget submission. Any changes in staffing from the current Operations Plan must be documented.
2. **Consultant Project Information** – Consultant contact and project information is required for every consultant contract where reimbursement is sought for within the Mechanical Systems, Contracted Security and Professional Services categories.

3. **Administrative Overhead** – Facility charges from sponsoring provider, if applicable (administrative services, finance, human resources, technical consultants, etc.).
4. **Debt Service Amortization** – Debt Service on refinanced facility capital costs that have been specifically pre-approved by OTDA may be permitted.
5. **Depreciation** – All replacement and acquisition of equipment, furnishings, vehicles and property individually costing more than \$1,500 must be capitalized, with the resultant depreciation expense reported on the Depreciation Report and the corresponding line of Line Item Budget Form-A.

The straight-line method of calculating use charges (depreciation) on owned plant, furnishing, equipment and vehicles is generally required. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method of depreciation must be used.

A use charge (depreciation expense) relating to the use of currently owned plant, leasehold improvement, equipment, furniture and vehicle is an allowable expense in the computation of a reimbursement rate. The basis for such charges shall be actual (historical) cost. In the event that the historical cost of the facility cannot be adequately determined, an appraisal value shall be the basis for the depreciation. Such appraisal shall be conducted by an appraiser approved by OTDA and pursuant to a method approved by OTDA. The straight-line method of computing depreciation on owned plant, equipment, furnishings and vehicles will be required. Allowable useful lives for capital items are as follows:

Plant/Renovation – 25 years
Equipment/Furnishings – 5 to 15 years
Vehicles – 3 to 5 years
Leasehold Improvement 5 to 15 years, or the duration of the lease agreement

6. **New Needs Request** – Facilities may experience a change in operations from the previous year that necessitates increased staffing or new OTPS expenses. Such change may be in response to identified regulatory deficiencies or be necessary for unique services for a specific population. Generally, such program modifications should include a dedicated funding source. All such requests should include a detailed description, justification and funding source.
7. **Revenue** – All revenue received by the Agency/Provider that is not paid based upon the established shelter per diem rate and care days must be detailed. Where such revenue is based upon a specified rate, details must be provided on the rate and number of units (e.g. medical visits, trips, care days, etc.). This amount will be deducted from the Gross expenditures that it used to determine the Shelter per diem rate.
8. **Insurance Attestation** – Identifying details on all non-personnel related insurance costs charged to the shelter must be provided, including relevant address or other identifying information for insured items. This form must be signed by the relevant Agency Representative.

TOTAL FUNDING / PER DIEM – Total Funding is automatically calculated as Gross Costs (Operating expenses plus additional costs) net of revenue. Providers must enter their approved occupancy rate in Column B. The Per Diem rate is calculated based upon shelter capacity, automatically applying the applicable occupancy rate, with services provided 365 days a year.