

HUD FY 2013 Agency Financial Report
Section 2

Note 3: Entity and Non-Entity Assets

Non-entity assets consist of assets that belong to other entities but are included in the Department’s consolidated financial statements and are offset by various liabilities to accurately reflect HUD’s net position. The Department’s non-entity assets principally consist of: (1) U.S. deposit of negative credit subsidy in the GI/SRI general fund receipt account, (2) escrow monies collected by FHA that are either deposited at the U.S. Treasury, Minority-Owned banks or invested in U.S. Treasury securities, and (3) cash remittances from Section 8 bond refunding deposited in the General Fund of the Treasury.

HUD’s assets as of September 30, 2013 and 2012 were as follows (dollars in millions):

Description	2013			2012		
	Entity	Non-Entity	Total	Entity	Non-Entity	Total
Intragovernmental						
Fund Balance with Treasury (Note 4)	\$ 133,311	\$ 2,286	\$ 135,597	\$ 104,693	\$ 3,524	\$ 108,217
Investments (Note 5)	1,821	3	1,824	4,896	3	4,899
Other Assets (Note 11)	15	-	15	27	-	27
Total Intragovernmental Assets	\$ 135,147	\$ 2,289	\$ 137,436	\$ 109,616	\$ 3,527	\$ 113,143
Investments (Note 5)	56	-	56	60	-	60
Accounts Receivable, Net (Note 6)	159	21	180	193	20	213
Loan Receivables and Related Foreclosed Property, Net (Note 7)	9,986	-	9,986	8,534	-	8,534
Other Non-Credit Reform Loans Receivable, Net (Note 8)	4,001	-	4,001	4,355	-	4,355
General Property, Plant and Equipment, Net (Note 9)	351	-	351	367	-	367
PIH Prepayments (Note 10)	452	-	452	986	-	986
Other Assets (Note 11)	331	47	378	59	-	59
Total Assets	\$ 150,483	\$ 2,357	\$ 152,840	\$ 124,170	\$ 3,547	\$ 127,717

Note 4: Fund Balance with the U.S. Treasury

The U.S. Treasury, which, in effect, maintains HUD’s bank accounts, processes substantially all of HUD’s receipts and disbursements. HUD’s fund balances with the U.S. Treasury as of September 30, 2013 and 2012 were as follows (dollars in millions):

Description	2013	2012
Revolving Funds	\$ 64,404	\$ 45,021
Appropriated Funds	61,890	53,067
Trust Funds	7,066	6,101
Other	2,237	4,028
Total - Fund Balance	\$ 135,597	\$ 108,217

The Department’s Fund Balance with Treasury includes receipt accounts established under current Federal Credit Reform legislation and cash collections deposited in restricted accounts that cannot be used by HUD for its programmatic needs. These designated funds established by the Department of Treasury are classified as suspense and/or deposit funds and consist of accounts receivable balances due from the public. A Statement of Budgetary Resources is not prepared for these funds since any cash remittances received by the Department are not defined as a budgetary resource.

In addition to fund balance, contract and investment authority are also a part of HUD’s funding sources. Contract authority permits an agency to incur obligations in advance of an appropriation, offsetting collections, or receipts to make outlays to liquidate the obligations. HUD has permanent indefinite contract authority. Since Federal securities are considered the equivalent of cash for budget purposes, investments in them are treated as a change in the mix of assets held, rather than as a purchase of assets.

Financial Information
Notes To Financial Statements

HUD's fund balances with the U.S. Treasury as reflected in the entity's general ledger as of September 30, 2013 and 2012 were as follows (dollars in millions):

Status of Resources - 2013

Description	Unobligated	Unobligated	Obligated	Unfilled	Status of	Fund Balance	Other	Total
	Available	Unavailable	Not Yet	Customer	Total			
			Disbursed	Orders	Resources		Authority	Resources
FHA	\$ 25,075	\$ 33,617	\$ 3,170	\$ (3)	\$ 61,859	\$ 61,856	\$ 3	\$ 61,859
Ginnie Mae	2	9,159	480	(19)	9,622	9,622	-	9,622
Section 8 Rental Assistance	561	40	8,363	-	8,964	8,964	-	8,964
PIH Loans and Grants	115	29	5,257	-	5,401	5,401	-	5,401
Homeless Assistance Grants	1,871	400	2,691	-	4,962	4,962	-	4,962
Section 202/811	391	158	2,863	-	3,412	3,412	-	3,412
CDBG	13,875	15	14,419	-	28,309	28,309	-	28,309
Home	190	16	3,819	-	4,025	4,025	-	4,025
Section 235/236	27	14	1,566	-	1,607	1,140	467	1,607
All Other	604	845	4,290	(61)	5,678	5,666	12	5,678
Total	\$ 42,711	\$ 44,293	\$ 46,918	\$ (83)	\$ 133,839	\$ 133,357	\$ 482	\$ 133,839

Status of Resources Covered by Fund Balance

Description	Unobligated	Unobligated	Obligated	Unfilled	Fund	Non- Budgetary: Suspense, Deposit and	Total Fund
	Available	Unavailable	Not Yet	Customer			
			Disbursed	Orders	Balance	Receipt	Balance
						Accounts	
FHA	\$ 25,075	\$ 33,614	\$ 3,170	\$ (3)	61,856	\$ 1,625	\$ 63,481
Ginnie Mae	2	9,159	480	(19)	9,622	-	9,622
Section 8 Rental Assistance	561	40	8,363	-	8,964	11	8,975
PIH Loans and Grants	115	29	5,257	-	5,401	-	5,401
Homeless Assistance Grants	1,871	400	2,691	-	4,962	-	4,962
Section 202/811	391	158	2,863	-	3,412	-	3,412
CDBG	13,875	15	14,419	-	28,309	-	28,309
Home	190	16	3,819	-	4,025	-	4,025
Section 235/236	3	6	1,131	-	1,140	-	1,140
All Other	604	833	4,290	(61)	5,666	604	6,270
Total	\$ 42,687	\$ 44,270	\$ 46,483	\$ (83)	\$ 133,357	\$ 2,240	\$ 135,597

Status of Resources Covered by Other Authority

Description	Unobligated	Unobligated	Obligated	Unfilled	Permanent	Investment	Borrowing
	Available	Unavailable	Not Yet	Customer			
			Disbursed	Orders	Indefinite	Authority	Authority
					Authority		
FHA	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3	\$ -
Ginnie Mae	-	-	-	-	-	-	-
Section 8 Rental Assistance	-	-	-	-	-	-	-
PIH Loans and Grants	-	-	-	-	-	-	-
Section 202/811	-	-	-	-	-	-	-
Section 235/236	24	8	435	-	467	-	-
All Other	-	12	-	-	-	-	12
Total	\$ 24	\$ 23	\$ 435	\$ -	\$ 467	\$ 3	\$ 12

Status of Receipt Account Balances

Description	Fund
	Balance
FHA	\$ 1,625
Section 8 Rental Assistance	11
All Other	604
Total	\$ 2,240

Breakdown of All Other

Description	Fund
	Balance
Other Repayments of Capital Investments and Recoveries and Manufactured Housing Fees Trust Fund	\$ 545
Negative Subsidies and Downward Restimates of Subsidies	59
Total	\$ 604

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Status of Resources - 2012

Description	Unobligated Available	Unobligated Unavailable	Obligated Not Yet Disbursed	Unfilled Customer Orders	Status of Total Resources	Fund Balance	Other Authority	Total Resources
FHA	\$ 18,405	\$ 25,944	\$ 3,202	\$ (2)	\$ 47,549	\$ 44,775	\$ 2,774	\$ 47,549
Ginnie Mae	5	8,860	334	(18)	9,181	7,075	2,106	9,181
Section 8 Rental Assistance	290	70	9,751	-	10,111	10,111	-	10,111
PIH Loans and Grants	99	48	5,792	-	5,939	5,939	-	5,939
Homeless Assistance Grants	2,015	379	2,474	-	4,868	4,868	-	4,868
Section 202/811	367	100	3,476	-	3,943	3,943	-	3,943
CDBG	733	13	15,037	-	15,783	15,783	-	15,783
Home	149	13	4,340	-	4,502	4,502	-	4,502
Section 235/236	49	14	1,952	-	2,015	1,142	873	2,015
All Other	600	755	5,313	(71)	6,597	6,585	12	6,597
Total	\$ 22,712	\$ 36,196	\$ 51,671	\$ (91)	\$ 110,488	\$ 104,723	\$ 5,765	\$ 110,488

Status of Resources Covered by Fund Balance

Description	Unobligated Available	Unobligated Unavailable	Obligated Not Yet Disbursed	Unfilled Customer Orders	Fund Balance	Non-Budgetary: Suspense, Deposit and Receipt Accounts	Total Fund Balance
FHA	\$ 18,405	\$ 23,170	\$ 3,202	\$ (2)	44,775	\$ 2,866	\$ 47,641
Ginnie Mae	5	6,754	334	(18)	7,075	-	7,075
Section 8 Rental Assistance	290	70	9,751	-	10,111	9	10,120
PIH Loans and Grants	99	48	5,792	-	5,939	-	5,939
Homeless Assistance Grants	2,015	379	2,474	-	4,868	-	4,868
Section 202/811	367	100	3,476	-	3,943	-	3,943
CDBG	733	13	15,037	-	15,783	-	15,783
Home	149	13	4,340	-	4,502	-	4,502
Section 235/236	4	6	1,132	-	1,142	-	1,142
All Other	600	743	5,313	(71)	6,585	619	7,204
Total	\$ 22,667	\$ 31,296	\$ 50,851	\$ (91)	\$ 104,723	\$ 3,494	\$ 108,217

Status of Resources Covered by Other Authority

Description	Unobligated Available	Unobligated Unavailable	Obligated Not Yet Disbursed	Unfilled Customer Orders	Permanent Indefinite Authority	Investment Authority	Borrowing Authority
FHA	\$ -	\$ 2,774	\$ -	\$ -	\$ -	\$ 2,774	\$ -
Ginnie Mae	-	2,106	-	-	-	2,106	-
Section 8 Rental Assistance	-	-	-	-	-	-	-
PIH Loans and Grants	-	-	-	-	-	-	-
Section 202/811	-	-	-	-	-	-	-
Section 235/236	45	8	820	-	873	-	-
All Other	-	12	-	-	-	-	12
Total	\$ 45	\$ 4,900	\$ 820	\$ -	\$ 873	\$ 4,880	\$ 12

Status of Receipt Account Balances

Description	Fund Balance
FHA	\$ 2,866
Section 8 Rental Assistance	9
All Other	619
Total	\$ 3,494

Breakdown of All Other

Description	Fund Balance
Other Repayments of Capital Investments and Recoveries and Manufactured Housing Fees Trust Fund	\$ 543
Negative Subsidies and Downward Restimates of Subsidies	76
Total	\$ 619

An immaterial difference exists between HUD's recorded Fund Balances with the U.S. Treasury and the U.S. Department of Treasury's records. It is the Department's practice to adjust its records to agree with Treasury's balances at the end of the fiscal year. The adjustments are reversed at the beginning of the following fiscal year.

Note 5: Investments

The U.S. Government securities are non-marketable intra-governmental securities. Interest rates are established by the U.S. Treasury and during FY 2013 ranged from 1.88 percent to 2.00 percent. During FY 2012, interest rates ranged from 0.44 percent to 2.00 percent. The amortized cost and estimated market value of investments in debt securities as of September 30, 2013 and 2012 were as follows (dollars in millions):

	<u>Cost</u>	<u>Amortized (Premium)/ Discount, Net</u>	<u>Accrued Interest</u>	<u>Net Investments</u>	<u>Market Value</u>
FY 2013	\$ 1,815	\$ (1)	\$ 10	\$ 1,824	\$ 1,868
FY 2012	\$ 4,892	\$ (3)	\$ 10	\$ 4,899	\$ 4,960

Investments in Private-Sector Entities

These investments in private-sector entities are the result of FHA's participation in the Accelerated Claims Disposition Demonstration program and Risk Sharing Debentures as discussed in Note 2G. The following table presents financial data on FHA's investments in Section 601 and Risk Sharing Debentures as of September 30, 2013 and 2012 (dollars in millions):

	<u>Beginning Balance</u>	<u>New Acquisitions</u>	<u>Share of Earnings or Losses</u>	<u>Return of Investment</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2013						
601 Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Risk Sharing Debentures	57	1	-	-	(2)	56
Total	\$ 57	\$ 1	\$ -	\$ -	\$ (2)	\$ 56
2012						
601 Program	\$ 6	\$ 21	\$ 7	\$ (31)	\$ -	\$ 3
Risk Sharing Debentures	57	-	-	-	-	57
Total	\$ 63	\$ 21	\$ 7	\$ (31)	\$ -	\$ 60

Note 6: Accounts Receivable (Net)

The Department's accounts receivable represents Section 8 year-end settlements, claims to cash from the public, state and local authorities for bond refunding, Section 236 excess rental income, sustained audit findings, refunds of overpayment, FHA insurance premiums, and foreclosed property proceeds.

A 100 percent allowance for loss is established for all delinquent accounts 90 days and over for bond refunding. The allowance for loss methodology is the total delinquencies greater than 90 days plus/or minus economic stress factors. The economic stress factors include payoff, foreclosure, bankruptcy and hardship of the project. Adjustments to the bond refunding allowance for loss account are done every quarter to ensure they are deemed to be necessary.