

CDBG Sub-Recipient Compliance Manual

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1. Introduction

Since 2002, the City of McKinney has enjoyed the privilege of serving the community with Housing and Community Development Resources under the Community Development Block Grant (CDBG). McKinney receives the Community Development Block Grant (CDBG) directly from the U.S. Department of Housing and Urban Development (HUD). The federal agency award this funding allocation to municipalities of a certain size (generally 50,000 and more in population), and the amount of the funding received is based on a number of characteristics, including population, housing affordability, poverty and income levels.

It is required that that housing and community development grant funds primarily benefit low- and moderate-income persons in accordance with the following HUD performance measurement objectives:

1. Establishing and maintaining a suitable living environment,
2. Providing decent housing, and
3. Providing expanded economic opportunities.

Based on the socioeconomics and housing market characteristics, the City of McKinney has developed the following goals to guide spending during the current Housing and Community Development Consolidated Plan. Each year agencies and city funding projects must develop an Annual Action Plan for public comment, adoption and approval by HUD before the beginning of each program year under the Consolidated Plan. Every five years, the City begins a new community wide citizen participation process to develop the next plan

The final program year ending in September 30, 2014 for the current plan falls under the following strategies.

Strategy 1.

Improve the condition of housing occupied by the city's lowest income homeowners and preserve affordable housing stock.

Strategy 2.

Support organizations that assist the city's special needs populations.

Strategy 3.

Provide supportive services for residents who encounter homelessness or have a need of homeless prevention services.

Strategy 4.

Increase homeownership opportunities for low- and moderate-income households.

Strategy 5:

Expanding economic development opportunities.

1.1 Purpose

The Purpose of this manual is to provide management support to CDBG sub-recipients, while ensuring that they adhere to federal and City of McKinney grant rules. It is designed to help agencies understand the requirements that apply to the use of federal funds for the delivery of CDBG programs and activities. It is a supplemental reference guide to applicable regulations, standards, and policies. The basic program regulations governing management and financial systems for CDBG programs are contained in the Code of Federal Regulations Title 24 (24 CFR), and the various OMB Circulars referenced in this manual.

1.2 CDBG Program

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States. (www.hud.gov/cdbg)

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people and their communities across the Nation. (www.hud.gov/cdbg)

1.2.1 National Objectives

All activities funded under CDBG **MUST** meet the test of delivery under at least one National CDBG Objective.

Objective 1:

- Funded activities must primarily benefit low and moderate income persons. (LMIP)

At minimum **51%** of clients served must benefit low and moderate income. Low and moderate income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD, and revised annually. Each agency/organization receiving CDBG funds will be required to **obtain written proof of income for each person or household assisted**, to determine their eligibility. In this instance, the City is looking for verification of a minimum of 51 percent of the beneficiaries who are receiving direct benefit are low-income. Income certification forms are required in each file with supporting documentation.

Collin County, TX Income Limits: If a client has a household size of three, with a household income of \$18,255 the family would be listed as extremely low income, 30% income range.

PY 2014 - 2015 INCOME LIMITS								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Extremely Low	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000	\$23,650	\$25,250	\$26,900
50% Very Low	\$23,800	\$27,200	\$30,600	\$33,950	\$36,700	\$39,400	\$42,100	\$44,850
80% Low/Moderate	\$38,050	\$43,450	\$48,900	\$54,300	\$58,650	\$63,000	\$67,350	\$71,700

Limited Clientele Income Under Presumed Benefit. HUD allows a “Presumed Benefit” definition as certain groups are presumed by HUD to be principally low-income. These groups include: abused children, battered spouses, elderly persons (**62 and older**), severely handicapped adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. In this instance, proof of income is not required in the file, but other sources are.

GROUP	INCOME LEVEL (Area Median Income)
Abused Children	Extremely Low Income (30% AMI)
Battered Spouses	Low Income (50% AMI)
Severely Disabled Adults	Low Income (50% AMI)
Homeless Persons	Extremely Low Income (30% AMI)
Illiterate Adults	Low Income (50% AMI)
Persons with AIDS	Low Income (50% AMI)
Migrant Farm Workers	Low Income (50% AMI)
Elderly	<p>If assistance is to acquire, construct, convert, and/or rehabilitate a Senior Center or to pay for providing center-based Senior services, report the beneficiaries as Moderate Income (80% AMI)</p> <p>If assistance is for other services (not center-based), report the beneficiaries as Low Income (50% AMI)</p>

Objective 2:

- Activities must aid in the prevention or elimination of slums or blight, either on an area basis or on a spot basis.

The slum or blighted area must be so designated by the City.

Objective 3:

- Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

1.2.2 Eligible Activities

The following activities listed below may be funded by the Community Development Block Grant (CDBG). **Eligible activities must meet at least one National Objective.**

1. Acquisition of real property in whole or in part by public or private nonprofit agencies by purchase, long-term (15+ years) lease, or otherwise. A minimum five-year forgivable lien for the amount of the purchase is required. Acquisition which would result in the relocation of an existing business or resident will NOT normally be funded.
2. Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds, with the proceeds from such disposition to be returned to the City of McKinney.
3. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including homeless shelters, convalescent homes, hospitals, nursing homes, battered spouse shelters, halfway houses, and group homes for mentally retarded persons. These projects are subject to the enforcement of the labor standards provisions of the *Davis-Bacon Act*, the *Copeland Act*, and the *Contract Work Hours and Safety Standards Act*.

3a. Construction projects will be required to comply with these provisions, which include the payment of applicable federal wage rate with benefits; compliance with overtime pay requirements, and contractor and subcontractor eligibility requirements. On the projects in which contractors and subcontractors that are on the federal debarred list are ineligible to participate. Lead Based Paint regulations and state regulations will also be subjects to compliance. In addition, projects will also be subject to the bidding and procurement requirements of 24 CFR Part 85.
4. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.
5. Provision of public services (*including labor, supplies, and materials*) which are directed toward improving the community's public services and facilities, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, or recreational needs.

In order to be eligible, a public service must be either a new service, or a quantifiable increase in the level of a service above that which has been funded by the City of McKinney during the previous 12 months. Emergency Financial/Subsistence Assistance cannot exceed three (3) months per person/household. The total amount of CDBG funds used for public services may not exceed 15 percent of the city's total CDBG grant by statutory law.
6. Removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned buildings, facilities, and improvements.

7. Rehabilitation of privately and publicly owned buildings and improvements for residential purposes. If the rehabilitation will disturb or paint over existing paint, costly lead-paint abatement may be required.
8. Rehabilitation of publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvements to the exterior of the building and the correction of code violations.
9. Improvements to buildings to increase energy efficiency.
10. Rehabilitation, preservation, or restoration of historic properties.
11. Provision of credit, technical assistance, and general support (*including peer support programs, counseling, child care, transportation, etc.*) for the establishment, stabilization, and expansion of micro enterprises. A micro enterprise is a business with five or fewer employees, one or more of whom owns the business.
12. Provision of assistance to a private for-profit business where appropriate to carry out an economic development project. Any project funded must be able to document the creation or retention of a certain number of jobs, depending on the type of project proposed and the amount of funding requested.
13. Removal of lead-based paint from residential structures.
14. The costs of audits made in accordance with the provisions of OMB Circular A-133 are allowable charges to the Community Development Block Grant (CDBG) program. You may charge a proportionate share of the cost of your single audit to your CDBG administrative budget. The allowable percentage of your audit costs cannot exceed the percentage of your local budget represented by the audited CDBG funds.

Note: This list is not comprehensive; agencies may always consult with staff for questions at the start of an application process, change of fund use if applicable, etc.

1.2.3 Ineligible Activities

The following activities **MAY NOT** be assisted with CDBG funds:

1. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible.
2. The construction of new permanent residential structures is not eligible, unless done by a HUD-qualified non-profit organization. Purchase of land on which to build affordable homes, however, is an eligible activity.
3. CDBG funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and federal legislators.
4. Long term subsistence payments (*longer than three months*) for such needs as rent and utilities are ineligible.

5. Landscaping and tree trimming are not eligible expenses.
6. Mortgage payments for agency properties are not eligible, although rent payments may be eligible if the building is one in which services are provided directly to clients.
7. Administrative costs which do not provide direct services to clients.
Example: The salary of an administrative assistant who does not work directly with clients would be an ineligible cost. The rent for administrative office space would NOT be an eligible expense, unless services provided are directly from that office space.

1.2.4 Allowable Costs

For additional information on Allowable and Unallowable Costs under the Community Development Block Grant, please view the following online resources:

Resources for OMB A-133 Audits

[OMB Circular A-133](#), Audits of States, Local Governments and Non-Profit Organizations (includes revisions published in the *Federal Register* 06/27/2003 and 06/26/2007) (34 pages, 173 kb)

OMB Circular A-122, *Cost Principles for Non-Profit Organizations* (05/10/2004) [HTML](#) or [PDF](#) (55 pages, 220 kb),
[Relocated to 2 CFR, Part 230](#) (17 pages, 235 kb)

1.3 Consolidated Plan

The purpose of the Consolidated Plan is: 1. To identify a city's or state's housing and community development needs (including neighborhood and economic development), priorities, goals and strategies; and 2. To stipulate how federal funds will be allocated to housing and community development activities.

In addition to the Consolidated Plan, HUD requires that cities and states receiving CDBG funding take actions to affirmatively further fair housing choice. Cities and states report on such activities by completing an Analysis of Impediments to Fair Housing Choice (AI) every three to five years. In general, the AI is a review of impediments to fair housing choice in the public and private sector. The city will begin its update of the next plan from September 2014 through August 2015.

The most recent Consolidated Plan is available online at:

<http://www.mckinneytexas.org/DocumentCenter/View/192>

1.4 Faith Based Organizations

Executive Order 13279 requires all federal programs, including CDBG, to treat all organizations fairly and without regard to religion. The following rules apply to these organizations:

1. Faith-based organizations retain their independence over their governance and expression of their beliefs. They may constitute their boards on a religious basis, display religious symbols and icons, and retain their civil right to hire only employees that share their beliefs, to the extent consistent with governing HUD program statutes. However, faith-based

organizations may not discriminate in hiring people who will be delivering services which are supported by HUD funding.

2. Direct HUD funds may not be used to support inherently religious activities such as worship, religious instruction, or proselytization. A faith-based organization may still engage in such activities so long as they are voluntary for program participants and occur separately in time or location from the activities directly funded under a HUD program.
3. Faith-based organizations, like all organizations under HUD-funded programs, must serve all eligible beneficiaries without regard to religion. For example, an organization receiving HUD funds may not restrict HUD-funded services to people of a particular religion or religious denomination.
4. Faith-based organizations may receive HUD funds to acquire, rehabilitate, or repair buildings or other real property, so long as the funds only pay the percentage of the total cost attributable to HUD activities. However, HUD funds may not be used to acquire or improve sanctuaries, chapels, and other rooms that a HUD-funded congregation uses as its principal place of worship.

1.5 ADA Compliance

The Sub-Recipient agrees to comply fully with and all provisions of the Americans with Disabilities Act (hereinafter referred to as 'ADA') as applicable to the Sub-Recipient and the activities to be performed by the Sub-Recipient under the scope of the contract agreement. If employing more than fifteen (15) employees, the Sub-Recipient agrees to fully comply with Title I of the 'ADA' as set forth at 28 CFR Part 130. If providing 'public accommodations' as defined by the Act in Section 301(7)(A)-(L), the Sub-Recipient agrees to comply fully with Title III of the 'ADA' as set forth at 28 CFR Part 36. If providing public transportation, the Sub-Recipient agrees to comply fully with the Federal regulations set forth at 49 CFR Parts 37 and 38.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990, the City of McKinney will not discriminate against qualified individuals with disabilities on the basis of disability in the City's services, programs, or activities.

1.6 Limited English Proficiency

On August 11, 2000, the President signed Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency". The Executive Order requires Federal agencies to examine the services they provide, identify any need for services to those with limited English proficiency (LEP), and develop and implement a system to provide those services so LEP persons can have meaningful access to them. It is expected that agency plans will provide for such meaningful access consistent with, and without unduly burdening, the fundamental mission of the agency. The Executive Order also requires that the Federal agencies work to ensure that recipients of Federal financial assistance provide meaningful access to their LEP applicants and beneficiaries.

To assist Federal agencies in carrying out these responsibilities, the U.S. Department of Justice has issued a Policy Guidance Document, "Enforcement of Title VI of the Civil Rights Act of 1964 - National Origin Discrimination Against Persons With Limited English Proficiency". This LEP Guidance sets forth the compliance standards that recipients of Federal financial assistance must follow to ensure that their programs and activities normally provided in English are accessible to

LEP persons and thus do not discriminate on the basis of national origin in violation of Title VI's prohibition against national origin discrimination. (<http://www.lep.gov/13166/eo13166.html>)

1.7 Conflict of Interest

Although an agency may be reviewed and cleared for funding, the organization must be aware and carefully consider whether any activity may give rise to an improper conflict of interest situation. Conflict of interest situations that are not properly addressed can result in a loss of CDBG funding to the program and/or to the City, and in some cases can result in civil or criminal liability. Organizations that are requesting CDBG funding should ask themselves the following questions:

1) Are any of my employees or board members...

- A City employee or consultant who exercises CDBG-related functions as part of their City position?
- A member of the Community Grants Advisory Commission that will participate in the City's CDBG selection process?
- A City Council member?

2) Are any immediate family members or business associates of my employees or board members...

- A City employee or consultant who exercises CDBG-related functions as part of their City position?
- A member of the Community Grants Advisory Commission that will participate in the City's CDBG selection process?
- A City Council member?

3) Do I know if any of my employees or board members receive a financial interest or benefit from CDBG funds (other than employee salaries or personnel benefits)?

4) Will any immediate family members or business associates of my employees or board members receive a financial interest or benefit from CDBG funds (other than employee salaries or personnel benefits)?

5) To my knowledge, will my agency's program or project have a financial effect on a City official or employee who exercises CDBG-related functions, or an immediate family member or business associate of such person? For example, will any of these persons be receiving rental payments, other business income, or program services from the agency's program?

6) Or, for example, do any of these persons own real property near the program or project site, and is it likely that my program or project will have an effect on any neighboring real property values?

If you can answer "yes" to any of these questions, it is possible that there may be a conflict of interest, real or apparent. You should review the rules below to determine whether an actual conflict situation is raised, and, if so, what action needs to be taken to avoid a violation of the law. You should contact the CDBG Administrator immediately if you suspect that there might be an issue or need additional information of compliance in concert with 24 CFR 570.611 HUD regulations OMB Circular No A-102, and in the City Policy on Code of Ethics within the grant agreement.

(<http://www.gpo.gov/fdsys/pkg/CFR-2010-title24-vol3/pdf/CFR-2010-title24-vol3-sec570-611.pdf>)

Each CDBG Sub-recipient or Contractor will be required in its grant contract with the City to warrant and represent, to the best of its knowledge at the time the contract is executed, that they are not aware of any improper conflict of interest circumstances as described. Also, the contract will obligate funded agencies or organizations to exercise due diligence to ensure that no improper conflict situations occur during the contract.

2. Financial Management

24 CFR Part 84.21-28 as amended by 570.502, for non-profit agencies, 24 CFR Part 85.20 for governmental sub-recipients, and 24 CFR 92.508 state the financial management and reporting systems for CDBG grant recipients. These requirements have been established to make sure that sub-recipient have a financial management system that : 1) provides effective control over the accountability of all funds, property, and other assets. 2) ensures 'reasonableness, allowability, and allocability' of costs and verify that expenses have not violated any federal restrictions or prohibition, 3) permit the accurate, complete, and timely disclosure of financial results in accordance with reporting requirements of the grantee (City of McKinney) or HUD, and 4) minimize the time lapse between transfer of funds from the U.S. Treasury and disbursement to the sub-recipient.

2.1 Internal Controls

Funded CDBG subrecipients must have solid internal controls to include a combination of procedures, specified job responsibilities, qualified personnel, and records that together create accountability in an organizations financial system and safeguards it's cash, property, and other assets. Such control ensure that 1) resources are used for authorized purposes and in a manner consistent with the applicable laws, regulations, policies, and contractual requirements, 2) resources are protected against misuse, waste, or loss, and 3) reliable information on source, amount, and use of resources are current and recorded. Additionally, internal controls will ensure that no one individual has authority of an entire financial transaction.

Specifically, that your organization has a separation of power for the following three responsibilities:

1) authorization to execute a transaction, 2) recording the transaction, and 3) custody of assets involved in the transaction. This type of separation of responsibilities will create a system of checks and balances for grant and general organization procedures.

Finally, it is important that your organization regularly reconciles your financial records to actual assets and liabilities. Such actions will safeguard resources as well as detect any instances of fraud or misuse.

2.2 Accounting

Sub-recipients must have accounting records that adequately identify the sources and application of CDBG funds. Simply stated, your organization should have 1) a chart of accounts which includes general assets, liabilities, expenses, and revenue, 2) a cash receipts and disbursement journal, 3) a payroll journal, and 4) a general ledger. Overall, the sub-recipient should comply with all Generally Accepted Accounting Principles as defined by the Texas Government Code.

2.3 Financial Reporting

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

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

2.4 Audit Requirements

All CDBG funded agencies must have an audit and provide a copy to the city per grant agreement requirements. If the total amount of Federal funds received by your Agency from all sources **exceeds** \$500,000 during the fiscal year ending on September 30, you must prepare a Single Audit in compliance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" **EVERY** year. If the total amount of Federal funds received by your agency from all sources is **less than** \$500,000 during the fiscal year ending September 30, you must prepare Single Audit in compliance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" **EVERY TWO YEARS**.

A charitable organization with annual contributions over \$10,000 must have current and accurate financial records in accordance with GAAP. Based on these records, the board should prepare or approve a financial report that conforms to AICPA standards. The financial report must be made available to the public (§ 22.353(b)). Exemptions (§ 22.355) (Tex. Bus. & Org. Code § 22.352) You must submit one (1) copy of your most recent Single Audit to the City with your application.

The Single Audit Report must state that the audit was made in accordance with the provisions of OMB Circular A-133, and should include the following:

1. Any separate management letter.
2. The auditor's report on the financial statements of the agency, and a set of the financial statements themselves.
3. The auditor's report on Schedule of Federal Assistance. The federal expenditures must be shown for each federal assistance program.
4. The auditor's report on the study and evaluation of internal controls systems. The report should identify significant internal accounting controls and any controls designed to provide reasonable assurance that federal programs are being managed in accordance with laws and regulations. Likewise, the report should identify the controls not evaluated and the material weaknesses identified as a result of the evaluations.
5. The auditor's report on compliance with the laws and regulations that may have material effect on each major federal program.
6. The auditor's report on compliance with certain requirements of non-major programs (if required).
7. The auditor's report on fraud, mismanagement, abuse, or illegal acts (if any).

2.5 Program Income

Program Income (24 CFR 570.503(a), (b)(3) and (7), and 570.504)

The term “**program income**” means any gross income received by the sub-recipient that was directly generated from the use of CDBG funds (24 CFR 570.500(a)). For those program-income generating activities that are only partially assisted with CDBG funds, such income is prorated to reflect the actual percentage of CDBG funds that were used. This includes, but is not limited to:

- Proceeds from the sale or long-term lease (15 years or more) of real property purchased or improved with CDBG funds.
- Proceeds from the disposition of equipment purchased with CDBG funds.
- Gross income from the use or rental of property acquired by the grantee or Sub-recipient with CDBG funds, less the costs incidental to the generation of such income.
- Gross income from the use or rental of real property owned by the grantee or Sub-recipient that was constructed or improved with CDBG funds that is owned (in whole or in part), less any costs incidental to the generation of such income.
- Payments of principal and interest on loans made using CDBG funds.
- Proceeds from the sale of loans made with CDBG funds.
- Proceeds from the sale of obligations secured by loans made with CDBG funds.
- Interest earned on program income, pending the disposition of such program income.
- Interest earned on funds held in a revolving fund account.
- Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income, where such assessments are used to recover part or all of the CDBG portion of a public improvement.

Program Income **DOES NOT** Include:

- Income earned on grant advances from the U.S. Treasury. The following items of income earned on grant advances must be remitted to HUD for transmittal to the U.S. Treasury, and will not be reallocated under section 106(c) or (d) of the Act:
 - (i) Interest earned from the investment of the initial proceeds of a grant advance by the U.S. Treasury;
 - (ii) Interest earned on loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD either to be ineligible or to fail to meet a national objective in accordance with the requirements of subpart C of this part, or that fail substantially to meet any other requirement of this part; and
 - (iii) Interest earned on the investment of amounts reimbursed to the CDBG program account prior to the use of the reimbursed funds for eligible purposes.
- Any income received in a single program year by the recipient and all its sub-recipients if the total amount of such income does not exceed \$25,000.
- Proceeds from fund raising activities carried out by sub-recipients receiving CDBG assistance (the costs of fundraising are generally unallowable under the applicable OMB. circulars referenced in 24 CFR 84.27).
- Funds collected through special assessments used to recover the non-CDBG portion of a public improvement.

▪Proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified (5 years or more if so determined by the grantee) after the expiration of the agreement between the grantee and sub-recipient for that specific agreement where the CDBG funds were provided for the acquisition or improvement of the subject property.((570.503(b)(8))

The publication of the CDBG Final Rule in September, 1988 contained a requirement at 570.503 that grantees must sign a written agreement with sub-recipients before disbursing any CDBG funds. The written agreement must include several items, one of them concerning program income. Specifically, the agreement must specify whether any program income received by the sub-recipient is to be retained by the sub-recipient or returned to the grantee. If the sub-recipient is permitted to keep program income, the agreement must specify how it will be used. The provisions of the written agreement apply to such activities carried out with the program income. Further, the program income must be substantially disbursed before the grantee provides additional CDBG funds to the sub-recipient. Program income on hand at the time of expiration of the agreement must be returned to the grantee along with accounts receivable that are attributable to the use of CDBG funds.

If the sub-recipient owns property that was acquired or improved with CDBG funds in excess of \$25,000, and subsequently disposes of the property, the sub-recipient is required to reimburse the grantee in an amount that is equal to the current fair market value of the property (minus any value attributable to non-CDBG funds that were involved in the acquisition or improvement, if applicable). The sub-recipient, however, is only required to reimburse the grantee if the property disposition takes place during the five year period following the expiration of the agreement.

3. Insurance and Indemnification

Each funded activity may have variation of insurance requirements per the City's Risk Management Department, which will be detailed per the subrecipient's grant agreement. In general, the Agency shall procure and maintain insurance for the duration of the Grant Agreement. Insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed hereunder by the Agency, its agents, representatives, employees, volunteers, officers, directors, or subcontractors.

The Agency shall maintain insurance with limits not less than \$500,000 per occurrence, \$1,000,000 aggregate and will be as broad as ISO Form Number GL 0002 (Ed 1/72) covering Comprehensive General Liability and ISO Form Number GL 0404 covering Broad Form Comprehensive General Liability, or ISO Commercial General Liability coverage ("occurrence") form CG 0001). Coverage will include:

- a. Premises - Operations;
- b. Broad Form Contractual Liability;
- c. Broad Form Property Damage; and d.
- Personal Injury

The policy will be endorsed to contain the following provisions: **"The City of McKinney, its officers, officials, employees, volunteers, boards and commissions are to be added as 'Additional Insured's' as respects to liability arising out of any activities performed by or on behalf of the Agency."** The policy shall contain no special limitations to the scope of coverage afforded to the City. The Agency's insurance coverage shall be primary and any insurance or self-insurance shall be in excess of the Agency's insurance and shall not contribute with it. Also, agency must

provide for at least thirty (30) days prior written notice to the City for cancellation, non-renewal, or material change of insurance.

Insurance Company Qualification: All insurance companies providing the required insurance shall be authorized to transact business in Texas. The City of McKinney prefers that insurance shall be placed with insurers with an A.M. Best rating of no less than A:VI or, a Standard & Poors rating of A or better.

Certificate of Insurance: The Agency shall furnish the City with a certificate of insurance which shows the coverage provided. The insurance policy will be endorsed to state the coverage shall not be suspending, voided, canceled, non-renewed, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

The Certificate Holder must read as follows:

City of McKinney
c/o EBIX BPO
212 Kent Street
Portland, MI 488-75-0257

One copy must be mailed to the above address or emailed to certsonly-portland@ebix.com and cc to sbest@mckinneytexas.org for program files. The City of McKinney will check the insurance database system for current certificates.

3.1 Insurance and Property Management

When CDBG funds are used to acquire real property (i.e. Land, buildings), federal regulations make the sub-recipient responsible for ensuring that:

- 1) The property continues to be used for its intended and approved purposes,
- 2) The sub-recipient maintains the property per the City's codes and regulations,
- 3) If the sub-recipient sells the property before the 5-year forgivable loan period, the City must be reimbursed the share of the property's value

4. Record Keeping and Reporting

Successful applicants will be required to sign a contract with the City which will state all the requirements to be placed on the agency, known as a Sub-recipient. In general, the following will apply to all sub-recipients:

1. Written records to justify all expenditures and client eligibility must be maintained for a period not less than five years after the full amount of the grant is expended. Records will be reviewed by the City, and may also be reviewed by HUD. Undocumented expenditures must be repaid to the City.
2. The agency is required to maintain the City's minimum liability insurance standards for the length of the contract. A copy of your current insurance ACORD form must be provided to the City as evidence of insurance before any funds can be disbursed to you.

3. The agency must administer programs in accordance with OMB Circular A-122, "Cost Principles for Non-Profit Organizations," and 24 CFR Part 84 of the Federal Regulations. In addition, if the agency receives \$500,000 or more in Federal grant funds, you will be required to comply with the Single Audit Act of 1984. Any and all accountants employed by the agency should be familiar with these requirements.
4. All awarded agencies must submit quarterly and annual reports for performance measurement requirements. Reports must provide the total number of persons served, including their ethnic origin, and whether they are female heads of household. These figures are required to be reported to HUD; the Administrator will provide the deadlines at the annual contract meeting. Each agency will receive annual monitoring upon the completion of the program year.
5. Each agency is **REQUIRED** to obtain written proof of income for each person or household whom you assist, *unless clients are considered "Presumed Benefit". Income certification forms are required in each file with supporting documentation. Certification statements indicating that clientele are "Presumed Benefit" per individual file will be required if income proof is not applicable per HUD requirements.*
6. Federal Law: **The agency is required to have a written policy in place designed to ensure that the facilities are free from the illegal use, possession, or distribution of drugs or alcohol.**
7. The agency will be required to report all program income (as defined in 24 CFR 570.090(a), if any income is derived from the activities funded by CDBG under their agreement between said agency and the City of McKinney. In this event, that program income must be accounted for and returned to the City
8. In the event that HUD or the City should determine that CDBG funds were improperly spent, and the money should be reimbursed to the U. S. Treasury, the agency will be responsible for this reimbursement, not the City of McKinney.

4.1 General File Management

The Federal government requires that all sub-recipients keep records for all CDBG beneficiaries. **If the expenditures incurred with federal funds are not adequately documented, the sub-recipient will be required to refund the City of McKinney the amount of money equal to all undocumented expenditures.**

Sub-recipient Files must contain the following:

1. Application for funding submitted to the City of McKinney
2. Grant agreement;
3. Correspondence with the City of McKinney;
4. Documentation of expenditures;
5. Records demonstrating that each activity undertaken meets the National Objective of the CDBG program of benefiting low/moderate income persons; and
6. Current audit.

Beneficiary Files must contain the following:

1. File for each person or family receiving assistance;
2. Documentation of eligibility using the City of McKinney designated form
 - a. CDBG Eligibility Certification Form, or
 - b. CDBG Eligibility Certification Form – “No proof of income”
3. Complete documentation of assistance provided

4.2 Reporting

HUD requires the City of McKinney to report – at minimum - Quarterly and Annually regarding the use of CDBG funds. Therefore, all sub-recipients are required to submit information Quarterly and Annually outlining the progress towards the use of CDBG funds. You must report quarterly the number of clients served, including their incomes, as applicable; race/ethnicity, and status of head of household. **These must be unduplicated clients;** i.e., a client receiving service three times should only appear once on the quarterly report, and that client also should not appear again on any following quarterly report during the program year.

4.2.1 Quarterly and Annual Reports

Sub-recipients must use the current "City of McKinney CDBG Program Year Quarterly Activity Report" form as found in the 'Appendices' of this manual to report quarterly, and the "City of McKinney CDBG Program Year Annual Activity Report" form for final accomplishments. The Quarterly Activity Reports must be submitted by the deadline dates outlined below, and the Annual Activity Report must be submitted within fifteen (15) days of the end of the last quarter. The forms should be internally consistent with each other (i.e., if you indicate 12 people served on page 1, you should also indicate 12 people on page 3.)

REPORT DEADLINES

<u>DATES</u>	<u>FUNDING SPENT</u>	<u>REPORT DUE DATES</u>
Oct. 1 st -Dec. 31 st	25%	Jan. 10th
Jan. 1 st -March 31 st	25%	April 10th
April 1 st -June 30 th	25%	July 10th
75% EXPENDITURE DEADLINE–	JULY 15TH	
HUD TIMELINESS TEST–	AUGUST 2nd	
July 1 st -Sept. 30 th	25% (Final)	Sept. 26th

CDBG funds must be spent in a timely manner. Unless an alternative plan has been approved in writing by the Housing & Community Development Department, twenty-five percent (25%) of the award must be spent at least quarterly. To ensure compliance with this agreement, fifty percent (50%) of the CDBG grant award should be expended by March 31st of the grant year. Each funded agency or activity may vary (i.e. summer programs, etc.)

In the event that funds allocated under your agreement are not expended in the time or manner prescribed in your contract, the City of McKinney reserves the right to reprogram all or a portion of the funds at the discretion of the Housing & Community Services Administrator or his/her

designee. All funds must be expended by September 30th of the Program Year. **Unspent funds cannot be carried forward to a new Program Year and are forfeited by the Sub-Recipient.** Agencies that complete reimbursements early within the program year will still be required to submit reports until the close of the reporting period.

4.3 Performance Measures

Performance Measurement is the collection of reporting information that allows an agency to track resources used, work produced and results achieved. Performance measures are critical in helping organizations define what success is and whether they are achieving their mission.

Tables # 1 and # 2 found in the 'Appendices', are specifically designed for your organization to provide detail about what your performance measures will be and how you will achieve success.

Remember: *What is the story that you want to tell about your program?* You will find the following headings at the top of each column in Table # 1:

Program: Identify by name the program for which you are seeking CDBG investment. Place only one program in a box.

What: Provide a brief description of the program.

How: *Describe how the program will be implemented. What kinds of services or activities are provided?* Transportation, classes, counseling, support groups, homelessness prevention services, etc. How many clients will be served? What is covered for each service? Make it applicable to your activity.

How Will You Measure Success?

These are the **outcomes** that will help you determine how successful the program will be. Identify what you are trying to accomplish with your program and tell us how you will measure it. You must have at least one measure per activity. Explain your plan for tracking participant outcomes.

Costs to Deliver Program Activity:

Indicate how much it will cost to deliver the proposed program. How much of this is CDBG and how much is from other sources? Please see **Table # 2** to arrive at the total cost to deliver the program.

Table # 2 asks that the organization indicates how it arrived at the costs for this particular program. List the cost elements, how much these elements costs, the unit of measure and its quantity, and the subtotal. Where necessary, allocate costs to the use of shared spaces, vehicles or equipment. The *"Total"* at the bottom right of the table must match the amount placed in the Summary Sheet and in the "Cost to Deliver Program" box in **Table #1**.

5. Reimbursements

CDBG funds are available to sub-recipients on a reimbursement basis only based on documentation of incurring the expense and payment of the expense. The City of McKinney will reimburse funds based upon information submitted by the sub-recipient. Any expenditures occurring after the effective date of the contractual agreement between the City of McKinney and the sub-recipient are eligible for reimbursement. Expenditures must be consistent with the approved budget as stated in the contractual agreement between the City of McKinney and the sub-recipient.

5.1 Requests for Reimbursements

Only eligible expenses will be reimbursed per the grant agreement. Payments will be adjusted by the City of McKinney in accordance with program income balances available in sub-recipient accounts, if applicable. In order to ensure accurate billing and fund management sub-recipients should keep track of the following information for activities funded:

1. Funds budgeted.
2. Funds received in City of McKinney.
3. Reimbursements to-date.
4. Funds obligated in the most recent period and to-date.
5. Funds expended in the most recent period and to-date.
6. Cash on hand (including program income identified as such), *if applicable*.
7. Previous reimbursements requested but not yet received, *if applicable*. Sub-recipients should follow City of McKinney reimbursement procedures (see *below*) to ensure timely expenditure reimbursements.

5.2 Reimbursement Procedures

You may request reimbursement that works best for your agency; however reports must be submitted quarterly. To request reimbursement, you must submit the following information:

1. A letter or invoice on your agency's letterhead with the amount of reimbursement requested, including a list of expenditures completed and are ready to be reimbursed.
2. Source documentation to support the expenditures requested for reimbursement. (*You should submit copies that may include timesheets, rosters, spreadsheets, materials, etc. as it pertains to your grant agreement.*)
3. Original signature of the Executive Director, Board President or other responsible assigned person.

Each agency will receive two tracking numbers that will consist of a purchase order number and project number; these numbers must be included on the request. This will be provided to you by staff before the end of the first reporting quarter. Both numbers must be handwritten or printed on the reimbursement form and on the letterhead request for payment. Payment requests may be delayed or returned if items are missing or incorrect.

5.2.1 Time Sheets

If your grant is intended to pay for staff salaries, time sheets must be kept and copies must be turned in with your request for reimbursement.

- **Time sheets should differentiate between hours charged to CDBG and hours charged to other sources of funding.**
- Timesheets must be maintained for salaried employees and hourly employees.
- Time spent on other activities outside the scope of the contract's project description are ineligible for reimbursement.
- **Timesheets must indicate the hourly rate of pay.**
- **Timesheets must include signatures of the supervisor and the employee.**

The City of McKinney will accept electronic timesheet detail logs, but agency must still provide differentiation of hours spent on CDBG-funded activities vs. other activities.

Please refer to the example 'Time Sheets' form located in the Appendices. It is not necessary to utilize this form, however, the information contained within is required for reimbursement requests.

6. Contract Modifications

1. Contract amendments may occur at any time, provided that such amendments make specific reference to the original contractual agreement between the City of McKinney and the sub-recipient;

and

2. Are executed in writing, signed by authorized representative of both organizations.

The City of McKinney may, in its discretion, amend contracts to conform with Federal, State, or local guidelines, policies, and available funding amounts, or for other reasons. If such amendments result in a change in the funding or the scope of services, such modifications will be incorporated only by written amendment and will not become effective until signed by both the City of McKinney and the sub-recipient.

Any request for transfer of funds among the contract budget categories submitted by the sub-recipient will require written approval from the City of McKinney, before the transfer can be effective.

7. Monitoring

Monitoring is a system designed to determine if sub-recipients are administering their CDBG program(s) in compliance with the Department of Housing and Urban Development regulations, the contractual agreement terms, and with the conditions and policies of the City of McKinney.

Authority: Title I, Housing and Community Development Act of 1974 as amended (42 U.S.C. 5300-5320); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)). Monitoring is not an audit of the sub-recipient, but rather is focused on the “program” that is CDBG funded.

For a comprehensive review of the guidelines, please refer to the City of McKinney’s CDBG Monitoring Handbook. Agencies will be monitored on an ongoing basis through regular communication, technical assistance, quarterly reports and site visits.

Risk Assessments will determine the extent of the on-site monitoring process.

8. Appeal Process

If the CDBG Application is denied funding, organizations are notified in writing. An organization may appeal such denial in writing to the City of McKinney, Housing & Community Development Department, Community Services Administrator, 314 S. Chestnut St. Suite 101, McKinney, Texas 75069. The appeal must be postmarked within 15 calendar days from the date of the City’s denial notification. The appeal must set forth reasons why the applicant believes reconsideration is appropriate. Upon receipt of the appeal, the HCD staff will present and the City’s Community Grant Advisory Commission will review the case to make a decision within 30 calendar days from the postmarked date of the appeal letter. The City will notify you in writing of the final decision of the appeal of the application for funding. If an appeal results in the acceptance of a CDBG application, the application is still subject to available funding and subject to the application process and federal requirements.

9. Appendices

9.1 Supporting Documentation

All accounting records must be supported by source documentation. Supporting documentation is important to keep for all CDBG expenditures. Documentation must prove that expenditures charged to the grant are

1. Incurred during the effective period of the contractual agreement between the City of McKinney and the sub-recipient,
2. Were actually paid out (or properly accrued),
3. Expenditures were allowable, and
4. Expenditures were approved by a responsible official in your organization.

In general, source documentation must explain the basis of the costs incurred. For example: With respect to staff time charged to the grant: Time sheets (signed by the employee and supervisor) explicitly stating the hours charged to the grant and attendance sheet (were used) should be available at all times for the City of McKinney to verify time charged to CDBG grants is accurate.

9.2 City of McKinney Required Forms

Please refer to the following pages for required forms. Electronic versions of the forms can be obtained through the Housing and Community Development Department. Funded agencies will receive documents electronically upon completion of the annual mandatory pre-award training.

Form A1: Conflict of Interest Questionnaire

Form A2: Determining Program Income

Form B1: Income Determination Worksheet

Form B2: CDBG Eligibility Form

Form B3: CDBG Eligibility Form-No Income

Form B4: Presumed Benefit Determination Worksheet

Form C1: Quarterly Activity Report Form

Form C2: Annual Activity Report Form

Form C3: Performance Measurement

Form C4: Performance Measurement-Delivery Cost

Form C5: Time & Attendance Sheet

Form C6: Request for Payment Form

**CITY OF MCKINNEY
CDBG CONFLICT OF INTEREST QUESTIONNAIRE**

Please complete, sign and date. Questionnaire **MUST BE** included with application.

The Agency agrees to abide by the provisions of **24 CFR 570.611** with respect to conflict of interest and covenants that it presently has no financial interest and shall not require any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under those CDBG program regulations. The Agency further covenants that in the performance of receiving CDBG funding, no person having such a financial interest shall be employed by the Agency hereunder. These conflict of interest provisions apply to any persona who is an employee, agent, consultant, officer or elected official of the City of McKinney, or of any designated public agencies or sub-recipients, which are receiving CDBG funds.

1. Is there any member of the applicant's staff, member of the applicant's Board of Directors or officer who currently is or has been within one year of the date of this application a member of City Council or a City employee?

____ Yes

____ No

If yes, please list name(s): _____

2. Will the funds requested by the applicant be used to pay the salaries of any of the applicant's staff or award a subcontract to any individual who is or has been one year of the date of this application a member of City Council or a City employee?

____ Yes

____ No

If yes, please list name (s): _____

3. Is there any member of the applicant's staff, member(s) of the Board of Directors, or officer(s) who are business partners or immediate family of a City Council member or a City employee?

____ Yes

____ No

If yes, please list name(s): _____

The applicant certifies to the best of his/her knowledge and belief that the data in this application is true and correct and that the filing of the application has been duly authorized by the governing body of the applicant and that the applicant will comply with all of the requirements of the grant if the application is approved.

Signature: _____

Title: _____

Date: _____

FOUR STEP PROCESS FOR DETERMINING PROGRAM INCOME

Step 1: Who is receiving funds as a result of a CDBG-assisted activity?

- ☐ A grantee for sub-recipient is receiving funds resulting from a CDBG- assisted activity.

GO TO STEP 2

- ☐ An entity is receiving funds resulting from a CDBG- assisted activity that involves rehabilitation, historic preservation, or renovation of it's own property per 570.202(a), (d), or (e); relocation payments per 570.201(i); or loss of rental income payments per 570.210(j).



Funds these entities receive do not constitute program income.

Step 2: Is the income directly generated from the use of GCBD funds as described in sections 570.500(a)(1)?

- ☐ Yes

GO TO STEP 3, where the funds are from the use or rental or real property

GO TO STEP 4, for all other activities

- ☐ No



The funds are not program income.

Step 3: Are funds remaining when the costs incidental to generation are subtracted as described in Sections 570.500(a)(1)(iii) and (iv)?

- ☐ Yes

GO TO STEP 4

- ☐ No

Step 4: How much gross income is attributable to the CDBG program?

- ☐ The activity is wholly assisted with CDBG.
ALL IS ATTRIBUTABLE TO THE CDBG PROGRAM
- ☐ The activity is partially assisted with CDBG funds. (Pro-rate the gross income to reflect the percent of CDBG funds assisting the activity).
THE PRO-RATED AMOUNT IS ATTRIBUTABLE TO THE CDBG PROGRAM.

I hereby certify that the total program income directly generated from the use of CDBG funds is

\$_____.

BY MY SIGNATURE, I ACKNOWLEDGE THAT ALL INFORMATION I HAVE PROVIDED IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I AM AWARE THAT MAKING A FALSE STATEMENT TO OBTAIN BENEFITS TO WHICH I AM NOT ENTITLED IS A CRIME AND MAY SUBJECT ME TO BOTH CIVIL AND CRIMINAL PENALTIES.

Signature of Agency Staff

Date

INCOME DETERMINATION WORKSHEET
(You are calculating income for the next 12 months)

Provide information on each line where applicable, either monthly amount or zero if not applicable. Provide documentation where possible. If no documentation is available, you must request a NO proof of income" form from service provider.

Client Name: _____

Date: _____

INCOME INCLUSIONS

Wages/Salary

Wage rate (hourly, salary) _____

Regular/guaranteed overtime _____

Tips, Bonuses, Commissions, Fees
or other compensation _____

Total Annual Wage/Salary _____

Net income from operation of business _____

Social Security Payments
Total GROSS for year _____

Income from Annuities, Insurance Policies,
Retirement Funds, Pensions, Disability or
Death Benefits _____

Regular Gifts or Contributions _____

Child or Alimony Support _____

Unemployment, workers comp, severance pay _____

Public Assistance payments (TANF) _____

Armed Forces Pay (except hostile duty pay) _____

Earned Income Tax Credit _____

Gambling, Prizes _____

Interest, Dividends _____

Assets over \$5,000 but under \$50k
Less than \$5,000, use the actual income;
More than \$5,000, use the greater of (1) actual income
(2) Assets X passbook rate _____

INCOME EXCLUSIONS

Full-time students in household over 18
Earnings MORE THAN \$480 are excluded _____

Student scholarships _____

Lump Sum Payments (settlement, inheritances) _____

Reimbursements for Medical Expenses _____

Hostile Duty Pay _____

Payments from HUD programs for
Self Sufficiency attainment _____

TOTAL YEARLY INCOME _____
(Annual Income Limit Table listed at the bottom of actual form)

CDBG ELIGIBILITY CERTIFICATION FORM

NAME _____ PHONE _____ DATE _____

ADDRESS _____ ZIP _____

Head of Household: ___ Male ___ Female

Race/Ethnicity: Do you consider yourself to be Hispanic? ___ Yes ___ No

Also, please check the race/ethnicity which applies to you:

- | | |
|--------------------------------------|--|
| ___ White | ___ Asian & White |
| ___ Black/African American | ___ Black/African American & White |
| ___ Asian | ___ American Indian/Alaskan Native & White |
| ___ American Indian/Alaskan Native | ___ American Indian/Alaskan Native & Black |
| ___ Native Hawaiian/Pacific Islander | ___ Other |

List Yourself and all Other Persons Occupying the Home (Relationship, Sex, Age,& Social Security Number)

1. _____ Yourself _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

INCOME VERIFICATION DATA

The assistance you receive is determined in part by the size of your household and your income. Failure to disclose any income or assets is a criminal offense. All income and assets will require verification before eligibility will be granted. Income includes all money coming into the household from all persons over 18 years old. Self-employment wages, TANF, alimony, Social Security benefits, pensions, child support, and regular gifts of money from friends, family or a church must be disclosed. Money earned from providing services, and interest from bank accounts or investments must be disclosed.

Household Member (Source of Income & Gross Monthly Amount Received)

1. _____
2. _____
3. _____
4. _____
5. _____

I, the undersigned applicant, do hereby authorize _____ **Name of Agency** _____ to verify my personal records, including wages, pensions, and investments. It is understood that this authorization is granted for the sole purpose of certifying my eligibility for federal financial assistance, and that all information acquired in this regard will remain confidential.

BY MY SIGNATURE, I ACKNOWLEDGE THAT ALL INFORMATION I HAVE PROVIDED IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I AM AWARE THAT MAKING A FALSE STATEMENT TO OBTAIN BENEFITS TO WHICH I AM NOT ENTITLED IS A CRIME AND MAY SUBJECT ME TO BOTH CIVIL AND CRIMINAL PENALTIES.

Signature of Applicant

Date

CDBG ELIGIBILITY CERTIFICATION FORM (Verification of No Income)

N/ Form **PHONE** **DATE**
B2
AI **ZIP**

Head of Household: ☐ Male ☐ Female

Race/Ethnicity: Do you consider yourself to be Hispanic? ☐ Yes ☐ No
Also, please check the race/ethnicity which applies to you:
☐ White ☐ Asian & White
☐ Black/African American ☐ Black/African American & White
☐ Asian ☐ American Indian/Alaskan Native & White
☐ American Indian/Alaskan Native ☐ American Indian/Alaskan Native & Black
☐ Native Hawaiian/Pacific Islander ☐ Other

List Yourself and all Other Persons Occupying the Home (Relationship, Sex, Age, & Social Security Number)

1. **Yourself**
2.
3.
4.
5.
6.
7.

I hereby certify that the total income of all persons living in my home is \$_____. I further certify that I cannot provide written proof of income because I am unemployed, am normally paid in cash, or other reason.

BY MY SIGNATURE, I ACKNOWLEDGE THAT ALL INFORMATION I HAVE PROVIDED IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I AM AWARE THAT MAKING A FALSE STATEMENT TO OBTAIN BENEFITS TO WHICH I AM NOT ENTITLED IS A CRIME AND MAY SUBJECT ME TO BOTH CIVIL AND CRIMINAL PENALTIES.

Signature of Applicant

Date

PRESUMED BENEFIT DETERMINATION WORKSHEET

NAME _____ PHONE _____ DATE _____

ADDRESS _____ ZIP _____

Beneficiaries with Presumed Low/Mod Benefit:

- ☐ *Severely disabled adults (50% AMI)
- ☐ Illiterate adults (50% AMI)
- ☐ Persons living with AIDS (50% AMI)
- ☐ Battered spouses (50% AMI)
- ☐ Abused children (30% AMI)
- ☐ Migrant farmworkers (50% AMI)
- ☐ Homeless Persons (30% AMI)
- ☐ Elderly Persons (62 years & older)
 - center-based elderly services (80 % AMI)
 - other elderly services (50% AMI)
- ☐ Migrant Farm Workers

**Defined as: Adults meeting the Bureau of the Census Current Population Reports definition of "severely disabled" (<http://www.census.gov/prod/2012pubs/p70-131.pdf>)*

Signature of Agency Staff

Date

City of McKinney

PY 2014-15 CDBG Program Year

Quarterly Activity Report

Name of Subrecipient:

Contact Person:

Phone:

Program Name:

Email:

Date Report Submitted:

**For Period Of
October 1, 2014-September 30, 2015:**

- ☐ Oct 1 - Dec 31
- ☐ Jan 1 – Mar 31
- ☐ April 1 – June 30
- ☐ July 1 – Sept 30

Income Limit Adjustments

The HUD income limits were recently changed. For the first quarter ONLY prior to submission of your report, please review recipient files for persons or households who qualified during the period of December 11, 2012 to January 10, 2013 and re-verify income to determine if the LMI category has changed for your reporting. (Example: A person who qualified at intake at the 50% LMI may now re-classify at 30%.)

Please provide an additional report as needed to reflect reporting under new

Reporting Income Levels

Agencies must gather income data for each client served. Income data may be in the form of paychecks/stubs or other certification of income from work or benefits, or self-certification of income level. This method is preferred over presumed categories as it gives more accurate information about beneficiaries served at various levels, especially at the poverty level.

Unless your program has documentation that would support reporting a client under another category, use the following categories to report on clients served in particular "Presumed Benefit Categories":

- Abused Children – 30% of Area Median Income (AMI);
- Battered Spouses – 50% of AMI;
- Severely disabled adults – 50% of AMI;
- Homeless – 30% of AMI;
- Illiterate Adults – 50% of AMI;
- Persons with AIDS – 50% of AMI;
- Migrant farm workers – 50% of AMI;
- Elderly (62 years of age or older):
 - Center-based senior services – 80% of AMI;
 - Other senior services – 50% of AMI.

PY 2014-15 Income Limits								
Collin County, TX	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Extremely Low	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000	\$23,650	\$25,250	\$26,900
50% Very Low	\$23,800	\$27,200	\$30,600	\$33,950	\$36,700	\$39,400	\$42,100	\$44,850
80% Low/Moderate	\$38,050	\$43,450	\$48,900	\$54,300	\$58,650	\$63,000	\$67,350	\$71,700
Outputs (Select one category)							Total	Year To Date
Total # of Unduplicated Persons Assisted: <i>For Most Public Service Activities</i>								
Total # of Unduplicated Households Assisted: <i>For Housing Activities. Lot Acquisition does not count until home is transferred in owner's name.</i>								
Household Income (LMI)								
Total # of Extremely Low Income Assisted (≤30% of median income)								
Total # of Very Low Income Assisted (>31% - 50% of median income)								
Total # of Low/Moderate Income Assisted (> 51% - 80% of median income)								
Total # of Non-Low to Moderate Income Assisted (>80% of median income)								
Total LMI:								
Total # of Female-Headed Households assisted:								
HOUSING ACTIVITIES <i>For activities creating or assisting housing units. (Example: Habitat for Humanity, Housing Rehab Program). Must provide addresses in the narrative.</i>								
Total # of Housing Units assisted under Land Acquisition								
Total # of Units Occupied by Elderly								
Total # of Units Moved from Substandard to Standard (HQS or Local Code)								
Total # of Units that are Section 504 Accessible Units								
Total # of Units Qualified as Energy Star								

Total # of Units Brought Into Compliance with Lead Safety Rules (24 CFR Part 35) <i>For Housing Rehab Program Only.</i>		
---	--	--

Race/Ethnicity Report		Total # of Persons	Total # of Persons Year To Date	Total Hispanic Persons	Total Hispanic Persons Year To Date
ID-11	White				
ID-12	Black/African American				
ID-13	Asian or Pacific Islander				
ID-14	American Indian/Alaskan Native				
ID-15	Native Hawaiian/Other Pacific Islander				
ID-16	American Indian/Alaskan Native & White				
ID-17	Asian & White				
ID-18	Black/African American & White				
ID-19	American Indian/Alaskan Native & Black/African American				
ID-20	Other Multi-Racial				
	Total:				

Race/Ethnicity Definition:

***The term, “Hispanic” is a U.S. Census Bureau ethnicity category that can be identified with any or all races.** For example: A person can consider themselves to be Asian & White AND Hispanic. The “ID” numbers listed next to each race are HUD identifiers for reporting in the National system known as IDIS.

The total number in the Hispanic YTD category and the monthly category should be in addition to what is recorded in the race categories and not substituted for race. The Hispanic ethnicity total need not balance with any race category.

News and Accomplishments

Instructions for Narrative (NARRATIVES ARE REQUIRED IN PY 2014-15)

Please complete the narrative section on separate sheets, as needed.

- Describe all project activities that took place during this reporting period, including all outreach activities and public participation events.
 - Describe how you've met objectives for achievement by the end of this reporting period.
 - Describe obstacles that prevented your objectives from being accomplished. Include how those obstacles are being resolved and provide a new anticipated date of completion.
(Example: You planned to serve 10 persons in quarter 1, but only served 5 due as loss of program staff. New hire has been training and agency will progress to meet goal in next quarter)
 - Attach photographs, newspaper/media clippings, additional reports and other supportive information or documentation. (Optional)
-
- For narratives under the Housing Rehab Program:
Provide names and addresses of housing units served.
Provide LBP status for each housing unit assisted. (Interim Controls, Abatement, etc.) If unit is Exempt, must give reason of exemption (i.e. Emergency Repair) or Year of unit built after 1978.

Reminders:

For CDBG agencies, reimbursements and reports can be submitted separately or together. Reimbursement requests must include:

Cover Letter on Agency Letterhead
Invoice and Source Documentation per contract
CDBG Request for Payment Form
Don't forget to provide assigned Purchase Order, Project Number on the letterhead

▪ **Please mail activity reports and reimbursement requests to:**

Shirletta Best, Community Services Administrator
City of McKinney
Housing & Community Development
222 North Tennessee Street
P.O. Box 517
McKinney, TX 75070

or email: sbest@mckinneytexas.org

CITY OF MCKINNEY

2014-15 CDBG Program Year Annual Activity Report

Subrecipient Agency:

Contact Person:

Phone No:

Program Name:

Email:

Date of Report Submission:

For year period of:

October 1, 2014 – September 30, 2015

Effective 12/20/2013- 9/30/2014	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
0 to 30% Extremely Low	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000	\$23,650	\$25,250	\$26,900
50% Very Low	\$23,800	\$27,200	\$30,600	\$33,950	\$36,700	\$39,400	\$42,100	\$44,850
80% Low/Moderate	\$38,050	\$43,450	\$48,900	\$54,300	\$58,650	\$63,000	\$67,350	\$71,700

Agency reports for entire year. Information should match all submitted quarterly reports.

Outputs	TOTAL
Total # of Persons assisted, OR:	
Total # of Households Assisted	
Income Limit	
Total # of Extremely Low Income (\leq 30% of median income) assisted:	
Total # of Very Low Income ($>$ 31% - 50% of median income) assisted:	
Total # of Low/Moderate Income ($>$ 51% - 80% of median income) assisted	
Total # of Non-LMI ($>$ 80% of median income) assisted:	
Total # of Female-Headed Households assisted:	

Race	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total	Total of Hispanic Origin *
White						
Black/African American						
Asian						
American Indian/Alaskan Native						
Native Hawaiian/Other Pacific Islander						
American Indian/Alaskan Native & White						
Asian & White						
Black/African American & White						
American Indian/Alaskan Native & Black/African American						
Other Multi-Racial						
TOTAL:						

Race/Ethnicity Definition:

*The term, "Hispanic" is a U.S. Census Bureau ethnicity category that can be identified with any or all races. For example: A person can consider themselves to be Asian & White AND Hispanic. The "ID" numbers listed next to each race are HUD identifiers for reporting in the National system known as IDIS.

The total number in the Hispanic YTD category and the monthly category should be in addition to what is recorded in the race categories and not substituted for race. The Hispanic ethnicity total need not balance with any race category.

HOUSING ACTIVITIES

**Only for activities that are creating or assisting housing units ONLY
(Lot Acquisition, Housing Rehabilitation Programs)**

Total # of Housing Units assisted with Land Acquisition (Provide address and details in Narrative)		
Total # of Units Occupied by Elderly		
Total # of Units Moved from Substandard to Standard (HQS or Local Code)		
Total # of Units that are Section 504 Accessible Units		

Total # of Units Qualified as Energy Star		
Total # of Units Brought Into Compliance with Lead Safety Rules (24 CFR Part 35)		

All Funding Sources (Leveraged Resources - Entire Project)		TOTAL
CDBG - McKinney	\$	
Community Support Grant (if applicable)	\$	
Other Federal Funds	\$	
State/Local Funds	\$	
Other	\$	
FINAL TOTAL:		\$
News and Accomplishments: Provide Your Annual Summary Stating Accomplishments and Key News During the Program Year.		

**2014-15 CDBG
Table # 1: Performance Measurement**

(NOTE: PLEASE CREATE YOUR OWN TABLE USING THIS DOCUMENT AS A SAMPLE)

AGENCY NAME:

Program	What	How	How will you measure Success?	Cost to Deliver Program
Identify by name the program for which you are seeking CDBG investment. Place only one program in a box.	Provide a brief description of the program. Are you providing training? One-to-one counseling? Direct services? This should relate to Part I of this application.	Describe in what fashion your program will be carried out. What kinds of services or activities are provided? Transportation, classes, counseling, support groups, etc.? How many clients served? What is covered in the sessions? What is the curriculum? Etc.	These are the outcomes that will help you determine how successful the program is. Identify what you are trying to achieve with your program and tell us how you will measure it. You must have at least one measure per activity.	Indicate how much it will cost to deliver the proposed program. How much of this is CDBG and how much is from other sources? Please see Table # 2 to arrive at the cost to deliver the program.

FY 2014-15 CDBG Activity

PERFORMANCE MEASUREMENT Table # 2: Delivery Cost

Show how costs are determined: What does it cost to put on a program and how did you arrive at that cost? Costs must relate to overall costs to deliver the program. **Use this first table to show you how to complete the table – do not include the example with your Table # 2.**

Example Program: Home Counseling Class

Cost Elements	Cost (\$)	Quantity/Unit of measure	Subtotal (\$)
<i>Credit Counseling Teacher –in class</i>	\$25	<i>96 hours (8 hrs./mth x 12 months)</i>	<i>\$2,400</i>
<i>Homeowner Education Teacher—class prep</i>	\$25	<i>48 hours (4hrs/mth x 12 mths)</i>	<i>\$1,200</i>
<i>Credit Counselor—one-on-one</i>	\$20	<i>120 hours (10 hrs./mth x12 mths)</i>	<i>\$2,400</i>
<i>Materials</i>	\$25	<i>120 course packets/credit reports</i>	<i>\$3,000</i>
		Total	\$9,000

Complete this Table Program:

Agency Name :

Cost Elements	Cost (\$)	Quantity/Unit of measure	Subtotal (\$)
		Total	

TIME AND ATTENDANCE SHEET

Employee Name _____ Job Title _____

Salary/Hourly Rate \$ _____ Pay Period _____ Week Ending _____

DATE	CASE NUMBERS	WORK DESCRIPTION	CDBG HOURS	OTHER HOURS
		TOTAL HOURS		

I certify to the best of my knowledge that the hours reported herein are correct and CDBG hours worked provided services to primarily low income McKinney residents.

Employee Signature Date

Supervisor Date

CITY OF MCKINNEY							
CDBG PY 2014-15 REQUEST FOR PAYMENT FOR PROGRAM YEAR							
To:	City of McKinney					Date:	
P.O. #						Pay Request #:	
P.S. #							
From:						Phone #:	
Original 2014-15 CDBG Award:						\$	-
Less Previous Request For Payment:						- \$	-
CDBG Award Balance:						\$	-
Current Request For Payment Total:							
CDBG Award Balance Remaining:						\$	-
Item #	Make Payment To:	List services provided or <u>costs</u> incurred with documentation.				Amount	
1							
2							
3							
4							
5							
TOTAL							
Please attach letter and invoice documentation to support the above request for payment							
Pay request submitted by:							
Administrator Review							
Approved:							
Grant/Project #:							