



FASS – PH

Session 4: Reporting HAP And Admin Net Position

Spring/Summer 2016



Overview

- Clarify the reporting of HAP and administrative fee net position
- Provide information on how to review the HUD-provided quarterly NRP balance
- Provide guidance on other reporting and financial management aspects of the HCV program
- Review the proper implementation of GASB 54
- Discuss PIH Notice 2015-17

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HCV Program: HAP and Administrative Fee Net Position

Differentiating HAP Equity from Administrative Fee Equity



- Starting January 1, 2005, excess HAP budget authority disbursed to PHAs became part of the PHA's equity
- Unspent administrative fees were always reported as equity
- Unspent HAP is limited in use and is considered restricted by HUD for GAAP reporting
 - Net Restricted Assets/Position] (full accrual)
 - Restricted Fund Balance (modified accrual)



Differentiating HAP Equity from Administrative Fee Equity

- Two memo accounts exist on the FDS HCV income statement to distinguish the HAP balances from administrative fee balances
 - FDS Line 11170 – Administrative Fee Equity (also referred to as UNP)
 - FDS Line 11180 – HAP Equity (also referred to as NRP)



Relationship between Balance Sheet Equity and Memo Equity Accounts

Line Item Number	Line Item Description
Full Accrual	
508.4 Net Investment in Capital Assets	11170 - Administrative Fee Equity
512.4 Unrestricted Net Position	
511.4 Restricted Net Position	11180 - HAP Equity
Modified Accrual (GASB 54)	
508.3 Nonspendable Fund Balance	11170 - Administrative Fee Equity
510.3 Committed Fund Balance	
511.3 Assigned Fund Balance	
512.3 UNPassigned Fund Balance	11180 - HAP Equity
509.3 Restricted Fund Balance	
Total Equity	
513 Total Equity - Net Assets/Position	11170 - Administrative Fee Equity plus 11180 - HAP Equity



HCV Program Equity: FDS Line 11170 Administrative Fee Equity

FDS Line	FDS Line Description	FDS Line
11170-001	Administrative Fee Equity - Beginning Balance	Prior year Line 11170-003
11170-010	Administrative Fee Revenue	FDS Line 70600-020 + 70600-050
11170-020	Hard to House Fee	FDS Line 70600-030
11170-021	FSS Coordinator Grant	FDS Line 70600-031
11170-030	Audit Costs	FDS Line 70600-040
11170-040	Investment Income	FDS Line 71100-020 + 72000-020
11170-045	Fraud Recovery Revenue	FDS Line 71400-020
11170-050	Other Revenue	PHA Entered
11170-051	Comment for Other Revenue	PHA Entered
11170-060	Total Admin Fee Revenues	Sum of Lines 2 - 8

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HCV Program Equity: FDS Line 11170 Administrative Fee Equity, cont'd.

FDS Line	FDS Line Description	FDS Line
11170-080	Total Operating Expenses	FDS Line 96900
11170-090	Depreciation	FDS Line 97400
11170-095	Housing Assistance Portability In	FDS Line 97350
11170-100	Other Expenses	PHA Entered
11170-101	Comment for Other Expense	PHA Entered
11170-110	Total Expenses	Sum of Lines 1 – 4
11170-002	Net Administrative Fee	FDS Lines 11170-060 minus 11170-110
11170-003*	Administrative Fee Equity - Ending Balance	FDS Lines 11170-001 + 11170-002
11170-005	Pre-2004 Administrative Fee Reserves	PHA Entered
11170-006	Post-2003 Administrative Fee Reserves	PHA Entered

* 11170-005 + 11170-006 must equal 11170-003

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HCV Program Equity: FDS Line 11180 HAP Equity

FDS Line	FDS Line Description	FDS Line (Pre-populated)
11180-001	Housing Assistance Payments Equity - Beginning Balance	Prior year Line 11180-003
11180-010	Housing Assistance Payment Revenues	FDS Line 70600-010
11180-015	Fraud Recovery Revenue	FDS Line 71400-010
11180-020	Other Revenue	PHA Entered
11180-021	Comment for Other Revenue	PHA Entered
11180-025	Investment Income	FDS Line 71100-010
11180-030	Total Housing Assistance Payment Revenues	Sum of Lines 2-4
11180-080	Housing Assistance Payments	FDS Line 97300
11180-090	Other Expenses	PHA Entered
11180-091	Comment for Other Expense	PHA Entered
11180-100	Total Housing Assistance Payment Expenses	Sum of Lines 8 and 9
11180-002	Net Housing Assistance Payments	Line 7 minus Line 11
11180-003	Housing Assistance Payments Equity - Ending Balance	Line 1 plus line 12

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HCV Program Equity: Use of Other Revenue and Expense Accounts

- Generally made up of the following:
 - FDS Line 70800 – Other Government Grants
 - FDS Line 71500 – Other Revenue
 - FDS Line 11040 – Prior Period Adjustments
 - Any reclassification of HAP or Administrative Fee Equity
 - Transfer of Administrative Fee Equity to pay for HAP Equity
- A limited number of memo accounts associated with FDS lines 11170 & 11180 will need to be entered manually

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Reporting and Use of NRP Balances, cont'd.

- All PHAs received electronic letters
 - Containing PHA's NRP balances
 - Requested PHAs to review calculation
 - Requested PHAs to contact their FMC analyst to resolve any reporting issues or the calculation
- PHAs will continue to receive similar schedules for review
- See Learning Activities 4.1 and 4.2 (pages L-8 and L-10)



PIH Notice -2015-17

- Use and Reporting of Administrative Fee Reserves
 - Reissues PIH Notice 2010-7
 - Implements OIG recommended internal controls
 - All accounts will refer to Net Position
 - PHAs will maintain one admin fee account



PIH Notice -2015-17, cont'd.

- UNP is the total of
 - Difference between admin fees received and expenses paid; **plus**
 - Net revenue from port-ins; **plus**
 - Interest and other income on investments up to \$500 per year earned on HAP and RNP funds; **plus**
 - Portion of fraud recoveries collected; **plus**
 - Other miscellaneous admin income or equity transfers; **minus**
 - Any expenditures from admin account to cover excess HAP or other allowed uses

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PIH Notice – 2015-17, cont'd

Item	VMS	FDS
Admin. Fees	Cash	Accrual
Port-In Revenue	Cash	Accrual
Fraud	Cash	Accrual
HAP Funding	Cash	Accrual
Admin. Operating Expenses	Accrual	Accrual
Bad Debt Expense	Not Reported	Accrual
Depreciation	Not Reported	Reported on Inc. Stmt.
Capital Purchase	Purchase Price as Admin. Expense	Recorded on Balance Sheet

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PIH Notice -2015-17, cont'd.

- VMS continues to use NRP and UNP terms will update soon
- REMEMBER UNP per REAC may include equity in Net Investments in Capital Assets
- 2004 Restriction on post 2003 admin fees remains in place



PIH Notice -2015-17, cont'd.

- Use of admin fees restricted to costs incurred to perform PHA admin functions.
- During current FY admin fees received may only be used for CY expenses
- Is excess admin fees exist at EOY it is added to UNP
- PHA may supplement admin fees from non-Federal, non-restricted funds
- These amounts may be reimbursed from subsequently received admin fees
- However, amounts may never be loaned to another program



PIH Notice -2015-17, cont'd.

- UNP and VMS – UNP in VMS consists of:
 - Prior month UNP, plus
 - Portion of Fraud recovery collected
 - Interest and other income (<\$500), plus
 - Unabsorbed Port-in revenue, minus
 - Unabsorbed Port-in HAP expense
 - Expenditures from UNP for excess admin expenses
 - Excess admin fee disbursements do not become UNP until year end (last day of month of year)



PIH Notice -2015-17, cont'd.

“This aspect of the calculation also prohibits replenishing the UNP during the PHA’s fiscal year if excess AF funding in the current month cures an administrative fee deficit from a previous month. Thus, if a PHA has to dip into the UNP to cover excess administrative expenses, it still may not increase the UNP during the fiscal year by adding in excess current year admin fees in later months, even if the UNP balance remains below the previous fiscal year-end balance.”



PIH Notice -2015-17, cont'd.

Overall, excess administrative expenses may decrease the UNP from month to month during the fiscal year (FY), but excess administrative fee disbursements from HUD should not generally increase the UNP from month to month during the FY. Only fraud recovery, Port-In, interest, or other non-HUD revenue may increase the UNP from month to month during the fiscal year. The one exception to this rule occurs when the UNP balance is negative (deficit). As long as the UNP remains negative, the PHA may add current year excess Admin Fee disbursements back into the UNP balance, thereby making the balance less negative if the PHA is remitting the excess admin fees back to the Central Office Cost Center (COCC) or other fund that loaned the HCV Program the money needed to cover the admin deficit that caused the negative UNP. 7



Reporting Negative HAP Equity

- Correct FDS Reporting for Negative HAP Equity
 - FDS 511.4 and FDS 511.1 cannot be reported as negative numbers (as required under GAAP) on FDS
 - PHAs should only report a negative HAP equity (FDS 11180) when no program reserves or UNP are available to cover deficits AND when the PHA has an Accounts Payable on the books for unpaid HAP (FDS 312 – Accounts Payable <= 90 days)
- If conditions are not met, FDS will be corrected by increasing revenue and A/R for HAP funding not received or for the transfer of admin fees to cover the deficit.



Reporting Negative HAP Equity

Line No.	Reporting Requirement
NRP in VMS	Can be negative
511.4 or 511.1	Cannot be negative (per GAAP). FASS system will not allow negative entry.
11180	Can be negative when following conditions are met: a. PHA is out of HAP b. PHA has no program reserves c. PHA has no UNP <i>See footnote</i>

REAC has programmed the FDS template to allow 511.4 and 11180 to be different when 511.4 is zero. Otherwise 511.4 and 11180 must agree.

Note: This scenario is only possible when the facts described exists. Otherwise, line 11180 must equal 511.4



Scenario 1 – Admin Fee Equity Enough to Cover Negative HAP Equity

Line No.	Reported Value	Correction Required
NRP in VMS	(\$5,000)	No correction required. Negative entry is acceptable.
511.4	\$0	No correction required. FDS will not allow a negative entry.
11180	(\$5,000)	Transfer \$5,000 from 11170. New value for 11180 is \$0.
11170	\$8,000	Transfer \$5,000 to 11180. New value for 11170 is \$3,000 [\$8,000-\$5,000]. <i>(Assumes \$8,000 available in cash in Admin Fee.)</i>
70600		Record HAP revenue for \$5,000.*
122-030		Record AR from HUD for \$5,000.*

*If program reserves are available. This will also increase 11180 to \$5,000.



Scenario 2 – Admin Fee Equity NOT Enough to Cover Negative HAP Equity

Line No.	Reported Value	Correction Required
NRP in VMS	-\$5,000	No correction required. Negative entry is acceptable.
511.4	\$0	No correction required. FDS will not allow a negative entry.
11180	-\$5,000	Transfer \$4,000 from 11170. If PHA has program reserves, zero out 11180. If no program reserves, leave 11180 as (\$1,000).
11170	\$4,000	Transfer \$4,000 to 11180. New value for 11170 is \$0 [\$4,000-\$4,000]. Assumes \$4,000 available in cash in Admin Fee.