



Calculation of Restricted Net Position (RNP) and Unrestricted Net Position (UNP) for the Housing Choice Voucher (HCV) Program's Financial Data Schedule (FDS)
ACCOUNTING BRIEF #27

SUMMARY

This accounting brief seeks to provide guidance and answers to the following topics:

- 1) Definitions of restricted and unrestricted net position
- 2) Typical transactions that relate to RNP and UNP
- 3) How to calculate RNP and UNP
- 4) Learn the Financial Data Schedule (FDS) details to correctly roll forward RNP and UNP

Accounting and reporting for Restricted Net Position (RNP) and Unrestricted Net Position (UNP) is very specific when reporting on the FDS.

RNP represents the difference between an entity's restricted assets and its corresponding liabilities and do not meet the definitions of net investment in capital assets. Restricted net position is constrained in use:

- a) because of requirements externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments.
- b) imposed by law through constitutional provisions or enabling legislation.

RNP typically refers to excess Housing Assistance Payments (HAP) funds held by the Public Housing Authority (PHA), but not paid to a landlord. These funds are considered restricted because these funds can only be used to HAP, Utility Reimbursement Payments (URP), FSS escrows and the related increases for each type of expense. In addition, any asset arising from pension or OPEB will have corresponding RNP.

UNP represents the difference between an entity's assets and its liabilities that do not meet the definition of restricted net position or net investment in capital assets. Net position should be reported as unrestricted when there are no constraints placed on the use of net position. UNP usually refers to the PHA's administrative fee reserve.

For the HCV program, RNP refers to HAP funding and HAP related expenses (HAP, Utility Reimbursements [URP] and FSS Escrow payments). And UNP refers to all the other revenue and expense not related to HAP, administrative revenue, and expenses other than HAP, URP and FSS escrow payments.

Description	Restricted Net Position (HAP Related)	Unrestricted Net Position (Admin. Related)	FDS Line Number
HAP subsidy	X		70600
Administrative fee subsidy		X	70600
Fraud recovery	X	X	71400
FSS escrow forfeitures	X		71500
Port in income (HAP & Administrative Fee)		X	71500
Interest income		X	71100
Other income	X	X	71500
HAP, URP, Port-out expense	X		97300
FSS escrow expense	X		97300
Port in HAP expense		X	97350
Port out administrative fee expense		X	96200
Administrative expenses		X	91xxx 92xxx 93xxx 94xxx 95xxx 96xxx *97xxx *Excepted as noted above

TABLE 1 DESCRIPTION DEFINITIONS

- HAP Subsidy is funding received from HUD that is required to be recognized as revenue under Generally Accepted Accounting Principles (GAAP) to pay for HAP, URP and FSS escrow payments.
- Administrative Subsidy is the funding received by HUD that is required to be recognized as revenue under Generally Accepted Accounting Principles (GAAP) to pay for operating costs.
- Fraud Recovery is the amount of funds received from a family or owner by litigation, court order or a repayment agreement. The PHA can retain the greater of half (½) of the cash collected or the cost of recovery and report it as UNP. If the PHA cannot support the cost of collection, a 50/50 split between RNP and UNP is acceptable (24 CFR 792). The amount the PHA gets to keep as UNP is an incentive for the PHA to pursue the fraud losses.
- FSS Escrow Forfeitures are funds that have been forfeited by FSS participants that that did not successfully graduate the FSS program. Since these funds were originally paid from HAP funding, 100% of these funds will be returned to the PHA as RNP.
- Port-In Income are funds are received from the Initial PHA to reimburse the receiving PHA for the local HAP payment to the landlord and a portion of the Initial PHA's administrative

fee. The Receiving PHA will maintain these funds as UNP because the Receiving PHA paid the local landlord a HAP from administrative funds initially. Since the Receiving PHA is doing the work for the administration of the participant, the Receiving PHA will also receive a portion of the Initial PHA's administrative fee.

- Interest Income earned on HAP funds is considered restricted. The first \$500 of restricted interest earned will be reported as unrestricted interest income. Any restricted interest earned over \$500 will be returned to HUD and recorded as a payable to HUD. All interest earned on UNP (Administrative Fee Reserve) will be reported as unrestricted income.
- Other Income can generally be voided checks for either HAP or administrative related items or recording gains or losses on asset sales.
- HAP, URP, Port Out HAP represents payments the owners of dwelling units leased to eligible families.
- FSS Escrow payments represents the amount of funding being escrowed for participants enrolled in the FSS program.
- Port In HAP is paid to the local landlord from the Receiving PHA's UNP that will be reimbursed by the Initial PHA.
- Port Out Administrative Fee is the amount of administrative fee the Initial PHA is paying to the Receiving PHA for the administration of a Portable Voucher.
- Administrative expenses are the operating expenditures incurred to administer the HCV program

CASE STUDY 1: PHA RNP RECONCILIATION

The PHA had a beginning RNP of \$30,000. The PHA received \$700,000 in HAP funding, collected \$2,000 of fraud receipts (PHA could not support cost of collection efforts), collected \$300 in FSS forfeitures and incurred \$730,000 of HAP expenses.

Description	Amount
RNP beginning balance	\$ 30,000
Add: HAP funding	700,000
Add: Fraud recovery	1,000
Add: FSS Forfeitures (only through June 15, 2022)	300
Less: HAP, URP and FSS escrow expenditures	730,000
RNP ending balance	\$ 1,300

Prior to June 16, 2022, FSS forfeitures would revert to the HCV/Mainstream/EHV program as program income and become part of RNP. But due to 24 CFR 984 being amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act, any FSS forfeitures on and after June 16, 2022, will not revert to the program that provided the funds initially. Instead, forfeited FSS escrow funds will be used to benefit any FSS participant in the PHA FSS program, regardless of the original funding source (e.g., Public Housing, HCV, etc.) used to fund the now forfeited FSS escrow account. For example, an HCV family is in the PHA's FSS program and their escrow account was funded with HCV HAP funds. If the family forfeits its escrow, the funds can be used for the benefit of any FSS participant in good standing, including an FSS participant that is a public housing resident. These

forfeited funds will be transferred out of the HCV program and to a new bank account and reported under the Financial Data Schedule as 14.EFA. These forfeited funds will be used for eligible costs as provided in Accounting Brief #26 and PIH Notice 2022-20.

CASE STUDY 2: PHA UNP RECONCILIATION

The PHA has beginning UNP of \$300,000, earned interest of \$30, collected \$2,000 of fraud receipts (PHA could not support cost of collection efforts), received \$80,000 of administrative fees and spent \$78,000 on operating costs.

Description	Amount
UNP beginning balance	\$300,000
Add: Interest earned	30
Add: Fraud recovery	1,000
Add: Administrative fees received	80,000
Less: Administrative expenses	78,000
UNP ending balance	\$303,030

REPORTING ON THE FDS

The FDS consists of an income statement and balance sheet for each program that is submitted by the PHA. The HCV's income statement has additional RNP and UNP details that must be completed.

The FDS for the HCV program, the income statement will have a roll forward for the RNP and UNP.

TABLE 2: UNP DATA DETAILS

Line Item 11170 Details (readonly mode)		
Line Item #	Description	Value
*11170-001	Administrative Fee Equity - Beginning Balance	\$ 3588517
11170-010	Administrative Fee Revenue	\$ 2937245
11170-020	Hard to House Fee Revenue	\$ 0
11170-021	FSS Coordinator Grant	\$ 0
11170-030	Audit Costs	\$ 0
11170-040	Investment Income	\$ 1108
11170-045	Fraud Recovery Revenue	\$ 50138
*11170-050	Other Revenue	\$ 440971
11170-051	Comment for Other Revenue	FFCRA Credit/Port In
11170-060	Total Admin Fee Revenues	\$ 3429462
11170-080	Total Operating Expenses	\$ 2670820
11170-090	Depreciation	\$ 7594
11170-095	Housing Assistance Payment Portability In	\$ 316758
*11170-100	Other Expenses	\$ 19774
11170-101	Comment for Other Expense	Operating transfer out
11170-110	Total Expenses	\$ 3014946
11170-002	Net Administrative Fee	\$ 414516
11170-003	Administrative Fee Equity- Ending Balance	\$ 4003033
*11170-005	Pre-2004 Administrative Fee Reserves	\$ 0
*11170-006	Post-2003 Administrative Fee Reserves	\$ 4003033
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- 1117-001 is a roll forward amount from prior year's 11170-003
- 1117-010 is a prepopulated amount from FDS detail lines 706-020,050,055
- 1117-020 is a prepopulated amount from FDS detail 706-030
- 1117-030 is a prepopulated amount from FDS detail 706-040
- 1117-040 is a prepopulated amount from FDS detail lines 711-020 & 720-020
- 1117-045 is a prepopulated amount 714-020
- 1117-050 consists of other unrestricted revenue on FDS lines not noted above
- 1117-051 a description must be entered if a value is entered on 1117-050
- 1117-060 this is an auto-populated amount of total revenue
- 1117-080 is total operating expenses on line 969

- 1117-090 consists of depreciation expense on line 974
- 1117-100 consists of other costs not included in on lines 1117-080,090
- 1117-101 if a value exists on 1117-100, then an explanation is required here
- 1117-110 is a summation of all expenditures
- 1117-002 is the difference between revenues and expenditures 1117-060 & 1117-110
- 1117-003 is the ending administrative fee balance the summation of 1117-001 and 1117-002. This will also equal the sum of 512.4 + 508.4
- *1117-005 represents the pre-2004 administrative fee reserve from 1117-003
- *1117-006 represents the post-2003 administrative fee reserve from 1117-003

*the sum of 1117-005 and 1117-006 must equal 1117-003

TABLE 3: RNP DATA DETAILS

Line Item 11180 Details (readonly mode)		
Line Item #	Description	Value
*11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ 1224076
11180-010	Housing Assistance Payment Revenues	\$ 29747063
11180-015	Fraud Recovery Revenue	\$ 50138
*11180-020	Other Revenue	\$ 15341
11180-021	Comments for Other Revenue	FSS forfeitures prior to June 16, 2022
11180-025	Investment Income	\$ 0
11180-030	Total Housing Assistance Payments Revenues	\$ 29812542
11180-080	Housing Assistance Payments	\$ 30175053
*11180-090	Other Expenses	\$ 0
11180-091	Comments for Other Expenses	
11180-100	Total Housing Assistance Payments Expenses	\$ 30175053
11180-002	Net Housing Assistance Payments	\$ -362511
11180-003	Housing Assistance Payments Equity - Ending Balance	\$ 861565
Back to IncomeStatement		

- 1118-001 will be the prior year ending balance as reported in 1118-030
- 1118-010 is prepopulated and report the amount in 706-010
- 1118-015 is prepopulated and report the amount in 714-010
- 1118-020 will consist of other income that is restricted, like FSS escrow forfeitures that occurred prior to June 16, 2022 will be manually entered
- 1118-021 will required a description if a balance is reported on 1118-020
- 1118-025 will typically be zero and nothing should be reported here
- 1118-030 is the sum of all restricted revenue
- 1118-080 is the sum of total HAP, line 973

- 1118-090 are other restricted expenses that require manual entry
- 1119-091 requires a value if an amount is reported on 1119-090
- 1118-100 is the sum of restricted expenses 1118-080, 090
- 1118-002 is the difference between restricted revenue and restricted expense 1118-030 & 1118-100
- 1118-030 is the ending RNP balance. The difference between 1118-001 & 1118-002. This will also equal line 511.4