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From: [Financial Management Center](#)

Sent: Wednesday, September 1, 2021 2:48:42 PM

Subject: VMS User Manual Updates – EHV UNP Definition Now Final

Importance: Normal

Sensitivity: None

Dear Executive Director:

This email is to inform you that the definition for the EHV Unrestricted Net Position (UNP) has been finalized and is found directly below. Please note that Service Fees should not be included in the UNP reporting as is reflected in the below definition:

Note: Regardless of the system (VMS or FASS-PH) in which UNP is being reported, the PHA should report its EHV UNP amount as defined by GAAP – “the difference between the EHV program’s asset and liabilities that do not meet the definition of restricted net assets or invested in capital assets net of related debt.” In essence, HUD is requesting information on net liquid or near liquid resources that can be readily used for the administration of the program, as this definition does not include net assets related to fixed assets (see OPEB liability exception below as related to liquid or near liquid resources).

UNP is equal to the cumulative total of Administrative Fee (AF) revenue for the EHV program which includes Ongoing Administrative Fees, Preliminary Fees and Placement/Issuance Fees (Service Fees are NOT included) minus total EHV administrative expenses and any UNP used for EHV housing assistance payments (HAP). EHV UNP is the amount by which administrative fees paid by HUD for a PHA fiscal year exceeded the PHA administrative expenses for the fiscal year, plus the portion of fraud recovery revenue collected in cash that is returned to the EHV UNP account (see Note above), any interest earned on AF reserve (see 24 CRF 982.155(a)) and come up to \$500 per calendar year in interest and investment income earned on HAP and RNP funds, and the net Port-In reimbursement revenue (in excess of Port-In HAP expenses) received from initial Housing Authorities for unabsorbed Port-Ins. This means that the total AF revenue used to calculate the UNP reported in this field does not include excess AF received during the current PHA FY because excess AF received does not accumulate to the UNP until the end of the PHA’s FY. The excess fees received during the PHA’s current FY will not be reported in the UNP field until the end of the last month of the PHA’s FY. The monthly amount reported is the UNP balance at the beginning of the year plus any interest earned and fraud recovery allocated to the UNP account for the months in the current year. For guidance on eligible use of EHV fees please reference PIH2021-20 issued May 5, 2021 and PIH Notice 2021-25 issued August 20, 2021.

Accrued Pension and Other Post Employment Benefits (OPEB) Exception:

Any Accrued Pension and OPEB liability must be included in the UNP balance as reported in the VMS even though this unfunded liability may cause the UNP balance to reflect a ‘false’ negative balance. It is suggested the PHA insert a comment in the ‘comments’ section to reflect the portion of the UNP balance that is attributable to the unfunded pension and the OPEB liability and provide the actual ‘cash equivalent’ UNP balance (the UNP “should be” balance if the pension and OPEB liability were removed). Reference GASB 74 (which parallels GASB 67 and replaces GASB 68) and GASB 75 (which replaces GASB 45).

As a result of this finalized EHV UNP definition, both the User’s Manual and the Quick Reference Guides have been updated, and can be found at the following links:

User’s Manual:

<https://www.hud.gov/sites/dfiles/PIH/documents/INSTRUCTIONS.PDF>

Quick Reference Guide:

<https://www.hud.gov/sites/dfiles/PIH/documents/QUICKREFERENCE.PDF>

PHAs previously advised to enter \$1 in the EHV UNP field until such time as the field definition was final. PHAs should now proceed with entering an accurate EHV UNP amount for the month of July using the definition above.

Should you have any questions about the release or require any additional information, please contact your assigned Financial Management Center Financial Analyst.

Sincerely,

Robert Boepple
Director, Financial Management Center