



**Accounting for Housing Choice Voucher (HCV) Program,
Housing Assistance Payments & Administrative Fees
Received at the End of March 2024**

Issued Date: April 2024

HUD normally provides housing assistance payments (HAP) and administrative fee funding for the Housing Choice Voucher (HCV) program at the beginning of each month to cover that month's estimated HAP and operating expenses. However, because of the holiday weekend and to ensure that funds were in the PHA's bank account on April 1st, many banks disbursed the HAP and administrative fees earlier than normal (i.e., PHAs may have seen their April deposits in their account on or before March 31st, 2024).

This action has resulted in a question by the PHA industry on how to account / report these funds in the FASS-PH system (i.e., financial data schedule) and the Voucher Management System (VMS), especially for PHAs whose fiscal year ended on March 31, 2024. The following provides reporting guidelines and rationale. This same reporting approach should also be used for the Mainstream and Emergency Housing Voucher programs.

Rationale for Reporting

As part of administering the voucher programs, HUD provides various funding letters and exhibits to PHAs. For this specific transaction, HUD provided an April disbursement schedule which shows that funds received in late March were intended to fund PHAs' April HAP and administrative costs; these funds would normally be available to PHAs on the first of the month.

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* is the accounting standard applicable to most PHAs, to determine when revenue should be recognized in the PHA's accounting records. GASB 33 discusses that revenue recognition standards should be considered when a government receives cash immediately before the period that the provider specifies for administrative or practical reasons, which was the case here. The disbursement of these funds ahead of schedule was for administrative / practical reasons and the time eligibility requirement for earned revenue was not met in March (funds were intended to support April expenses). Therefore, the funds should be recognized as revenue in April. If the PHA was to recognize these funds as revenue in March, the financial statements and reports would be distorted as the associated expenses would be reported in April (and would be inconsistent with the matching principle of revenue and expense).

Based on a review of GASB 33¹, it is HUD's position that the funds received at the end of March 2024 do not meet the definition of revenue until April 1st, 2024. Therefore, PHAs should report these funds in FASS-PH and VMS as provided below.

Reporting Guidance

FASS-PH Reporting: Funds received at the end of March for April activity should be reported as follows:

In March

- The PHA should report the HAP funds as restricted cash (FDS line 113) and a deferred inflow of resources (FDS line 400); and
- The administrative fees should be reported as restricted cash (FDS line 113) or restricted cash for payment of a current liability (FDS line 115) and unearned revenue (FDS Line 342).

In April

- The PHA should recognize the HAP funds and administrative fees as revenue as normal (i.e., as if the funds were received on April 1st).

Note: PHAs will need to remember to reverse the March accounting entries and recognize these disbursed funds as revenue in April or PHA's financial statement will be out of balance.

VMS Reporting²: Funds received at the end of March for April activity should be reported as follows:

In March

- The PHA should not report these funds as part of unrestricted net position, restricted net position and cash / investment as of the last day of the day of the month. The PHA should provide a comment on how much HAP and administrative fees were received at the end of March but not included in these March VMS fields.

In April

- The PHAs should report these funds like they were normally received, net of the amounts expended in the month of April in unrestricted net position, restricted net position and cash / investment as of the last day of the day of the month as usual.

Other: While this reporting guidance was meant to provide instructions for this specific issue, unless accounting standards change, etc. this reporting guidance can be used for situations with similar fact patterns.

¹ See GASB 33: paragraphs 20 - 23, with emphasis on paragraph 20 (b) and 23.

² PHAs do not explicitly report HAP or administrative fee revenue in VMS but these funds are implicitly reported when reporting unrestricted net position, restricted net position and cash / investment as of the last day of the month.