FINANCIAL MANAGEMENT CENTER

Kansas City, Missouri

The *City of Fountains*

RESTRICTED NET ASSET POSITION(RNP)REVIEW

FOR THE YEAR ENDED December 31, 2017

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DELIVERING TOGETHER

ENCLOSURE A:
INSTRUCTIONS FOR USING THE RNP WORKBOOK

The RNP review workbook has 13 tabs with the VMS reported expenses and revenue, HAP disbursements, and other supplemental data you will need to complete the reconciliation of the Restricted Net Position (RNP) at 12/31/17. After the 12/31/2017 balance has been reconciled, a signed copy of the Enclosure C must be sent to your FA at the FMC certifying to the agreed upon balance in the workbook. If an agreed upon balance cannot be determined; HUD will determine the most appropriate balance to use, which could be either the higher of the HUD calculated balance or PHA reported balance at 12/31/17.

The description for all tabs is found at the end of these instructions on Pages 6 & 7. The workbook will be used to record any changes to the VMS reported HAP expense or revenue and transmit those changes back to your FMC FA, along with any additional documentation to support other non-VMS adjustments. The completed workbook, supporting documentation and Enclosure C certification will be the method used to revise the 12/31/17 RNP balance that is used on all future HAP reconciliations.

The format of the workbook should not be altered, do not add or delete any tabs. Any changes to the data must be made in the designated location for adjustments on the appropriate tab. If you have questions concerning the instructions or how to use the RNP workbook, please contact your FA at the FMC.

USING THE RNP RECONCILIATION WORKBOOK

The data on both the VMS-RNP Analysis_2016 and VMS-RNP Analysis_2017 tabs should be used to start the review process. On each tab, there is a month by month comparison of the HUD calculated RNP and VMS reported balances.

1. Begin the review with the VMS-RNP Analysis_2016 tab. The starting balance is either the final 12/31/2015 HAP reconciled, a QAD FMR, or the 12/31/15 adjusted balance from the final 2016 HAP reconciliation. If any changes are necessary to this balance, the PHA must provide documentation to support the adjustment entered.

6	Reconciled 12/31/2015 Balance	(151,242)	
7	+/- 2015 Adjustment	Enter adjustment amount	**Documentation Required**
8	12/31/2015 Adjusted Amount	(151,242)	

2. If changes are needed to VMS data for 2015 or prior years that changed the 12/31/15 calculated balance; advise your FA when those changes have been completed.

3. If the adjustment isn't related to VMS data, other supporting documentation must be provided to the FA that explains and support the adjustment. Any adjustments made on Line 7 will automatically populate the "**Adjustments Comments**" tab where you will enter a comment to explain the reason for the adjustment.

CY 2015 Ending Balance Adjustment Comments:

3	CY 15 Ending Balance	$	Comments

4. If Line 9 on the VMS-RNP Analysis_2016 tab is populated with a QAD 12/31/2015 balance this amount can't be changed; unless supporting documentation approved by QAD is provided. If Line 10 has a QAD 12/31/2016 balance on the VMS-RNP Analysis_2015 tab; the CY2016 review is complete and the analysis should begin with the VMS-RNP Analysis 2017 tab.

9	QAD 12/31/2015 Balance	13,784,507
10	QAD 12/31/2016 Balance	3,950,590

** If line 10 is populated, CY 2016 Review is complete GO TO VMS-RNP Analysis 2017 tab

ADJUSTMENTS FOR REVENUE AND EXPENSES

Adjustments should only be made to the fields highlighted in yellow on the VMS-RNP Analysis_2016 or 2017 tabs. There are adjustment fields for both HAP expenses, revenue, and non-VMS revenue and expenses.

		Total	Jan-16	Feb-16	Mar-16
Beginning Equity:					
11	Beginning Equity	*(151,242)*	**(151,242)**	**(164,659)**	**(138,638)**
Revenue:					
12	**Disbursements**	*17,608,341*	1,470,977	1,470,977	1,470,440
13	Fraud Recovery	*7,902*	-	-	-
14	FSS Escrow Forfeitures	*10,629*	-	10,629	-
15	Total VMS Revenue, Lns 13,14	*18,531*	-	10,629	-
16	**Adjustment, Revenue**	-			
17	**Adjustment, Non VMS**	-			
	Total Revenue:	*17,626,872*	1,470,977	1,481,606	1,470,440

Revenue includes Fraud recovery or FSS Escrow forfeitures. Any changes made for revenue must be updated in VMS before returning the workbook to the FA. Any revenue that isn't reported to VMS (UNP transfers for example) can be reported on Line 17 – Adjustment, Non-VMS. HAP disbursements cannot be changed on this tab; contact your FA to discuss HAP disbursement changes.

Expenses:

17	Total VMS Expenses	*17,508,566*	1,484,394	1,455,585	1,429,935
18	Adjustment, Expenses	-			
19	Adjustment, Non VMS	-			
20	**Total Expenses**	***17,508,566***	**1,484,394**	**1,455,585**	**1,429,935**

> **Changes made to VMS expenses in the workbook for <u>2016 and 2017 must also be made in VMS before returning the workbook to the FMC FA for review</u>. Refunds for HAP overpayments and void checks should reduce the monthly HAP expenses, not be reported as a revenue adjustment.**

ADJUSTMENT COMMENTS TAB

- The "**Adjustment Comments**" tab will automatically populate with the adjustments entered on either the VMS-RNP Analysis_2016 and/or VMS-RNP Analysis_2017 tabs. Enter <u>comments</u> <u>to explain the reason for the adjustment.</u>

CY2016 Adjustment Comments:			
Column		**CY 2016 Income Comments, VMS Adjustments**	
4	Column D	Jan-16	$ 200	Fraud Recovery
5	Column E	Feb-16	$ -	
6	Column F	Mar-16	$ -	

Revenue:

12	Disbursements	*17,608,341*	1,470,977
13	Fraud Recovery	*7,902*	-
14	FSS Escrow Forfeitures	*10,629*	-
15	Total VMS Revenue, Lns 13,14	*18,531*	-
16	Adjustment, Revenue	*200*	200

SUMMARY TAB

- The "**Summary**" tab will automatically populate with the adjustments entered on either the VMS-RNP Analysis_2016 and/or VMS-RNP Analysis_2017 tabs. The changes will be used to calculate the final 12/31/17 ending RNP balance.

December 2015		
1	**Ending Balance**	**(151,242)**
2	+/- Adjustments	0
3	**Ending Balance at 12/31/2015**	**(151,242)**

> **Adjustment made to the 12/13/15 reconciled balance.**

January 2016		
4	**Beginning Balance**	**(151,242)**
5	**HAP Disbursements**	17,608,341
6	Fraud Recovery	7,902
7	FSS Escrow Forfeitures	10,629
8	Non-VMS Adjustments(s)	0
	+/- Revenue Adjustment(s)	200
9	Total Revenue	17,475,830
10	**HAP Expenses**	17,508,566
11	Non-VMS Adjustments(s)	0
	+/- Expense Adjustment(s)	0
12	Total Expenses	17,508,566
13	**Ending Balance at 12/31/2015**	**(32,736)**

> **Changes made to the VMS-RNP Analysis_2016 tab for Revenue**

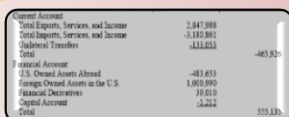| January 2017		
14	**Beginning Balance**	**(32,736)**
15	**HAP Disbursements**	16,605,968
16	Fraud Recovery	3,899
17	FSS Escrow Forfeitures	24,629
18	Non-VMS Adjustments(s)	0
	+/- Revenue Adjustment(s)	
19	Total Revenue	16,601,760
20	**HAP Expenses**	17,220,234
21	Non-VMS Adjustments(s)	0
	+/- Expense Adjustment(s)	500
22	Total Expenses	17,220,234
23	**Ending Balance at 12/31/2017**	**(618,974)**

> **Changes made to the VMS-RNP Analysis_2017 tab for HAP expenses**

- If other adjustments are needed that cannot be made in VMS; the PHA should enter the adjustment in the non-VMS adjustments for HAP expense or revenue, but <u>additional documentation and comments will be needed to support the adjustments</u>.
- For example, UNP is transferred into HAP equity to cover HAP cost at the end of the calendar year.

	Enter other Revenue adjustments in the Adjustment-Non-VMS lines
	Enter other Expense adjustments in the Adjustment-Non-VMS lines
	Enter Comments on the Adjustment-Non-VMS Comments tab

Example of Other Adjustments

- The Non-VMS Adjustment Comments requires an explanation for any other adjustments that cannot be made in VMS and supporting documentation should be provided to the FA.

Revenue:

12	Disbursements	17,608,341	1,470,977
13	Fraud Recovery	7,902	-
14	FSS Escrow Forfeitures	10,629	-
15	Total VMS Revenue, Lns 13,14	18,531	-
16	Adjustment, Revenue	200	200
17	Adjustment, Non VMS	650	650

> There is a $650 transfer of UNP at the end of the calendar year. This will not be updated in VMS. Documentation is required.

CY 2016 Income Comments, Non-VMS Adjustments		
Jan-16	$ 650	Using UNP to cover HAP

1. **Table of Contents**: This tab contains links to all the other tabs in the workbook; select the name of the tab and it will move to the individual tab referenced.

2. **Summary:** The summary calculations starts with the 12/31/15 balance and carries forward using the HAP expenses and revenue for calendar years 2016 and 2017 to arrive at the 12/31/17 ending balance. **No changes are made to the amounts on this tab**; the fields are populated from other tabs in the workbook.

3. **Adjustment Comments**: Enter comments that will explain the adjustments made to the 12/31/15 ending balance located on the VMS-RNP Analysis_16 tab; any adjustments needed to revenue and expenses for any month on the VMS-RNP Analysis_16 tab and or VMS-RNP Analysis_17 tab.

4. **VMS-RNP Analysis_16**: This tab has a break down by month for calendar year 2016 of all HAP disbursements, VMS fraud recovery and FSS Escrow forfeitures, and HAP expenses used to calculate a 12/31/16 ending balance.

    a. **Line 16, Adjustment, VMS Revenue**: any changes to VMS reported revenue will be entered here; for example, there is an increase to fraud recovery for March 2016 for $200, the PHA will enter it in this field. Next, enter a comment on Adjustment Comments tab for the same month.

    b. **Line 17, Adjustment, Non-VMS Revenue:** any revenue used in the HCV program that is not reported in VMS, for example a transfer of UNP.

    c. **Line 18, Adjustment, VMS Expense**: any changes to VMS reported expense will be entered here; for example, a decrease in HAP expense for March 2016 of $150, you will enter negative $150 in this field. Next, go to the Adjustment Comments tab and enter a comment for the adjustment made to the same month.

    d. **Line 19, Adjustment, Non-VMS Expense:** An adjustment could be made here for O/L HAP cost that will be disallowed.

    e. **Any adjustments made to either line 16 or line 18 must be made in VMS prior to returning the workbook back to your FA for review.**

5. **VMS-RNP Analysis_17**: The beginning balance is the ending balance from the VMS-RNP Analysis_16 tab or QAD FRM balance. There is a break down by month for calendar year

2017 of all HAP disbursements, VMS fraud recovery and FSS forfeitures, and HAP expenses used to arrive at a 12/31/17 ending balance.   If Line 6 is populated with a QAD FMR balance; any changes to that amount will required QAD approval before they can be accepted.

a. **Line 12, Adjustment, VMS Revenue:** any changes to VMS reported revenue will be entered here; for example, there is an increase to fraud recovery for February 2017 of $200, enter it in this field. Next, go to the Adjustment Comments tab and enter a comment for the adjustment made for the same month.

b. **Line 13, Adjustment, Non-VMS Revenue:** Any revenue that can't be reported in VMS.

c. **Line 15, Adjustment, VMS Expense**: any changes to VMS reported expense will be entered here; for example, if there is a decrease in HAP expense for February 2017 of $150, you will enter negative $150 in this field. Next, go to the Adjustment Comments tab and enter a comment for the adjustment made to the same month.

d. **Line 16, Adjustment, Non-VMS Expense:** Any expenses not reported in VMS.

e. **Any adjustments made to either line 12 or line 15 must be made in VMS prior to returning the workbook back to your FA for review.**

6. **Disbursements**: The calendar year 2016 and 2017 HAP disbursements. There is an adjustment field for FMC use only.

7. **Leasing 2016 and 2017**: The leasing by month for calendar years 2016 and 2017 reported in VMS. The UMA's available is calculated for all assigned increments obligated in each calendar year.

8. **FDS**: This is the balance sheet, income statement and memo account detail for HAP and administrative fees from the latest FDS submission to FASS-PH.

9. **VMS 16 and VMS 17**: This is the data reported to VMS for both calendar years. No changes should be made to the data fields on either tab.

10. **Reconciliation:** This is the 2017 Final HAP reconciliation completed by HQ's FMD. It has the HUD reconciled excess cash balance as of 12/31/17 on line 19B PHA-Held.

11. **Table A**: The PHA's ending HAP equity balance from the last approved FDS submission reported in FASS-PH is used as the starting balance. Effective with the next month in the new fiscal year; HAP disbursements are added, and VMS expenses are subtracted to calculate a 12/31/17 ending RNP balance.