

# FLASH ALERT

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## Accounting Brief #25: Mainstream Voucher Program

HUD recently published [Accounting Brief #25](#), which explains the accounting and reporting requirements for the Mainstream Voucher program. This brief applies to all Mainstream vouchers, regardless of when the vouchers were awarded. It does not apply to Non-Elderly Disabled (NED) vouchers or Mainstream 1-Year vouchers, as these voucher types are reported as part of the HCV program on the FDS. **With the exception of a few Moving to Work (MTW) programs that still have a separate line item for Mainstream 1-Year vouchers, virtually all Mainstream 1-year vouchers have been converted to NED vouchers.**

PHAs that administer a Mainstream program will report the accounting activity on the Financial Data Schedule (FDS) under the Catalog of Federal Domestic Assistance (CFDA) number 14.879 and not under the typical Housing Choice Voucher (HCV) CFDA number 14.871. When this program is reported on the FDS, the PHA will be required to report a statement of net position (balance sheet) and a statement of revenue, expenses and changes in net position (income statement).

The Mainstream vouchers do not have a year-end settlement utilizing HUD Form 52681, but the excess or shortage funding will be reported on the FDS. This is typical due to HUD disbursing various amounts HAP funding throughout the year vs. HAP funding earned based on GASB revenue recognition standards throughout the year.

- ▶ In cases where a PHA was disbursed less HAP funds by HUD than was needed, the PHA will continue to report an accounts receivable from HUD up to the amount of HAP funds available to the PHA (i.e., undisbursed annual budget authority and HUD-held program reserves of the Mainstream Voucher Program). HUD will automatically increase one of the next HAP disbursements of the PHA once the year end settlement is processed.
- ▶ In cases where a PHA was disbursed more HAP funds by HUD than was needed, the unspent HAP funds should not be reported as a payable back to HUD but as restricted net position. For some PHAs, this reporting guidance may be a change from their current reporting practice. HUD will automatically decrease one of the next HAP disbursements of the PHA once the year end settlement is processed.

For FDS reporting, the concept of unrestricted and restricted net position and related cash applies to the Mainstream Voucher program. From a statement of revenue, expenses and changes in net position perspective, the revenue mainly would be made up of administrative fees and HAP funding from HUD. From an expense standpoint, the program expense will normally be associated with HAP costs and administrative costs. The accounting and reporting for the Mainstream Voucher Program is similar to the HCV program and as such, PHAs should have little difficulty in reporting their Mainstream Voucher program. This will require the PHA to maintain a separate general ledger for the Mainstream Vouchers. This will also require the PHA to implement/ update their cost allocation plan to allocate indirect costs to the program.

When reporting the Mainstream program in the Voucher Management System (VMS), it is reported separately from HCV. There are two fields on the VMS that are for the Mainstream Vouchers.

- ▶ **VMS Field:** 5 Year Mainstream – the number of Mainstream vouchers leased on the first of the month.
- ▶ **VMS Field:** 5 Year Mainstream HAP – the total amount of HAP expenses incurred for the month for Mainstream vouchers leased on the first of the month and any associated midmonth HAP. Midmonth HAPs are reported in this field as well. This is different from the HCV program.

No other reporting is necessary, including reporting for restricted net position and unrestricted net position.

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## ABOUT BDO PHA FINANCE

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