

CHAPTER 8. YEAR-END CLOSING PROCEDURES AND FINANCIAL STATEMENTS

37. GENERAL. This Chapter describes the various financial statements and closing entries which are required at the end of each fiscal year covering the activity under the various HAP programs. Although all the financial reports described in this Chapter are not required to be submitted to HUD, it is essential that they be prepared for financial management purposes and for the periodic audits required by the Annual Contributions Contracts.
38. FORM [HUD-52681](#), VOUCHER FOR PAYMENT OF ANNUAL CONTRIBUTIONS. It is necessary that this form be prepared to obtain certain data for the preparation of the Operating Statement (see paragraph 40) and Balance Sheet (see paragraph 42). The instructions for the preparation and submission of Form [HUD-52681](#) are printed on the reverse side of the form. A separate form shall be prepared for each HAP project and shall be submitted to HUD not later than 20 days after the end of the PHA's fiscal year. See Appendix 2 for a specimen of Form [HUD-52681](#).
39. ILLUSTRATION OF ACCOUNTING ENTRIES BASED ON COMPLETED FORM [HUD-52681](#). The following illustrates the entries to be made in the books of account based on the data shown on the completed Form [HUD-52681](#).
- a. Recording annual contributions earned for the fiscal year. The amount shown on Line 17, Total Annual Contributions Required, represents the annual contributions earned for the project and would be recorded as follows:
- Debit: Account 2210, Deferred Credits - Prepaid Annual  
Contributions
- Credit: Account 8026, Annual Contributions Earned
- (For the amount shown on Line 17 of Form  
[HUD-52681](#))
- b. Recording Under or Overpayments of Annual Contributions. Form [HUD-52681](#) will reflect on Line 22 any underpayment of annual contributions due the PHA or on Line 23 any overpayment of annual contributions due HUD. The following illustrates the entry to record an under or overpayment in annual contributions.

## CHAPTER 8

## (1) Underpayment.

Debit: Account 1125, Accounts Receivable - HUD

Credit: Account 2210, Deferred Credits - Prepaid  
Annual Contributions

(For the amount of the underpayment shown on  
Line 22 of Form [HUD-52681](#))

## (2) Overpayment.

Debit: Account 2210, Deferred Credits - Prepaid  
Annual Contributions

Credit: Account 1111.1, Cash-General Fund or  
Account 2118, Accounts Payable-HUD

(For the amount of the overpayment as shown  
on Line 23 of Form [HUD-52681](#))

c. Recording Increases or Decreases in the Project/ACC Reserve Account (Section 8). The amount by which the Project/ACC Reserve (Account 2827) is to be increased or decreased at the end of the fiscal year will be reflected on Line 25a or 25b respectively of Form [HUD-52681](#). The entry to record an increase or decrease in the Project/ACC Reserve Account is as follows:

## (1) Increase.

Debit: Account 7027, Provision for Project/ACC Reserve  
Account - Section 8 HAP

Credit: Account 2827, Reserved Surplus - Project/ACC  
Reserve Account - Unfunded  
- Section 8 HAP

(To record the increase in Account 2827 as shown  
on Line 25a of Form [HUD-52681](#))

(2) Decrease.

Debit: Account 2827, Reserved Surplus, Project/ACC  
Reserve Account - Unfunded  
- Section 8 HAP

Credit: Account 7027, Provision for Project/ACC  
Reserve Account - Section 8  
HAP

(To record the amount of the decrease in  
Account 2827 as shown on Line 25b of Form  
[HUD-52681](#))

- d. Recording Increases or Decreases in the Contingency Reserve (Section 23). The amount by which the Contingency Reserve (Account 2825) is to be increased or decreased will be reflected on Line 27a or 27b respectively of Form [HUD-52681](#). The entry to record an increase or decrease in the Contingency Reserve is as follows:

(1) Increase.

Debit: Account 7025, Provision for Contingency Reserve  
- Section 23 HAP

Credit: Account 2825, Reserve Surplus - Contingency  
Reserve - Unfunded - Section  
23 HAP

(To record the increase in Account 2825 as shown on  
Line 27a of Form [HUD-52681](#).)

(2) Decrease.

Debit: Account 2825, Reserved Surplus - Contingency  
Reserve - Unfunded - Section 23  
HAP

Credit: Account 7025, Provision for Contingency Reserve  
Reserve - Section 23 HAP

(To record the decrease in Account 2825 as  
shown on Line 27b of Form [HUD-52681](#).)

PAYMENTS PROGRAM. The PHA shall prepare a Form [HUD-52682](#), Operating Statement, Housing Assistance Payments Program, to show the receipts and expenditures under the HAP program. As a minimum, a separate Form [HUD-52682](#) shall be prepared for each type of HAP program. The PHA shall retain the completed Form [HUD-52682](#) as a part of its permanent HAP records. A specimen of Form [HUD-52682](#), including instructions for its preparation, is shown in Appendix 3.

41. CLOSING ENTRIES BASED ON FORM-52682.

- a. Upon completion of Form [HUD-52682](#), certain closing and adjusting entries shall be recorded in the books of account before preparing Form HUD-52595, Balance Sheet, Low-Income Housing Programs. The following is a brief description of the entries to be recorded (by journal voucher).
- (1) The balances of all nominal accounts in the 3000, 4000, and 6000 groups of account shall be closed into Account 2810, Unreserved Surplus.
  - (2) The balances in Accounts 6120, 7016, 7025 and 7027 shall be closed into Account 2810.
  - (3) The balance in Account 8026 shall be closed into Account 2840.
  - (4) The balance, if any, in Accounts 7520, 7530, and 7540 shall be closed into Account 7590.
- b. After recording the above entries in the general ledger and in the appropriate subsidiary ledgers, a post closing trial balance of the general ledger should be prepared to determine that the general ledger is in balance.

42. FORM HUD-52595, BALANCE SHEET - LOW-INCOME HOUSING PROGRAMS. A Form HUD-52595, Balance Sheet - Low-Income Housing Programs, shall be prepared as of the end of each fiscal year to report assets, liabilities and surplus with respect to HAP projects under Annual Contributions Contract. A single Form HUD-52595 may be prepared for the PHA's total HAP program. The PHA shall retain the completed Form HUD-52595 as a part of its permanent HAP records. A specimen of Form HUD-52595, including instructions for its preparation, is shown in Appendix 4.

43-44. RESERVED