

CHAPTER 5. ACCOUNTING FOR PROJECT RECEIPTS AND EXPENDITURES

21. PROJECT RECEIPTS.

- a. The accounts for classifying project receipts of HAP projects are as follows:

Account 3000, Income (Control) (Subsidiary Accounts 3610 and 3690)

Account 7530, Receipts from Nonexpendable Equipment Not Replaced

Account 8026, Annual Contributions Earned - HAP Projects

- b. Maintenance of Accounts. A subsidiary ledger or other record shall be maintained to record project receipts in accordance with the above account classification. Separate accounts shall be maintained for each HAP project. See Chapter 1, paragraph 3, for definition of project.

22. COMPUTING THE AMOUNT OF ANNUAL CONTRIBUTIONS EARNED. HUD will normally make partial payments of annual contributions to the PHA on a monthly basis. The entry to record receipt of the partial payments is a debit to Account 1111.1, Cash, and a credit to Account 2210, Prepaid Annual Contributions, for the amount of the partial payment received. At the end of the fiscal year prior to preparation of the financial statements, Account 2210 shall be debited and Account 8026 credited for the amount of annual contributions earned during the fiscal year. The amount to be credited to Account 8026 shall be computed as follows:

- a. Determine the sum of the following.

(1) Actual preliminary administrative expense incurred - prior to ACC (Account 4010).

(2) Actual preliminary administrative expense incurred - after ACC (Account 4012).

(3) Housing assistance payments expense (Account 4715).

- (4) Replacement of nonexpendable equipment (Account 7520).
 - (5) Property betterments and additions (Account 7540) and
 - (6) PHA's administrative fee.
- b. The sum total determined in subparagraph a above shall be reduced by the amount of project receipts other than annual contributions (Accounts 3610, 3690 and 7530).
23. ILLUSTRATION OF ENTRIES TO RECORD ANNUAL CONTRIBUTIONS EARNED.
- a. Annual Contributions Earned Exceed Partial Payments Received. Assume that the annual contributions earned is \$82,000 computed in accordance with paragraph 22 above, and that the partial payments received during the project's fiscal year was \$79,500.

(1)

Debit: Account 1125, Accounts Receivable	
- HUD	\$2,500
Credit: Account 2210, Deferred Credit	
- Prepaid Annual Contributions	\$2,500

(To record the amount of additional annual contribution due from HUD)

(2)

Debit: Account 2210, Deferred Credits	
- Prepaid Annual Contributions	\$82,000
Credit: Account 8026, Annual Contributions Earned	\$82,000

(To record the total amount of annual contributions earned)

- b. Annual Contributions Earned is Less Than Partial Payments Received. Assume that the annual contributions earned is

\$98,250, and that the partial payments received during the fiscal year equals \$100,000.

(1)

Debit:	Account 2210, Deferred Credits	
	-Prepaid Annual	
	Contributions	\$1,750
Credit:	Account 2118, Accounts Payable	
	- HUD	\$1,750

(To record the amount of annual contribution to be returned to HUD)

(2)

Debit:	Account 2210, Deferred Credits	
	- Prepaid Annual	
	Contributions	\$98,250
Credit:	Account 8026, Annual Contributions	
	Earned	\$98,250

(To record the total amount of annual contributions earned)

24. MAINTENANCE OF ACCOUNTS FOR PROJECT EXPENDITURES.

- a. Expenditure Accounts. The accounts for classifying expenditures incurred for the administration of a HAP project are Account 4000, Expenses (control) (Subsidiary Accounts 4010 through 4715), Accounts 7520, Replacement of Nonexpendable Equipment and 7540, Property Betterments and Additions.
- b. Maintenance of Accounts. A subsidiary ledger or other record shall be maintained in which to record expenditures in accordance with the prescribed classification of accounts. As a minimum, the accounts shall be maintained by type of project i.e., New, Rehab, and Existing, except that expenditures for Housing Assistance Payments, Account 4715, Preliminary Costs, Accounts 4010 and 4012, and Expenditures for Property, Accounts 7520 and 7540, shall always be maintained by HAP project.

- c. Allocation of Expenses. If the PHA is administering other

low income housing programs or is involved in enterprises other than the Housing Assistance Payments Program and certain costs incurred are applicable to other than the HAP program, it will be necessary to prorate such costs in order to charge the HAP program with its applicable portion of the costs. The PHA shall maintain for audit purposes appropriate schedules and worksheets showing how the allocation of costs was made.

25-26. RESERVED.