The following accounts in the Chart of Accounts in Chapter IV of the PIH Technical Accounting Guide, 7510.1 (1/96) are revised as indicated to reflect changes in the program and in the revision of Form HUD 52599. Page references are from 7510.1.

**Account Number**

**Operating Reserves** (reference: page IV-64)

**2820** Reserved Surplus - Operating Reserve - Locally Owned Projects. At the end of each fiscal year this account shall be credited (and Account 2810 debited) with the amount of residual receipts from operations of locally owned Federally aided low-rent projects. The operating reserve is available to cover future fiscal year operating deficits applicable to such projects. If, at the end of any fiscal year, there is a deficiency in residual receipts applicable to these projects, this account shall be debited (and Account 2810 credited) with the amount of such deficiency.

**2821** Reserved Surplus - Operating Reserve - Leased Projects. This account shall be credited (and Account 2810 debited) with the amount of residual receipts of leased low-income projects. The operating reserve is available to cover future fiscal year operating deficits applicable to such projects. If, at the end of any fiscal year, there is a deficiency in residual receipts applicable to these projects, this account shall be debited (and Account 2810 credited) with the amount of such deficiency.

**2823** Reserved Surplus - Operating Reserve - Turnkey III - Homeownership Projects. This account shall be credited (and Account 2810 debited) with the amount of residual receipts of a homeownership project (owned or leased). The operating reserve is available to cover future fiscal year operating deficits applicable to such project. If, at the end of any fiscal year, there is a deficiency in residual receipts applicable to a project, this account shall be debited (and Account 2810 credited) with the amount of such deficiency. A separate account shall be maintained for each Turnkey III Homeownership Project.
Note: The Operating Reserve Accounts 2820, 2821, and 2823 are revised to eliminate the maximum/minimum requirements for the Account balance. Therefore, in any fiscal year that the deficiency in residual receipts on Line 760 of Form HUD 52599 exceeds the credit balance in the Operating Reserve Account, the Account will reflect a debit balance after the deficiency is recorded.

If at the time of this revision in the account description, the Operating Reserve balance is zero because of a deficiency in residual receipts at the end of the preceding fiscal year, an entry should be made in the current fiscal year to debit Account 6010 and credit Account 2810 for the amount of the deficiency that would have been entered on Line 650 of Form HUD 52599 at the end of the current fiscal year.

Provision For Reserves (reference: pages !V-89/90)


Note: The Provision for Reserve Accounts 7010, 7011, 7013 are deleted because the elimination of the maximum/minimum Operating Reserve levels makes the use of these accounts unnecessary.

The amount calculated at fiscal year end on Line 760 (Residual Receipts) of the Form HUD 52599, Statement of Operating Receipts and Expenditures, will be the amount recorded as the increase (or decrease) to the Operating Reserve (Accounts 2820, 2821, 2823); the offsetting entry is made to Account 2810, Unreserved Surplus.
Operating Expense: Subsidiary Account (add: page IV-77)

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Outside Management Fees. This account shall be debited with the management fee paid by the PHA to an outside entity to manage individual projects, or groups of projects, owned by the PHA. These entities may be either private management companies or tenant organizations, such as Resident Management Corporations. The management fee is the amount paid to the entity by the PHA to cover the professional management services of the entity and does not include any PHA payments or reimbursements made to the management entity for the expenses of project operation.