

# **PUBLIC HOUSING ADMINISTRATION**

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR  
11-3-58

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TO: Central Office Division, Office, and Branch Heads  
Regional Directors  
Local Authorities  
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SUBJECT: Conversion Accounting Procedures

## **1. General**

a. The revised Chart and Definitions of Accounts as set forth in Form PHA-2600, Uniform System of Accounts (Chart and Definitions), became effective as of the first day of the fiscal year which began on October 1, 1958 or will become effective as of the first day of the fiscal year which will begin subsequent to October 1, 1958, for which the Local Authority has submitted an Operating Budget pursuant to the revised budgeting procedures in Section 401.1, Low-Rent Housing Manual (May 1958). The purpose of this Circular is to provide instruction for the conversion of certain asset, liability, and surplus accounts for which changes have been made and for the conversion of certain subsidiary development cost accounts which have been revised.

b. All Local Authorities that are planning projects under a Preliminary Loan Contract and/or which have projects in the development stage, for which an Actual Development Cost Certificate has not been issued, shall make the changes in the subsidiary Land, Structures, and Equipment (Development) Accounts as indicated in Exhibit 2. The changes should be made as of the beginning of the fiscal year for which the revised Chart and Definitions of Accounts are effective.

## **2. Conversion Charts**

a. Asset, Liability, and Surplus Accounts. Exhibit 1 is a Conversion Chart For Asset, Liability, and Surplus Accounts. On the left side of the Chart there are listed the accounts prescribed in Section 603.2, Low-Rent Housing Manual (1954-56), and Section 25-3-2, Small Low-Rent Programs Manual - Accounting (1954-56) for which changes have been made; on the right side of the Chart there are listed the corresponding accounts prescribed in Form PHA-2600. The instructions for making the required conversion appear as footnotes to Exhibit 1.

(Cont'd)

b. Development Cost Accounts. Exhibit 2 is a Conversion Chart For Subsidiary Land, Structures, and Equipment Accounts (Development Cost). On the left side of the Chart there are listed the subsidiary accounts to Account 1400 prescribed in Section 603.2, Low-Rent Housing Manual (1954-56), and Section 25-3-2, Small Low-Rent Programs Manual - Accounting (1954-56), for which changes have been made; on the right side of the Chart there are listed the corresponding accounts prescribed in Form PHA-2600. The instructions for making the required conversion appear as footnotes to Exhibit 2.

A handwritten signature in dark ink, reading "H. L. Wooten". The signature is fluid and cursive, with a long horizontal stroke at the end.

Assistant Commissioner  
for Administration

Attachments

CONVERSION CHART  
FOR  
ASSET, LIABILITY, AND SURPLUS ACCOUNTS

Chart in Section 603.2 of Low-Rent Housing Manual and Section 25-3-2 of Small Low-Rent Programs Manual - Accounting (1954-56)

Chart in Form PHA-2600, Uniform System of Accounts (Chart and Definitions) - (May 1958)

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1115	Cash - Preliminary Loan Fund <u>1/</u>		No comparable account
1118	Cash - Change Fund	1118	Cash - Change Fund <u>c/</u>
1124	Accounts Receivable - PHA Annual Contributions <u>a/</u>	1176	Debt Amortization Funds - PHA Annual Contributions Receivable
1125	Accounts Receivable - PHA - <u>b/</u> Sundry	1125	Accounts Receivable - PHA <u>c/</u>
1130	Notes Receivable	1130	Notes Receivable <u>c/</u>
1151	Fiscal Agent Funds - Debt Service Fund <u>a/</u>	1171	Debt Amortization Funds - Debt Service Fund
1151.1	Fiscal Agent Funds - Rental Debt Service Account <u>a/</u>	1171.1	Debt Amortization Funds - Rental Debt Service Account
1151.2	Fiscal Agent Funds - Annual Contribution Reduction Account <u>a/</u>	1171.2	Debt Amortization Funds - Annual Contribution Reduction Account
1151.3	Fiscal Agent Funds - Excess Lands Account <u>a/</u>	1171.3	Debt Amortization Funds - Excess Lands Account
1151.4	Fiscal Agent Funds - Series <u>a/</u> "A" Bond Fund	1171.4	Debt Amortization Funds - Series "A" Bond Fund

(Cont'd)

For alphabetical and numerical footnotes see Pages 6 thru 11 of this Exhibit.

CONVERSION CHART  
FOR  
ASSET, LIABILITY, AND SURPLUS ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>		<u>Account Number</u>	<u>Account Title</u>
1151.5	Fiscal Agent Funds - Series a/ "B" Bond Fund		1171.5	Debt Amortization Funds - Series "B" Bond Fund
1151.6	Fiscal Agent Funds - Series a/ "A" Reserve Fund		1171.6	Debt Amortization Funds - Series "A" Reserve Fund
1151.7	Fiscal Agent Funds - a/ General Bond Reserve Fund		1171.7	Debt Amortization Funds - General Bond Reserve Fund
1152	Fiscal Agent Funds - a/ Advance Amortization Fund		1172	Debt Amortization Funds - Advance Amortization Fund
1153	Fiscal Agent Funds - a/ Investments		1173	Debt Amortization Funds - Investments
1154	Fiscal Agent Funds - a/ Accrued Interest Receiv- able - Investments		1174	Debt Amortization Funds - Accrued Interest Receivable - Invest- ments
1161	Advances to Revolving Fund 3/		1155 1156 1157	Advance - Limited Revolving Fund Advances - Unlimited Revolving Fund Advances - Other
1171	Investments - General Fund a/		1162	Investments - General Fund
1181	Trust Funds - Debt Service a/		1175	Debt Amortization Funds - Debt Service Trust Fund
1230	Deferred Charges - Prepaid 4/ Utilities			No comparable account
1260	Deferred Charges - Inven- 5/ tories - Materials and Supplies		1260	Deferred Charges - Inventories - c/ Materials
			1270	Deferred Charges - Inventories - c/ Equipment
1290	Deferred Charges - Sundry b/6/		1290	Deferred Charges - Other

(Cont'd)

For alphabetical and numerical footnotes see Pages 6 through 11 of this Exhibit.



CONVERSION CHART  
FOR  
ASSET, LIABILITY, AND SURPLUS ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1610	Undistributed Debits - <u>1/</u> Indeterminate Expenditures	None	No comparable account
1620	Undistributed Debits - Ineligible Expenditures	1620	Undistributed Debits - <u>c/</u> Ineligible Expenditures
1640	Undistributed Debits - Payrolls	1640	Undistributed Debits - <u>c/</u> Payrolls
1650	Undistributed Debits - Miscellaneous Authority Expense	1650	Undistributed Debits - <u>c/</u> Miscellaneous Authority Expense
1660	Undistributed Debits - <u>b/</u> Other Central Office Expense	1660	Undistributed Debits - <u>c/</u> Other Administration Expense
1670	Undistributed Debits - <u>a/</u> Bid Guaranties	1820	Bid Guaranties - Undeposited <u>c/</u> Guaranties
1680	Undistributed Debits - <u>a/</u> Earned Annual Leave	1840	Annual Leave - Earned Annual <u>c/</u> Leave
1690	Undistributed Debits - <u>b/</u> Sundry	1690	Undistributed Debits - <u>c/</u> Other
2115	Accounts Payable - Unclaimed Salaries and Wages	2115	Accounts Payable - <u>c/</u> Unclaimed Salaries and Wages
2117.1	Accounts Payable - ) Income Tax Withholdings )		
2117.2	Accounts Payable - Employee ) Savings Bond Deductions ) <u>8/</u>	2117	Accounts Payable - Payroll Deductions and Contributions
2117.3	Accounts Payable - Pension) Fund Deductions and Contributions		

(Cont'd)

For alphabetical and numerical footnotes see Pages 6 through 11 of this Exhibit.

CONVERSION CHART  
FOR  
ASSET, LIABILITY, AND SURPLUS ACCOUNTS

<u>Accounts Number</u>	<u>Account Title</u>		<u>Account Number</u>	<u>Account Title</u>
2117.4	Accounts Payable - Federal Insurance Contributions Act Deductions and Con- tributions	}		
2117.5	Accounts Payable - State Unemployment Insurance Tax Deductions and Con- tributions			
2118.6	Accounts Payable - Sundry- b/ PHA		2118.6	Accounts Payable - Other - PHA
2119	Accounts Payable - Sundry b/		2119	Accounts Payable - Other
2131	Accrued Liabilities - Interest Payable - PHA b/		2131	Accrued Liabilities - Interest Payable - Notes and Bonds - PHA
2132	Accrued Liabilities - b/ Interest Payable - Non - PHA		2132	Accrued Liabilities - Interest Payable - Notes - Non - PHA
2133	Accrued Liabilities - b/ Interest Payable - Bonds		2133	Accrued Liabilities - Interest Payable - Bonds - Non - PHA
2134	Accrued Liabilities - Utilities		2134	Accrued Liabilities - Utilities c/
2135	Accrued Liabilities - Salaries and Wages		2135	Accrued Liabilities - Salaries c/ and Wages
2136	Accrued Liabilities - Insurance		2136	Accrued Liabilities - Insurance c/
2139	Accrued Liabilities - Sundry b/		2139	Accrued Liabilities - Other
2210	Deferred Credits - Unamortized Bond Premium g/		None	No comparable account
2290	Deferred Credits - Sundry b/		2290	Deferred Credits - Other
2311	Permanent Notes Payable b/		2311	Permanent Notes - PHA

(Cont'd)

For alphabetical and numerical footnotes see Pages 6 through 11 of this Exhibit.

CONVERSION CHART  
FOR  
ASSET, LIABILITY, AND SURPLUS ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>		<u>Account Number</u>	<u>Account Title</u>
2341	Bonds - Issued	b/	2341	New Housing Authority Bonds - Issued
2342	Bonds - Retired	b/	2342	New Housing Authority Bonds - Retired
2400	Contract Awards	a/	1810	Contract Awards - Contra
2610	Undistributed Credits - Allowance for Annual		1850	Annual Leave - Allowance for Annual Leave - Contra
2630	Undistributed Credits - Returnable Bid		1830	Bid Guaranties - Returnable Bid Guaranties - Contra
2670	Undistributed Credits - <u>10/</u> Unamortized Administration Contract - PHA		None	No comparable account
2680	Undistributed Credits - <u>11/</u> Collections Applicable to Off-Site Utilities		None	No comparable account
2690	Undistributed Credits - b/ Sundry		2690	Undistributed Credits
2700	Current Year Surplus or Deficit	b/	2700	Income and Expense Clearing Account
2830	Reserved Surplus - Reserve <u>12/</u> for Property Betterments and Additions		None	No comparable account
2840	Cumulative PHA Contributions <u>10/</u>		2840	Cumulative PHA Contributions
			2860	Book Value of Projects Conveyed <u>10/</u> By PHA
			2870	Contract Payments to PHA - <u>10/</u> Conveyed Projects

(Cont'd)

For alphabetical and numerical footnotes see Pages 6 through 11 of this Exhibit.

FOOTNOTES

- a/ A change has been made in both the account number and the title of these accounts. A journal voucher shall be prepared to transfer the balance of these accounts to a new ledger sheet for the new account.
- b/ A minor change has been made in the title of these accounts.
- c/ No comparable account included in the Chart of Accounts in Section 25-3-2 of the Small Low-Rent Programs Manual - Accounting.
- 1/ Account 1115, Cash - Preliminary Loan Fund. This account has been discontinued because the current form of Preliminary Loan Contract (Form PHA-2480) provides for the use of a General Fund (Account 1111). However, if the Local Authority has an earlier form of Preliminary Loan Contract which provides for use of a "Preliminary Loan Fund," Account 1111, Cash - General Fund, shall also be used for recording transactions relating to the Preliminary Loan Fund (see Form PHA-2600 for definition of Account 1111), and the balance of Account 1115 shall be transferred to Account 1111 by journal voucher.
- 2/ Account 1129, Accounts Receivable - Sundry. That portion of the debit balance of this account which represents advances from the General Fund to a "Disbursing Account" shall be transferred to Account 1156, Advances - Unlimited Revolving Fund. Also, that portion of the debit balance of this account which represents advances to a "Master Account" shall be transferred to Account 1157, Advances - Other.
- 3/ Account 1161, Advances to Revolving Fund. The debit balance of this account shall be transferred to Account 1155, Advances - Limited Revolving Fund.
- 4/ Account 1230, Deferred Charges - Prepaid Utilities. This account has been discontinued. The debit balance of this account shall be transferred to Account 1290, Deferred Charges - Other.
- 5/ Account 1260, Deferred Charges - Inventories - Materials and Supplies. That portion of the debit balance of this account which represents the cost of nonexpendable equipment (including other items of equipment of a capital nature, such as water heaters, motors, bathroom equipment, etc. which is normally considered real property when attached or installed in a fixed position) in inventory pending issuance to the projects for installation at some future date shall be transferred to Account 1270, Deferred Charges - Inventories - Equipment. The balance remaining in this account will be the cost of materials, supplies, and expendable equipment in inventory.
- 6/ Account 1290, Deferred Charges - Sundry. For Local Authorities which have been operating under the procedures in the Small Low-Rent Programs Manual - Accounting, the balance in this account representing the cost of materials, supplies, and equipment in inventory shall be transferred to Account 1260 and/or Account 1270, as applicable.

(Cont'd)

FOOTNOTES (Continued)

- 7/ Account 1610, Undistributed Debits - Indeterminate Expenditures. This account has been discontinued.
- 8/ Accounts 2117.1, 2117.2, 2117.3, 2117.4 and 2117.5. A single account has been prescribed for recording payroll deductions and contributions. However, it is recommended that the Local Authority continue to subdivide Account 2117 to segregate each type of payroll deduction and contribution.
- 9/ Account 2210, Deferred Credits - Unamortized Bond Premiums. This account has been discontinued. The credit balance of this account shall be transferred to Account 6020, Prior Year Adjustments - Not Affecting Residual Receipts. If the Local Authority prefers to continue the amortization of premium received on Bonds over the life of the Bonds, the balance in this account should be transferred to Account 2290, Deferred Credits - Other, which balance should be amortized annually by a credit to Account 5210.
- 10/ Account 2670, Undistributed Credits - Unamortized Administration Contract - PHA. This account has been discontinued. In lieu thereof, Account 2860, Surplus - Book Value of Projects Conveyed By PHA, has been prescribed for use in recording the book value (cost less depreciation) of former Federally Owned PWA and Public War Housing Projects conveyed to the Local Authority for low-rent use. This new account (Account 2860) eliminates the requirement for recording the amortization of the costs over the life of the contract. The credit balance of Account 2860 shall, at all times, be equal to the book value of the project as of the date of conveyance and shall not be affected by property acquisitions and dispositions subsequent to the date of conveyance.

In connection with the elimination of Account 2670, the definition of Account 2840, Cumulative PHA Contributions, has been revised to discontinue the use of Account 2840 for recording the annual amortization of the book value of former Federally Owned PWA and Public War Housing Projects conveyed for low-rent use and for recording residual receipts from the operation of such projects. In lieu thereof, Account 2870, Surplus - Contract Payments to PHA - Conveyed Projects, has been prescribed for recording payments to the PHA of residual receipts from operation and the proceeds from the disposition of property not replaced pursuant to the terms of the contract with the PHA.

The accounting entries required to close Account 2670 and Account 2840 and to establish the proper balances in the two new accounts (Accounts 2860 and 2870) are as follows:

(Cont'd)

FOOTNOTES (Continued)

(1)

Debit: Account 2670, Undistributed Credits - Unamortized  
Administration Contract - PHA

Credit: Account 2860, Surplus - Book Value of Projects  
Conveyed By PHA

(For book value of property conveyed as shown  
on "Schedule of Assets Transferred" furnished  
by the PHA as of the date of conveyance)

(2)

Debit: Account 2870, Surplus - Contract Payments to PHA -  
Conveyed Projects

Credit: Account 2670, Undistributed Credits - Unamortized  
Administration Contract - PHA

(For cumulative total of proceeds from disposition  
of property not replaced which has been paid or is  
payable to the PHA pursuant to the terms of the  
contract with the PHA)

(3)

Debit: Account 2870, Surplus - Contract Payments to PHA -  
Conveyed Projects

Credit: Account 2840, Cumulative PHA Contributions

(For cumulative total of residual receipts from  
the operation of the conveyed projects which has  
been paid or is payable to the PHA pursuant to  
the terms of the contract with the PHA)

(4)

Debit: Account 2840, Cumulative PHA Contributions

Credit: Account 2670, Undistributed Credits - Unamortized  
Administration Contract - PHA

(For the cumulative Annual Amortization of the  
Administration Contract previously debited to  
Account 2670 and credited to Account 2840)

After recording the above entries there should be no balance in Accounts  
2670 and 2840.

(Cont'd)

FOOTNOTES (Continued)

11/ Accounts 2680, Undistributed Credits - Collections Applicable to Off-Site Utilities. This account has been discontinued and a memorandum group of accounts (accounts in the 7100 group) have been prescribed for recording repayment of off-site utilities. There will be no balance in this account except in the case of projects which had not reached the End of the Initial Operating Period as of the end of the fiscal year preceding the effective date of these procedures. If there is a balance in Account 2680, the following entries shall be recorded to transfer the balance to the proper accounts:

(1)

Debit: Account 2680, Undistributed Credits - Collections Applicable  
to Off-Site Utilities

Credit: Account 1510, Payments for Off-Site Utilities

(To record application of collections to the  
repayment of payments for off-site utilities)

(2)

Debit: Account 7190, Operating Receipts for Repayment of Off-Site  
Utilities - Contra

Credit: Account 7110, Collections for Off-Site Utilities

(To record collections for off-site utilities in the  
memorandum accounts pending application to residual  
receipts)

12/ Account 2630, Reserved Surplus - Reserve for Property Betterments and Additions. This account has been discontinued. The credit balance of this account, if any, shall be transferred to Account 2820, Reserved Surplus - Operating Reserve.

CONVERSION CHART  
FOR  
SUBSIDIARY LAND, STRUCTURES, AND EQUIPMENT ACCOUNTS (DEVELOPMENT COST)

Chart in Section 603.2 of Low-Rent Housing Manual and Section 25-3-2 of Small Low-Rent Programs Manual - Accounting (1954-56)

Chart in Form PHA-2600 Uniform System of Accounts (Chart and Definitions) - (May 1958)

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1410.1	Nontechnical Salaries <u>1/2/a/</u> and Wages	1410.1	Nontechnical Salaries
1410.2	Technical Salaries <u>1/2/a/</u> and Wages	1410.2	Technical Salaries
1410.4	Legal Expense - Overhead <u>2/a/</u>	1410.4	Legal Expense
1410.5	Travel - Overhead <u>3/</u>	None	No comparable account
1410.9	Retirement Contributions - <u>a/</u> Overhead	1410.9	Employee Benefit Contributions
1410.16	Miscellaneous Authority <u>4/</u>	None	No comparable account
1410.19	Sundry Overhead <u>2/3/4/5/a/</u>	1410.19	Other Administration Expense
		1415	Liquidated Damages <u>5/</u>
1420.2	Interest on Notes - <u>6/</u> Non-PHA	1420.2	Interest on Notes - Non-PHA
1420.7	Interest - Income From <u>7/</u> Investments	1420.7	Interest - Income From Investments
1425	Initial Operating Deficit <u>8/</u>	1425	Initial Operating Deficit
1430.1	Architectural and Engi- <u>2/</u> neering Fees	1430.1	Architectural and Engineering Fees

(Cont'd)

For alphabetical and numerical footnotes see pages 2 through 4 of this exhibit.



Exhibit 2 (Cont'd)  
Circular 11-3-58

- a/ A minor change has been made in the title of the account.
- 1/ Account 1410.2, Technical Salaries and Wages. The definition of this account has been revised to eliminate charges for salaries of secretaries, stenographers, or typists assigned to technical personnel and to provide for the recording of the salaries of such personnel in Account 1410.1, Nontechnical Salaries. The balance in this account, representing salaries paid to nontechnical personnel (secretaries, stenographers, typists, etc.) assigned to technical personnel, shall be transferred by journal voucher to Account 1410.1, Nontechnical Salaries. This adjustment need not be made, however, if the Local Authority no longer has any secretaries, stenographers, or typists assigned to technical personnel whose salaries (or any portion thereof) will be chargeable to the project subsequent to the effective date of these procedures.
- 2/ Account 1410.4, Legal Expense - Overhead. The definition of this account has been revised to eliminate charges for cost of obtaining opinion of counsel in connection with the financing of the project; in the future, such costs are chargeable to Account 1410.19, Other Administration Expense. No adjustment need be made, however, for the costs already charged to this account for obtaining opinion of counsel prior to the effective date of these procedures.
- 3/ Account 1410.5, Travel - Overhead. This account has been discontinued. The balance in this account with respect to projects for which an Actual Development Cost Certificate has not been issued shall be transferred, by journal voucher, to Account 1410.19, Other Administration Expense.
- 4/ Account 1410.16, Miscellaneous Authority Expense. This account has been discontinued. The balance in this account with respect to projects for which an Actual Development Certificate has not been issued shall be transferred, by journal voucher, to Account 1410.19, Other Administration Expense. See the definition of Account 1410.19 (Form PHA-2600) with respect to subdividing Account 1410.19 to segregate the cost of Miscellaneous Authority Expense.
- 5/ Account 1415, Liquidated Damages. This is a new account which is self-explanatory. The amount of liquidated damages heretofore credited to Account 1410.19 shall be transferred, by journal voucher, to the new Account 1415, except that no adjustment need be made with respect to projects for which an Actual Development Cost Certificate has been issued.
- 6/ Account 1420.2, Interest on Notes - Non-PHA. The definition of this account has been revised with respect to the date to which this account is to be credited for the premiums received on Temporary Notes. This revision is minor and no adjustment need be made for transactions recorded prior to the effective date of these procedures.
- 7/ Account 1420.7, Interest - Income From Investments. The definition of this account has been revised with respect to the date to which this account is

(Cont'd)

to be credited with interest earned on General Fund Investments. It has also been revised to eliminate the credit for any interest income on the investment of Advance Amortization Funds. These revisions are considered minor and no adjustments need be made for transactions recorded prior to the effective date of these procedures.

- 8/ Account 1425, Initial Operating Deficit. The definition of this account has been revised to provide for the recording in this account of the amount of interest earned on investments from the Date of Full Availability to the End of the Initial Operating Period. This revision is minor and no adjustment need be made for transactions recorded prior to the effective date of these procedures.

The revised definition of this account also provides for the establishment of sub-accounts to this Account 1425 for the purpose of classifying all income and expense applicable to the Initial Operating Period according to the revised income and expense accounts (accounts in the 3000 and 4000 groups) prescribed for use during the Operations Period. A complete list of the sub-accounts to be used for classifying income and expense applicable to the Initial Operating Period is shown in paragraph 13 of Section 604.1 of the Low-Rent Housing Manual (September 1958). The balance in this account with respect to projects which have not reached the End of the Initial Operating Period as of the effective date of these procedures shall be reclassified according to the revised sub-accounts to Account 1425.

- 9/ Account 1430.1, Architectural and Engineering Fees. This account has been revised to eliminate charges for salaries paid to Local Authority employees although the entire architectural and engineering work may be performed by employees of the Local Authority. The balance in this account, representing salaries paid to technical employees of the Local Authority, shall be transferred by journal voucher to Account 1410.2, Technical Salaries; the balance in this account representing salaries paid to nontechnical employees of the Local Authority shall be transferred to Account 1410.1, Nontechnical Salaries. These adjustments need not be made, however, if the Local Authority has completed the architectural and engineering work with respect to the project.

PUBLIC HOUSING ADMINISTRATION  
Housing and Home Finance Agency

9-15-58

Low-Rent Housing Manual

Transmittal No. 305

Distribution: Local Authorities With Active Low-Rent Programs

The procedures attached to this Transmittal are to be used in conjunction with the revised budget procedures recently issued in Section 401.1 of the Low-Rent Housing Manual. The Sections listed below, all dated September 1958, should be filed separately from any existing accounting instructions for the reasons set forth in the Commissioner's Circular dated 9-15-58.

1. Section 601.1, Introduction to Low-Rent Housing Accounting Procedures.
2. Section 602.1, Books of Account and Accounting Records.
3. Exhibits 1 through 16 to Section 602.1.
4. Section 603.1, Accounting Procedures for the Preliminary Loan Period.
5. Exhibits 1 and 2 to Section 603.1.
6. Section 604.1, Accounting Procedures for the Development Period.
7. Exhibits 1 and 2 to Section 604.1.
8. Section 605.1, Accounting Procedures for the Operations Period.
9. Section 606.1, Introduction to Financial and Budgetary Reporting Procedures.
10. Section 606.2, Financial Reporting.
11. Exhibits 1 through 5 to Section 606.2.
12. Section 606.3, Budgetary Reporting During the Operations Period.
13. Section 607.1, Accounting for Transactions With Tenants (Ledger Method).
14. Exhibits 1 through 11 to Section 607.1.
15. Section 607.2, Accounting for Transactions With Tenants (Rental Register Method).
16. Exhibits 1 through 4 to Section 607.2.

CORRECTION:

In paragraph 17g(2) of the attached Section 602.1, delete the second sentence.

NOTE: Transmittal No. 304 was distributed only to Local Authorities with active programs in preconstruction.

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Introduction to Low-Rent Housing Accounting Procedures

1. Responsibilities of the Local Authority and the PHA. In providing low-rent housing pursuant to the provisions of the U. S. Housing Act of 1937, as amended, the Local Authority has important responsibilities and obligations in using and accounting for the public funds made available for this purpose. The PHA as the agent of the Federal Government for making these funds available must carry out its responsibilities in accordance with the requirements of the Act. It is the purpose of this Manual to provide guidance material for use by Local Authorities in establishing an adequate accounting system and to prescribe certain mandatory basic accounting principles and policies to be followed by the Local Authority to enable the PHA to ascertain that the public funds made available to the Local Authority are used in accordance with Federal statutes. Throughout these procedures the word "shall" is used to indicate a mandatory requirement.
2. Uniform System of Accounts. Uniform reporting by Local Authorities is essential for the effective review and appraisal of results of operations by local management and the PHA and for the effective exchange of operating and other data between Local Authorities. However, in order to provide a basis for uniform reporting it is mandatory that all Local Authorities classify transactions according to a uniform classification of accounts. The PHA has prescribed such a uniform classification of accounts which all Local Authorities are required to use in classifying transactions relating to projects in which the PHA has a financial interest. The accounts are prescribed in Form PHA-2600, Uniform System of Accounts (Chart and Definitions). As stated in the introduction to Form PHA-2600, if the Local Authority finds it necessary to establish accounts other than those prescribed they must be established as subdivisions of prescribed accounts so that they can be combined into the prescribed classifications for reporting purposes.
3. Books of Account and Related Records and Accounting Procedures. It is recognized that the PHA cannot plan and outline all the details of a single accounting system that will be suitable for use by all Local Authorities because of the wide variation in the size and complexity of Local Authority programs. It is mandatory, however, that the Local Authority maintain certain books of original and final entry in which to record and classify transactions according to the prescribed classification of accounts. These books of original and final entry, as well as related auxiliary records such as journal vouchers, petty cash vouchers, payroll and leave records, etc. are listed and described in Section 602.1 of this Manual. The formats of the forms exhibited and described in Section 602.1 are not mandatory since it is also recognized that there are many different designs of books of account and records for manual and machine use which are acceptable. It is emphasized, however, that the

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Local Authority accounting system must conform to good accounting practice, provide for adequate internal control, and produce accurate data with respect to assets, liabilities, and net worth normally associated with the balance sheet and income and expenses normally associated with the operating statements.

4. Applicability of the 600 Series of the Low-Rent Housing Manual. The accounting instructions in the 600 series of the Low-Rent Housing Manual are applicable to all Local Authorities, regardless of the size of individual programs. The accounting instructions are effective for Local Authority fiscal years beginning on and after October 1, 1958.
5. PHA Assistance to Local Authorities. While this Manual is intended to furnish the basic information for the installation of essential records and the maintenance of required accounts, the PHA may be called on to furnish assistance to Local Authorities, if needed, in installing accounting systems and procedures and training employees in the maintenance of accounting records. To obtain such assistance the Local Authority should communicate with the Regional Office for the area in which the Local Authority is located.

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Books of Account and Accounting Records

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1. General

a. This Section prescribes the books of account and accounting records considered to be the minimum required for recording transactions relating to the preliminary planning, development, and operation of projects under a contract with the PHA. A separate set of books of account shall be established for each Preliminary Loan Contract, Annual Contributions Contract, Administration Contract, or other contract with the PHA. The books of account established during the Development Period for an Annual Contributions Contract shall be continued in the Operations Period, but certain additional books of account must be established and certain modifications must be made in existing books of account to record properly all transactions relating to the Operations Period. Sections 603.1, 604.1, and 605.1 of this Manual prescribe the books of account and accounting records considered to be the minimum required during the Preliminary Loan Period, the Development Period, and the Operations Period, respectively.

b. The specimen forms shown as exhibits to this Section have been designed to provide the information normally required by the Local Authority and the PHA. Many of these forms may be used or adapted for use in all periods, i.e. Preliminary Loan Period, Development Period, and the Operations Period. It is

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recognized, however, that the size of the Local Authority's program and the complexity of its operations may require forms of a different design. In such cases, the Local Authority may design forms to meet its individual needs provided such forms include the basic information required by the PHA. It is suggested that standard stock forms be used wherever possible.

## 2. General Ledger

a. General. A loose-leaf General Ledger shall be maintained by the Local Authority to control, record, and classify all financial transactions relating to the preliminary planning, development, and operation of projects under a contract with the PHA. Postings to the General Ledger shall be made from the books of original entry, such as Cash Receipts Register, Cash Disbursements Register, and Journal Vouchers. Two specimen forms of General Ledger sheets are shown as Exhibit 1. The use of these forms is self-explanatory. A separate General Ledger sheet shall be established, as needed, for each of the General Ledger accounts in the Uniform System of Accounts (Chart and Definitions), Form PHA-2600. Two or more ledger sheets may be established for a single account when, for any reason, it is desired to segregate the balance of such account; for example, a separate ledger sheet may be established for Account 1400, Land, Structures, and Equipment for each project (or locality) for the purpose of maintaining a separate control account for the separate subsidiary ledgers (Development Cost Ledger) maintained for each such project (or locality).

b. Trial Balance. A trial balance of the General Ledger shall be taken periodically, but not less often than the end of each calendar quarter, to determine that the General Ledger is in balance.

## 3. Cash Receipts and Disbursements Registers

a. Cash Receipts Register. A Cash Receipts Register shall be maintained for the recording of funds received by the Local Authority in connection with the preliminary planning, development, or operation of projects under a contract with the PHA. A specimen form of Cash Receipts Register sheet, showing an example of a recorded transaction applicable to the Preliminary Loan Period, is shown as Exhibit 2; a specimen form showing examples of recorded transactions applicable to the Development and/or Operations Period is shown as Exhibit 3. Instructions for the maintenance of the Registers appear on the reverse of each exhibit.

b. Cash Disbursements Register. A Cash Disbursements Register shall be maintained for the recording of cash disbursements from the General Fund (or Preliminary Loan Fund), in connection with the preliminary planning, development, and operation of projects under a contract with the PHA. A specimen form of Cash Disbursements Register sheet, showing examples of recorded transactions applicable to the Preliminary Loan Period, is shown as Exhibit 4; a specimen form showing examples of recorded transactions applicable to the Development

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and/or Operations Period is shown as Exhibit 5. Instructions for the maintenance of the Register appear on the reverse of each exhibit.

c. Combined Cash Receipts and Disbursements Register. A Combined Cash Receipts and Disbursements Register may be used for recording cash receipts and disbursements in lieu of the separate Cash Receipts and Disbursements Registers prescribed in paragraphs 3a and 3b above. This type of register may meet the requirements of a Local Authority having a very small program but it is not recommended for use by a Local Authority having a large program. A specimen form of Combined Cash Receipts and Disbursements Register is not shown in this Manual, but a suggested form will be furnished by the Regional Office upon request.

d. Correction of Erroneous Entries. An erroneous entry in the Cash Receipts or Disbursements Register, which is discovered prior to the end of the month in which the error occurred, may be corrected by drawing lines through the incorrect figures (leaving the incorrect figures legible) and entering the correct figures on the same line; or such error may be corrected by reversing the original entry (showing the amounts in parentheses to denote a deduction) and re-entering the correct amounts on the next line. The correction of an erroneous entry made during a previous month shall be recorded in the Cash Receipts or Disbursements Register, as applicable, for the month in which the error is discovered by reversing the original entry (showing the amounts in parentheses to denote a deduction) and re-entering the correct amounts on the next line. Appropriate cross reference to the page number on which the error occurred and to the page number on which it was corrected shall be made and the correcting entries should bear the date of the erroneous entry. A journal voucher shall not be used to correct an error in recording the amount of a cash receipt or disbursement, but a journal voucher may be used to correct an error in the accounting distribution.

e. Monthly Closing. At the end of each month, all amount columns in the Cash Receipts and Disbursements Registers shall be totaled and cross-footed to determine that each register is in balance. The registers shall then be ruled and appropriate postings made to the General Ledger accounts.

#### 4. Journal Vouchers

a. General. Journal vouchers shall be used for recording all transactions in the General Ledger which are not recorded from the Cash Receipts Register or the Cash Disbursements Register. A journal voucher shall not be used for recording cash receipts or cash disbursements other than the receipt and disbursement of debt amortization funds by the Fiscal Agent.

b. Exhibit. A specimen form of journal voucher is shown as Exhibit 6. Each journal voucher must include a complete explanation of the transaction and references to the related documents or other sources of information. The journal voucher should be signed or initialed by the person preparing the

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voucher and shall be signed by the person authorized to approve journal vouchers.

c. Numbering. The usual method of numbering journal vouchers is to number them consecutively by fiscal year beginning with the number "1" for each fiscal year; thus, the journal voucher number would consist of the last two digits of the fiscal year followed by a dash and the voucher number. For example, the first journal voucher for the 1958 fiscal year would be numbered 58-1; the second would be 58-2, etc. If a fiscal year has not been established, the calendar year may be used. Other methods of consecutive numbering of journal vouchers may be used if desired.

## 5. Voucher Checks

a. General. Disbursements from the General Fund (or Preliminary Loan Fund) shall be made by means of voucher checks. The voucher check (original) may be in the form of an ordinary bank check with the name of the Local Authority imprinted thereon; the lower portion of the check, containing space for the date, description of items, and the amount for each item for which payment is being made, should be perforated for detachment by the payee. The voucher check copy (duplicate) is an exact duplicate of the original (except for description of items and signature space) with additional space at the bottom for accounting distribution, signature of person certifying to the correctness of the voucher, and signature of the person approving the voucher for payment. The voucher check copy is for use in posting to the books of account.

b. Exhibit. A specimen form of voucher check and voucher check copy is shown as Exhibit 7. When more than one bank is used by the Local Authority, either for the same General Fund account or for different General Fund accounts, it is recommended that the voucher checks for each bank be of a different color.

c. Numbering. Voucher checks shall be prenumbered at time of printing and used in numerical sequence. Voucher check copies shall bear the same numbers as the voucher checks. Voided voucher checks and voucher check copies shall not be destroyed, but the numbers thereof shall be recorded in the Cash Disbursements Register and the voided vouchers filed with the paid checks and completed voucher check copies.

d. Issuing. Checks shall not be issued for the payment of services rendered and/or materials received until all supporting documents have been assembled, verified, and approved for payment. Supporting documents include invoices, purchase orders, receiving and inspection reports, travel vouchers, etc. The signature indicating receipt and verification of services and/or materials received need not be shown on the voucher check copy if the required certification is shown on the supporting documents; however, the accounting distribution should be shown on the voucher check copy in the space provided.

e. Filing. After reconciliation of the bank statement with the cash balance shown in the books of account, the checks which have been paid and canceled

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by the bank may be filed in numerical sequence in a separate file. The voucher check copies, with properly verified and certified supporting documents firmly attached, should be filed in numerical sequence.

6. Petty Cash Vouchers. Disbursements from the petty cash fund shall be supported by some form of petty cash vouchers. Instructions for the accounting for petty cash funds and the use of petty cash vouchers are in Section 612.1 of this Manual.
7. Travel Vouchers. Claims for reimbursement of travel expenses should be supported by some form of travel vouchers. Instructions relating to the accounting for travel expenses and the use of travel vouchers are in Section 611.1 of this Manual.
8. Development Cost Ledger

a. General. A Development Cost Ledger shall be maintained for recording preliminary surveys and planning costs incurred under a Preliminary Loan Contract and for recording development costs incurred under an Annual Contributions Contract. A separate Development Cost Ledger shall be maintained for each locality under a single Preliminary Loan Contract; if two or more projects are being planned for a single locality, a separate Development Cost Ledger may be maintained for each such project. A separate Development Cost Ledger shall be maintained for each project under an Annual Contributions Contract. The Development Cost Ledgers established for an Annual Contributions Contract shall be continued in use until the Actual Development Cost Certificate is issued.

b. Exhibit

(1) A specimen form of Development Cost Ledger sheet, showing an example of a recorded transaction, is shown as Exhibit 8. The columnar headings of this specimen form show the subsidiary land, structures, and equipment accounts (Accounts in the 1400 group) most commonly used during the Preliminary Loan Period. A similar Development Cost Ledger sheet, with sufficient columns for all of the subsidiary accounts to Account 1400, may be used during the Development Period.

(2) In lieu of the specimen form shown as Exhibit 8, the Local Authority may maintain a separate ledger sheet (similar to the General Ledger sheets shown as Exhibit 1), by project (or locality), for each subsidiary account to Account 1400, or use a single ledger sheet for each subsidiary account with a separate column for each project (or locality) under a single contract.

c. Closing. All columns in the Development Cost Ledger shall be totaled periodically, but not less often than the end of each calendar quarter, and the cumulative totals to date shall be reconciled with the balance of Account 1400, Land, Structures, and Equipment, in the General Ledger.

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9. Initial Operating Ledger. An Initial Operating Ledger shall be maintained, by project, as a subsidiary to Account 1425, Initial Operating Deficit, in the Development Cost Ledger. A specimen form of Initial Operating Ledger sheet, including instructions for its use, is in Section 604.1 of this Manual.
10. Income Ledger
- a. General. Except as otherwise provided in Section 605.1 of this Manual, the PHA requires the segregation of operating income by contract only. In some cases, however, it will be necessary to segregate the income for certain projects; in other cases, the Local Authority may wish to segregate income by project or by a group of projects combined for rent collection purposes (see Section 605.1). If operating income is to be recorded by contract only, the separate detail income accounts (Accounts 3110 through 3690) may be maintained in the General Ledger in lieu of maintaining a separate Income Ledger. However, if operating income is to be recorded by project or by a group of projects, an Income Ledger must be maintained for recording income earned for each such project or group of projects.
- b. Exhibit
- (1) A specimen form of Income Ledger sheet, which is a columnar arrangement of all the income accounts (Accounts 3110 through 3690), is shown as Exhibit 9. Additional columns have been provided to permit the use of subdivisions to the prescribed accounts if the Local Authority should desire a further classification of operating income. A separate Income Ledger sheet shall be established for each project or group of projects for which income is to be recorded separately. Ordinarily, items of nonproject income, such as interest on General Fund investments and other items of income not readily identifiable by project, will not be distributed by project except in the case of Non-Permanently Financed Projects (see Section 605.1). In such cases, a separate Income Ledger sheet may be maintained for recording such items of nonproject income by contract only.
- (2) In lieu of the specimen Income Ledger sheet shown as Exhibit 9, the Local Authority may desire to maintain a separate ledger sheet (similar to the General Ledger sheet shown as Exhibit 1), by project or group of projects for which income is to be recorded separately, for each of the subsidiary operating income accounts (Accounts 3110 through 3690).
- (3) Postings to the Income Ledger will originate almost exclusively from journal vouchers prepared to record data accumulated in the Analytical Tenant Ledger Control or in the Tenants Rental Register (see Sections 607.1 and 607.2). There may be occasional postings from journal vouchers or the Cash Receipts Register for miscellaneous items of income not related to tenant activity.

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c. Trial Balance. A trial balance of the Income Ledger shall be taken periodically, but not less often than the end of each calendar quarter, to determine that the total income recorded in the Income Ledgers is in agreement with the balance shown in the General Ledger for Account 3000, Operating Income (Control).

11. Expense Ledger

a. General. An Expense Ledger shall be maintained as a subsidiary ledger to Account 4000, Operating Expense (Control), for the recording of operating expense by account classification and by organization unit, contract, or such other subdivision as is provided in Section 605.1 of this Manual. The form of Expense Ledger required will depend largely upon the Local Authority's organization structure and the size and complexity of its operations.

b. Exhibits

(1) Specimen forms of Expense Ledger sheets, showing examples of recorded transactions, are shown as Exhibits 10, 11, 12, and 13. These exhibits are designed especially for the guidance of Local Authorities operating projects under two or more contracts with the PHA and which are required to distribute operating expense by account classification for each organization unit and for each contract. When this form of ledger sheet is used, a separate ledger sheet must be maintained, by organization unit, for each subsidiary operating expense account (Accounts 4110 through 4620), except in the case of Account 4610, Extraordinary Maintenance, for which a separate ledger sheet must be maintained for each such extraordinary maintenance job. Each exhibit contains a brief explanation of the recorded transactions and show how the form may be adapted to provide the information required in each individual case.

(2) Other forms of Expense Ledger sheets may be used. In the case of Local Authorities having a very small program under a single contract with the PHA and which treat their entire organization as a single organization unit, it may be feasible to use a ledger sheet similar to the General Ledger sheet shown as Exhibit 1. In such cases, it will be necessary to maintain a separate ledger sheet for each subsidiary operating expense account, i.e. a separate ledger sheet for Accounts 4110 through 4590 and a separate ledger sheet for each subdivision of Accounts 4610 and 4620.

c. Trial Balance. A trial balance of the Expense Ledger shall be taken periodically, but not less often than the end of each calendar quarter, to determine that total operating expenses with respect to each contract, as recorded in the Expense Ledgers for all organization units, is in agreement with the balance of Account 4000, Operating Expense (Control), in the General Ledger for each contract.

12. Property Ledger. A Property Ledger shall be maintained for the purpose of providing fiscal control of all property, both real and personal, acquired and

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held for the projects. Instructions for the establishment and maintenance of Property Ledgers are in Sections 618 of this Manual.

13. Contract Register. A Contract Register shall be maintained for recording transactions relating to formal contracts in accordance with procedures in Section 608.1.
14. Insurance Register. An Insurance Register shall be maintained, to the extent required by Section 614.1, to provide information for the periodic amortization of premiums. Section 614.1 of this Manual contains instructions for the accounting for insurance premiums and the maintenance of an Insurance Register.
15. Investment Register. An Investment Register shall be maintained, to the extent provided in Section 615.1, to provide a detailed record of investment securities purchased from the General Fund or from any of the Fiscal Agent accounts. Instructions for the maintenance of an Investment Register and the accounting for investments are in Section 615.1 of this Manual.
16. Tenant Accounting Records. The procedures for the accounting for transactions with tenants are in Sections 607.1 and 607.2.
17. Payroll and Leave Records

a. General. The Local Authority shall establish and maintain adequate payroll and leave records for all of its employees in accordance with the requirements of Local Authority personnel policies and as required by Federal and State law. Appropriate records shall also be maintained to document the distribution of salaries and wages to the applicable cost and expense accounts. The type of payroll and leave records to be maintained will depend largely upon the requirements of personnel policies and the size and complexity of the Local Authority's operations. As a minimum, the records must be maintained in a form and manner that will provide adequate internal control of the Local Authority's operations. The payroll and leave records which ordinarily will be needed by the Local Authority are described briefly in the paragraphs that follow.

b. Employee Record. This is a basic record containing information such as the employee's name and address; social security number; job title; effective date of employment; salary rate; payroll deductions (such as income tax withholdings, FICA tax deductions; deductions for purchase of U. S. Savings Bonds; and all other authorized deductions); number of dependents; the name of the person to be notified in case of an accident or other emergency; and such other information as may be desired. A separate Employee Record may be maintained for each employee or this information may be consolidated with the Individual Earnings Record (see paragraph 17i below). Standard stock forms of Employee Records may be obtained from any stationery and office supply company.

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c. Withholding Exemption Certificate--Form W-4. Each employee must submit a Form W-4, Withholding Exemption Certificate, in accordance with the regulations of the Internal Revenue Service. These forms should be filed as a permanent part of the record of each employee.

d. Attendance Reports. A Local Authority will ordinarily find it necessary to maintain some form of attendance reports for administrative and supervisory employees to provide information for the preparation of payrolls and to maintain adequate control of annual leave, sick leave, overtime and holiday work, and leave without pay with respect to each such employee for each pay period (See paragraph 17e below for instructions relating to the maintenance of Daily Time Reports by maintenance employees.) The type of attendance reports required will depend upon the Local Authority's organization structure and the size of its staff. Generally, each supervisor would be required to designate a time-keeper for the maintenance of attendance reports for the employees under his supervision. The attendance reports should include such information as hours worked, hours of annual leave and sick leave taken, hours of overtime and/or holiday work, and hours of leave without pay with respect to each employee for each pay period.

e. Daily Time Reports

(1) General. Some form of daily time report is usually necessary in connection with the maintenance staff to provide information as to the number of hours worked, hours of annual or sick leave taken, and to show the distribution of time by contract or program for which work is performed or to show the total time worked as "indirect labor" for later distribution to contract or program. The completed daily time reports for a pay period can serve as attendance reports in support of the payroll and as a basis for the accounting distribution of the total salaries and wages earned by maintenance employees. Section 605.1 contains detailed procedures for the distribution of salaries and wages earned by maintenance employees.

(2) Exhibit

(a) A specimen form of Daily Time Report, showing an example of the distribution of time for one day, is shown as Exhibit 14. The example shown is based on the assumption that the organization unit to which the employee is assigned serves projects under different contracts with the PHA. The form provides for the reporting of work performed by project or group of projects rather than by contract; the Summary of Daily Time Reports (see Exhibit 15) will show distribution of time by contract.

(b) In the case of maintenance employees assigned to an organization unit which serves projects under a single contract with the PHA, no distribution of time is required unless such employees are assigned

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duties other than the ordinary maintenance and operation of the projects (see Section 605.1 for instructions relating to the distribution of operating expenses). In such cases, a more simplified form of Daily Time Report may be used.

f. Summary of Daily Time Reports

(1) General. When daily time reports are used a summary of daily time reports should be prepared for each maintenance staff employee for each pay period to facilitate the distribution of labor cost for such pay period.

(2) Exhibit. A specimen form of Summary of Daily Time Report showing an example of the distribution of labor for a single pay period is shown as Exhibit 15. The use of this form is self-explanatory.

g. Payroll Cost Distribution

(1) General. A Payroll Cost Distribution sheet should be prepared by the organization unit for the distribution of salaries and wages of employees assigned or detailed to such organization unit to the applicable cost or expense accounts. This form may be prepared for each pay period; or, if all salaries and wages are charged to Account 1640, Undistributed Debits - Payroll for subsequent distribution, it may be prepared at the end of the period for which such distribution is made. A Payroll Cost Distribution sheet is not required when cost distribution is recorded from the voucher check issued to the employee. The cost distribution to be shown on the voucher check may be obtained from the Summary of Daily Time Reports or Attendance Reports, as applicable.

(2) Exhibit. A specimen form of Payroll Cost Distribution sheet, showing an example of the distribution of salaries and wages of an organization unit for a single pay period, is shown as Exhibit 16. The columnar headings will vary as to the contracts served by the organization unit for a single pay period, is shown as Exhibit 16. The columnar headings will vary as to the contracts served by the organization unit and the accounts to be charged. The use of this form is self-explanatory.

h. Payrolls. The payroll is the basic document from which employees' salary checks are prepared. Standard stock forms providing for information such as employees' names; social security numbers; hours in pay status; salary rates; gross amounts earned; itemization of all deductions; net amount of pay; and check number, may be obtained from most stationery and office supply companies. Payrolls should be prepared at the close of each pay period from information shown on the attendance reports, daily time reports, and the employee record. For purposes of internal control, payrolls are usually prepared by one employee, verified by another, and approved by an official of the Local Authority.

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1. Individual Earnings Records. An Individual Earnings Record should be maintained for each employee as a permanent record of gross earnings, deductions from earnings, bond purchases, and net amount paid. This type of record is usually maintained on a calendar year basis with quarterly sub-totals to facilitate the preparation of income and social security tax reports. A standard stock form of Individual Earnings Record may be obtained from any stationery and office supply company.

j. Leave Records. If the Local Authority's personnel policy provides for the accrual of annual and/or sick leave, an accurate record of all leave earned and taken must be maintained for each employee. The type of records needed will depend upon the requirements of the Local Authority's personnel policy.

18. Purchase Orders

a. The method of handling purchase orders will depend upon the Local Authority's organization structure and the size of its program. Regardless of the system used, the Local Authority accountant should be furnished with a copy of each purchase order issued. The Local Authority accountant should also be furnished with a copy of the receiving report (a copy of the purchase order may be used as a "receiving report").

b. The accountant's copy of the purchase order may be filed in numerical sequence in an "unfilled" order file. After receipt of the items ordered, the purchase order, together with the receiving report, may be placed in an accounts payable file pending receipt of the vendor's invoice. The accountant's copy of the purchase order, the receiving report, and the original of the vendor's invoice should be attached to the voucher check copy issued in payment of the invoice.

19. Equipment Record Cards. Equipment Record Cards shall be maintained for all items of nonexpendable equipment. A specimen form of Equipment Record Card and instructions for its use is in Sections 618 of this Manual.

20. Stock Record Cards. If the stock of materials, supplies, and nonexpendable equipment includes a large variety of items, and control is maintained through an inventory account in the General Ledger, a stock record card shall be maintained for recording purchases, withdrawals, and balances by types of items. Instructions for the maintenance of Stock Record Cards are in Sections 618 of this Manual.

21. Stores Requisitions. If inventory control is maintained through an account in the General Ledger, a stores requisition should be used for recording the issuance of materials, supplies, and/or nonexpendable equipment from the warehouse or storeroom (inventory). Instructions relating to the use of Stores Requisitions are in Sections 618 of this Manual.

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Specimen Form of Cash Receipts Register Sheet  
Preliminary Loan Period

HOUSING AUTHORITY OF ARIZONA, ANY STATE										Page No. <u>1</u>	
Contract No. <u>Any-21</u>										Project Nos. <u>      </u>	
CASH RECEIPTS REGISTER											
Date 1958	Description	Cash Receipts		Case - Debit		Account Credit		GENERAL LEDGER			
		Receipts	Deposits	Account	Debit	Account	Credit	Account Number	Debit	Credit	
1 June 2 Preliminary Loan - 1958				5,000.00					7171	5,000.00	1
2											2
3											3
4											4
5											5
6											6
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100											100

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INSTRUCTIONS FOR  
MAINTENANCE OF CASH RECEIPTS REGISTER

Column (1) - Show date of entry.

Column (2) - Enter a brief but definite description when pertinent.

Columns (3) and (4) - Ordinarily, these columns will not be used during the Preliminary Loan Period.

Column (5) - Enter the amount of all cash received; if two or more bank accounts are maintained, use a separate column for each bank account. The amount of bank debit advices for returned checks should be entered in this column as a negative amount. At the close of each month, post the total of this column to Account 1111, Cash - General Fund, in the General Ledger.

Column (6) - This column is provided for use when an additional bank account is maintained.

Columns (7), (8), (9), and (10) - Ordinarily, these columns will not be used during the Preliminary Loan Period.

Column (11) - Enter in this column the account numbers of the accounts to which the amounts shown in Columns (13) and (14) are to be debited or credited.

Column (12) - This column is to be used as a posting check column.

Columns (13) and (14) - Enter in these columns the amounts to be debited or credited to the accounts indicated in Column (11). The amounts entered in these columns are to be posted individually to the General Ledger.

Monthly Closing - Add each amount column. The aggregate of the totals of Columns (5), (6), and (13) must be equal to the total of Column (14). Rule the register sheet with double lines.

Specimen Form of Cash Receipts Register Sheet  
Development and/or Operations Period

Page No. 1

RECORDS AUTHORITY OF APTURUM, ARIZONA

CASH RECEIPTS REGISTER

Contract No. ANY-75 Project No. ANY-50-1, 50-2

DATE 1958	DESCRIPTION	CASH RECEIPTS		CASH - DEBIT		ACCOUNT 1122		ACCOUNT 2114		GENERAL LEDGER	
		Receipts	Deposits	Account 1111	Account 1114	Project ANY-50-1 ANY-50-2	Project ANY-50-1 ANY-50-2	Account Number	DEBIT	CREDIT	
1 June 2	Advance from #5	1500.00							2122	1500.00	1
2 "	Deposit		1500.00	1500.00							2
3 "	Receipts Nov. 1162-1183	510.00				460.00	50.00				3
4 "	Receipts Nov. 876-901	490.00				450.00	40.00				4
5 "	Deposit		1000.00	910.00	90.00						5
6 "	Deposit on Mortgage	25.00							2113	25.00	6
7 "	Deposit		25.00	25.00							7
8 "		16125.00	16025.00	15935.00	90.00	460.00	450.00	50.00	40.00	15025.00	8
9 "											9
10 "											10
11 "											11
12 "											12
13 "											13
33											33
34 (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) (12) (13)	(14)
35											35

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INSTRUCTIONS FORMAINTENANCE OF CASH RECEIPTS REGISTER

- COLUMN (1) - SHOW DATE OF ENTRY.
- COLUMN (2) - ENTER A BRIEF BUT DEFINITE DESCRIPTION WHEN PERTINENT.
- COLUMN (3) - ENTER AMOUNT OF CASH RECEIPTS FROM ALL SOURCES AND MAKE CONTRA ENTRIES TO APPROPRIATE COLUMNS (7) THROUGH (14). THE DAILY TOTAL OF ALL COLLECTIONS FROM TENANTS MAY BE RECORDED AS A SINGLE LINE ENTRY; ALL OTHER CASH RECEIPTS SHOULD BE RECORDED INDIVIDUALLY AS RECEIVED.
- COLUMN (4) - ENTER IN THIS COLUMN, SIMULTANEOUSLY WITH THE POSTING TO COLUMNS (5) AND (6), THE AMOUNT OF EACH DEPOSIT. THE DIFFERENCE BETWEEN THE TOTALS OF COLUMNS (3) AND (4) REPRESENTS THE CASH RECEIVED BUT NOT DEPOSITED. SINCE COLUMNS (3) AND (4) ARE NOT ORDINARILY POSTED TO THE GENERAL LEDGER, ALL UNDEPOSITED RECEIPTS SHOULD BE DEPOSITED ON THE LAST DAY OF THE MONTH. IF CASH RECEIPTS THROUGH THE LAST DAY OF THE MONTH CANNOT BE DEPOSITED THAT DAY, A SEPARATE DEPOSIT OF THOSE RECEIPTS SHOULD BE MADE THE FOLLOWING DAY AND RECORDED AS OF THE LAST DAY OF THE MONTH WITH APPROPRIATE NOTATION AS TO THE ACTUAL DATE OF DEPOSIT.
- COLUMNS (5) AND (6) - ENTER IN THE APPROPRIATE COLUMN THE AMOUNT OF EACH DEPOSIT AS SHOWN ON THE BANK DEPOSIT SLIP; USE SEPARATE COLUMNS FOR EACH BANK ACCOUNT MAINTAINED. THE AMOUNT OF BANK DEBIT ADVICES FOR RETURNED CHECKS SHOULD BE ENTERED IN THIS COLUMN AS A NEGATIVE AMOUNT; SIMULTANEOUSLY, A NEGATIVE ENTRY SHALL BE ENTERED IN THE COLUMN TO WHICH THE CHECK WAS ORIGINALLY RECORDED. AT THE CLOSE OF EACH MONTH, POST THE TOTALS IN COLUMNS (5) AND (6) AS A DEBIT TO ACCOUNT 1111, CASH - GENERAL FUND, AND ACCOUNT 1114, CASH - SECURITY DEPOSIT FUND, RESPECTIVELY, IN THE GENERAL LEDGER. A SEPARATE COLUMN FOR ACCOUNT 1114 IS NOT NECESSARY WHEN TENANTS SECURITY DEPOSITS ARE DEPOSITED IN THE GENERAL FUND.
- COLUMNS (7) AND (8) - ENTER DAILY TOTAL OF COLLECTIONS TO BE APPLIED AS CREDIT TO TENANTS ACCOUNTS RECEIVABLE. SEPARATE COLUMNS MAY BE PROVIDED FOR EACH PROJECT OR FOR ANY COMBINATION OF PROJECTS UNDER THE SAME CONTRACT. AT THE CLOSE OF EACH MONTH, POST THE TOTALS OF THESE COLUMNS AS A CREDIT TO ACCOUNT 1122, ACCOUNTS RECEIVABLE - TENANTS, IN THE GENERAL LEDGER.
- COLUMNS (9) AND (10) - ENTER DAILY TOTAL OF TENANTS SECURITY DEPOSITS RECEIVED. SEPARATE COLUMNS MAY BE PROVIDED FOR EACH PROJECT OR FOR ANY COMBINATION OF PROJECTS UNDER THE SAME CONTRACT. AT THE CLOSE OF EACH MONTH, POST THE TOTALS OF THESE COLUMNS AS A CREDIT TO ACCOUNT 2114, ACCOUNTS PAYABLE - TENANTS SECURITY DEPOSITS, IN THE GENERAL LEDGER.
- COLUMN (11) - ENTER IN THIS COLUMN THE ACCOUNT NUMBERS OF THE ACCOUNTS TO WHICH THE AMOUNTS SHOWN IN COLUMNS (13) AND (14) ARE TO BE DEBITED OR CREDITED.
- COLUMN (12) - THIS COLUMN IS TO BE USED AS A POSTING CHECK COLUMN.
- COLUMNS (13) AND (14) - ENTER IN THESE COLUMNS THE AMOUNTS TO BE DEBITED OR CREDITED TO THE GENERAL LEDGER ACCOUNTS INDICATED IN COLUMN (11). THE AMOUNTS ENTERED IN THESE COLUMNS ARE TO BE POSTED INDIVIDUALLY TO THE GENERAL LEDGER.
- MONTHLY CLOSING - ADD EACH AMOUNT COLUMN. THE TOTAL OF COLUMN (3) MUST EQUAL THE TOTAL OF COLUMN (4); THE TOTAL OF COLUMN (4) MUST EQUAL THE SUM OF THE TOTALS OF COLUMNS (5) AND (6). THE SUM OF THE TOTALS OF COLUMNS (5), (6), AND (13) MUST EQUAL THE SUM OF THE TOTALS OF COLUMNS (7), (8), (9), (10), AND (14). RULE THE REGISTER SHEET WITH DOUBLE LINES.
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Specimen Form of Cash Disbursements Register Sheet  
Preliminary Loan Period

HHFA  
PHA  
September 1958

LOW-RENT HOUSING MANUAL

602.1  
Exhibit 4

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE																
CASH DISBURSEMENTS REGISTER																
Contract No. <u>ANY-21</u> Project No. _____																
LINE	DATE	DESCRIPTION	CHECK NUMBER	CASH - CREDIT		CREDIT	DEBIT	DEBIT	DEBIT	DEBIT	GENERAL LEDGER			DEBIT	TOTAL	
				ACCOUNT 1111	ACCOUNT	ACCOUNT 2117	ACCOUNT 1400	ACCOUNT	ACCOUNT	ACCOUNT	ACCOUNT No.	DEBIT	CREDIT	ACCOUNT 1310 CREDIT ACCOUNT 1300		
1	1958 Jan. 6	A.P.C. Architects	5	1500.00			1500.00								1500.00	1
2	" 15	John Doe Salary	6	125.00		25.00	150.00									2
3	" 30	Office Supply Co.	7	75.00			75.00									3
4				1700.00			1725.00								1500.00	4
5																5
6																6
7																7
8																8
9																9
10																10
11																11
12																12
13																13
14																14
15																15
16																16
17																17
18																18
19																19
20																20
21																21
22																22
23																23
24																24
25	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)		25

Specimen Form of Cash Disbursements Register Sheet  
Development and/or Operations Period

DATE		DESCRIPTION	CHECK NUMBER	CASH - CREDIT		CREDIT	CREDIT	CREDIT	CREDIT	CREDIT	GENERAL LEDGER		CREDIT
1958				ACCOUNT 1111	ACCOUNT 1114						ACCOUNT 2117	ACCOUNT	
1	June 3	A.B.C. Architects	115	300.00	1114		300.00						300.00
2	4	X Construction Co.	116	9.00			9.00						
3	6	John Doe Electric Co.	117	25.00			25.00						
4	15	Lawrence Electric Co.	118	275.00			275.00						
5	30	John Smith, Attorney	119	200.00			200.00						
6	30	P.T. Jones & Son	120	15.00			15.00						
7				1250.00	1114	50.00	1300.00						
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													

PROJECT No. ANY-50-1, 50-2

CONTRACT No. ANY-75

MAKING AUTHORITY OF ACTING, ASSISTANT  
CASH DISBURSEMENTS REGISTER

-----

INSTRUCTIONS FOR  
MAINTENANCE OF CASH DISBURSEMENTS REGISTER

- COLUMN (1) - ENTER DATE OF CHECK.
- COLUMN (2) - ENTER NAME OF PAYEE AND ANY OTHER PERTINENT INFORMATION.
- COLUMN (3) - ENTER IN CONSECUTIVE ORDER THE NUMBER OF EACH CHECK DRAWN AGAINST THE PARTICULAR BANK ACCOUNT, INCLUDING THE NUMBER OF EACH VOIDED CHECK.
- COLUMNS (4) AND (5) - ENTER IN THE APPROPRIATE COLUMN THE FACE AMOUNT OF EACH CHECK ISSUED AND THE AMOUNT OF EACH BANK DEBIT MEMORANDUM FOR BANK CHARGES, ETC.; USE SEPARATE COLUMNS FOR EACH BANK ACCOUNT MAINTAINED. AT THE CLOSE OF EACH MONTH, POST THE TOTAL OF EACH COLUMN TO THE APPROPRIATE CASH ACCOUNT IN THE GENERAL LEDGER. A SEPARATE COLUMN FOR ACCOUNT 1114 IS NOT NECESSARY WHEN TENANTS SECURITY DEPOSITS ARE DEPOSITED IN THE GENERAL FUND.
- COLUMN (6) - ENTER THE AMOUNT OF PAYROLL DEDUCTIONS FOR INCOME TAXES, FICA TAXES, PENSIONS, ETC.; A SEPARATE COLUMN FOR EACH TYPE OF PAYROLL DEDUCTION MAY BE USED, IF DESIRED.
- COLUMN (7) - ENTER THE AMOUNT OF EACH DISBURSEMENT CHARGEABLE TO ACCOUNT 1400, LAND, STRUCTURES, AND EQUIPMENT. IF SEPARATE CONTROL ACCOUNTS ARE MAINTAINED BY PROJECT, USE A SEPARATE COLUMN FOR EACH PROJECT. AT THE CLOSE OF EACH MONTH, POST THE TOTAL OF THIS COLUMN AS A DEBIT TO ACCOUNT 1400 IN THE GENERAL LEDGER. POSTINGS TO THE SUBSIDIARY LEDGERS WILL BE MADE FROM THE VOUCHER CHECK COPIES.
- COLUMN (8) - THIS COLUMN IS PROVIDED FOR USE WHEN ACCOUNT 1400 IS MAINTAINED BY PROJECT.
- COLUMN (9) - DURING THE OPERATIONS PERIOD, ENTER IN THIS COLUMN THE AMOUNT OF EACH DISBURSEMENT FOR OPERATING EXPENSES. IF SEPARATE CONTROL ACCOUNTS ARE MAINTAINED BY PROJECT, BY ORGANIZATION UNIT, OR BY OTHER SUBDIVISION UNDER THE SAME CONTRACT, USE A SEPARATE COLUMN FOR EACH SUCH CONTROL. AT THE CLOSE OF EACH MONTH, POST THE TOTAL OF THIS COLUMN AS A DEBIT TO ACCOUNT 4000 IN THE GENERAL LEDGER. POSTINGS TO THE SUBSIDIARY LEDGERS WILL BE MADE FROM THE VOUCHER CHECK COPIES.
- COLUMN (10) - THIS COLUMN IS PROVIDED FOR USE WHEN ACCOUNT 4000 IS MAINTAINED BY PROJECT, ORGANIZATION UNIT, ETC.
- COLUMN (11) - ENTER IN THIS COLUMN THE ACCOUNT NUMBERS OF THE ACCOUNTS TO WHICH THE AMOUNTS SHOWN IN COLUMNS (12) AND (13) ARE TO BE DEBITED OR CREDITED.
- COLUMNS (12) AND (13) - ENTER IN THESE COLUMNS THE AMOUNTS TO BE DEBITED OR CREDITED TO THE ACCOUNTS INDICATED IN COLUMN (11). THE AMOUNTS ENTERED IN THESE COLUMNS ARE TO BE POSTED INDIVIDUALLY TO THE GENERAL LEDGER.
- COLUMN (14) - ENTER IN THIS COLUMN THE AMOUNT OF CONTRACT BILLING (THE AMOUNT OF CONTRACT PAYMENT PLUS CONTRACT RETENTIONS, IF ANY) RELATING TO EACH CONTRACT PAYMENT. POSTINGS TO THE CONTRACT REGISTER ARE TO BE MADE FROM VOUCHER CHECK COPIES. AT THE CLOSE OF EACH MONTH, POST THE TOTAL OF THIS COLUMN AS A DEBIT TO ACCOUNT 1810 AND A CREDIT TO ACCOUNT 1800 IN THE GENERAL LEDGER.
- MONTHLY CLOSING - ADD EACH AMOUNT COLUMN. THE SUM OF THE TOTALS OF COLUMNS (4), (5), (6), AND (13) MUST EQUAL THE SUM OF THE TOTALS OF COLUMNS (7), (8), (9), (10), AND (12). RULE THE REGISTER SHEET WITH DOUBLE LINES.
-



Specimen Form of Journal Voucher

JOURNAL VOUCHER					
<u>Annual Contributions</u>		Contract No. <u>ANY-75</u>		J.V. No. <u>58-33</u> Date <u>March 1</u> 19 <u>58</u>	
GENERAL LEDGER					
Account No.	Name of Account and Explanation	✓	Debit		Credit
1800	Uncompleted Contracts	✓	20,000	00	
1810	Contract Awards	✓			20,000 00
	To set up contract with Roe and Company to cover landscaping. (Record in General Ledger)				
TOTAL			20,000	00	20,000 00
SUBSIDIARY LEDGER(S)					
	The above contract is applicable to the following Land, Structures, and Equipment accounts  Project ANY-50-1 Account 1450 \$20,000.00  (Record in Contract Register)	✓			
Posted By: <u>R. Remark</u>		TOTAL			
Prepared by: <u>Harry Brown</u>			Approved by: <u>A. B. Stowe</u>		

Specimen Form of Voucher Check and Voucher Check Copy

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE		Check No. <u>114</u>
PROJECTS ANY-50-1, 50-2 GENERAL FUND ACCOUNT		
		Date <u>May 1</u> 19 <u>58</u>
Pay to the Order Of	<u>John Smith</u>	\$ <u>500</u> <sup>00</sup> / <sub>100</sub>
	<u>Five hundred and no</u> <sup>00</sup> / <sub>100</sub>	DOLLARS
To ANYBANK ANYTOWN, ANYSTATE	<u>William Jones</u> Executive Director	
	<u>Richard Green</u> Secretary	

Date	Description	Amount
5-1-58	Payment Architectural Contract #1	\$ 500 00
		00

COPY

Accounting Distribution			
Account No.	Cash Disbursements Register	✓	Amount
1400	Land, Structures, and Equipment		\$ 500 00
1810	Contract Awards		500 00
1800	Uncompleted Contracts		(500 00)
	TOTAL		\$ 500 00

Proj. No.	Acct. No.	Subsidiary Ledger(s)	✓	Amount
Any-50-1	1430.1	Architectural and Engineering Fees		\$ 300 00
Any-50-2	1430.1	Architectural and Engineering Fees		200 00
		(Record in Contract Register and Development cost analysis Register)		
		POSTED BY: <u>R.R.</u>		
		TOTAL		\$ 500 00

Services, Quantities, Prices and Extensions Checked By: <u>Harry Brown</u>	Approved for Payment By: <u>G.B. Stone</u>
--	---

On voucher check copy, signature spaces shall be omitted and the word nonnegotiable shall be printed beneath name of bank.

(Right)





# Specimen Form of Expense Ledger Sheet

[illegible]

# Specimen Form of Expense Ledger Sheet

HOUSING AUTHORITY OF ANTONIO, ANNESTATE

**EXPENSE LEDGER**

ACCOUNT NO. 4410.2

ORGANIZATION UNIT Central Maintenance Shop

ACCOUNT TITLE Labor - Maintenance & Operation

ACCOUNT NO. 4410.2

DATE	DESCRIPTION	REF.	TOTAL	Contract A	Contract B	Contract C	Indirect
1958							
June 15	Payroll	1158-114A	434.77	434.77			
July 15	Allocation of Indirect Labor	1158-114B					
				68.56	198.13	92.63	75.45
				22.64	41.50	11.31	75.45

THE ALLOCATION OF "INDIRECT LABOR" MAY BE SHOWN ON THE PAYROLL DISTRIBUTION FORM - SEE EXHIBIT 16.

THIS IS AN EXPENSE LEDGER SHEET FOR A CENTRAL MAINTENANCE SHOP ORGANIZATION UNIT SHOWING THE DISTRIBUTION OF LABOR TO THE VARIOUS CONTRACTS SERVED BY THE CENTRAL MAINTENANCE SHOP. IT ALSO PROVIDES FOR THE ACCUMULATION OF "INDIRECT LABOR" WHICH IS TO BE PERIODICALLY ALLOCATED TO THE CONTRACTS SERVED BY THIS ORGANIZATION UNIT.

# Specimen Form of Expense Ledger Sheet

[illegible]



Specimen Form of Daily Time Report

DAILY TIME REPORT			
NAME <u>John Jones</u>		DATE <u>June 9, 1958</u>	
ORGANIZATION UNIT <u>Central Maintenance Shop</u>			
PROJECT NUMBER	DESCRIPTION OF WORK PERFORMED	ACCOUNT NUMBER	HOURS
	<u>LABOR - UTILITIES</u>	4410.1	
<u>Any 50-3</u>	<u>Removing Ashes from Boiler Burners</u>		<u>2</u>
	<u>LABOR - MAINTENANCE &amp; OPERATION</u> <u>DIRECT LABOR</u>	4410.2	
<u>Any 50-5</u>	<u>Repair Roof - Bldg # 710</u>		<u>3</u>
	<u>LABOR - MAINTENANCE &amp; OPERATION</u> <u>INDIRECT LABOR</u>	4410.2	
<u>Any 50-1, 50-2</u>	<u>Service to Tenants</u>		<u>2</u>
	<u>Annual Leave</u>		<u>1</u>
	<u>LABOR - OTHER</u>		
<div style="border: 2px solid black; padding: 5px; transform: rotate(-10deg); text-align: center;">THIS SPACE IS PROVIDED FOR REPORTING TIME CHARGEABLE TO ACCOUNTS 4610.1, 4620.1, 7540.1, AND 7560.1 (SEE FORM PHA-2600 FOR DEFINITIONS OF THESE ACCOUNTS).</div>			
PREPARED BY _____		APPROVED BY _____	
		TITLE _____	

## Specimen Form of Summary of Daily Time Reports

**SUMMARY OF DAILY TIME REPORTS**

NAME John Jones PAY PERIOD June 1-15, 1958

ORGANIZATION UNIT Central Maintenance Shop SALARY OR WAGE RATE \$ 1.90 PER Hour

ACCOUNT NUMBER	ALLOTMENT TITLE AND CONTRACT NUMBER	SALARY OR WAGE RATE															TOTAL HOURS	RATE	TOTAL AMOUNT
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
4410.1	Lebor - Vertical																2	1.945	3.89
	Contract A, Aug 50-1, 50-2																		
	Contract B:																		
	ANY 50-3																		
	ANY 50-4																		
4410.2	Lebor Maintenance & Operation - Direct																		
	Contract A, ANY 50-1, 50-2																8	1.945	15.56
	Contract B, ANY 50-3, 50-4																34	1.945	66.13
	Contract C, ANY 50-5, 50-6																7	1.945	13.63
4410.2	Lebor Maintenance & Operation - Indirect																10	1.945	19.45
4620.1	Casualty Jones - Lebor																		
	Contract A, ANY 50-1, 50-2																15	1.945	29.18
	TOTALS	8	7	12	8	8											84		163.40

SHOW ADVICE WORKING RATE FOR TOTAL  
SOME WORKERS, INCLUDING OVERTIME.

CALCULATION OF WAGES		Hours	Rate	Earnings
REGULAR HOURS		80	1.90	\$ 152.00
OVERTIME HOURS		4	2.85	11.40
TOTAL		84		\$ 163.40

# Specimen Form of Payroll Cost Distribution Sheet

[illegible]

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Accounting Procedures for the Preliminary Loan Period

<u>Contents</u>	<u>Page</u>
1. General	1
2. Chart and Definitions of Accounts	1
3. Books of Account and Accounting Records	2
4. Revolving Fund or Pooled Account Transactions	3
5. Recording Notes Payable	3
6. Accounting for Costs	4
7. Accounting for Preliminary Survey and Other Planning Contracts Executed During the Preliminary Loan Period	5
8. Costs Incurred Prior to Date of Preliminary Loan Contract	5
9. Recording Accounts Payable and Accrued Liabilities	6
10. Recording Repayment of Temporary Notes	6
11. Transfer of Preliminary Surveys and Planning Costs to Books of Accounts Established for the Annual Contributions Contract	7
12. Recording the Repayment of Principal and Interest on Preliminary Note	9
13. Recording the Refund of Monies Borrowed Under a Preliminary Loan Contract	10
14. Financial Reporting Exhibits 1 and 2	10

1. General

a. A set of books of account shall be established immediately upon receipt of the initial advance of funds from the PHA (see Section 202.2 of this Manual) for the purpose of recording all transactions relating to the preliminary surveys and planning of units under the Preliminary Loan Contract. A separate set of books of account shall be established for each Contract and shall be maintained until all obligations incurred pursuant to the Contract, including interest on and principal of Preliminary Notes and/or Temporary Notes, have been paid in full.

b. The purpose of this Section is to prescribe the books of accounts to be maintained and to provide accounting procedures for the recording of transactions under a Preliminary Loan Contract.

2. Chart and Definitions of Accounts. The Chart and Definitions of Accounts prescribed by the PHA are set forth in Form PHA-2600, Uniform System of Accounts (Chart and Definitions). The Local Authority shall select from the Chart the accounts needed to record properly the transactions relating to the preliminary surveys and planning of units under the Preliminary Loan Contract.

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### 3. Books of Account and Accounting Records

a. The following books of original entry and subsidiary records shall be established upon receipt of the initial advance of funds under the Preliminary Loan Contract:

- (1) General Ledger
- (2) Cash Receipts Register
- (3) Cash Disbursements Register
- (4) Development Cost Ledger

The above-named records are described in Section 602.1 of this Manual. While the records installed by the Local Authority need not necessarily be exactly as described in Section 602.1, they should be the same in principle and must be maintained in such manner that a complete and readily auditable record is made of all transactions occurring under the Preliminary Loan Contract.

b. In addition to the records named in paragraph 3a above the Local Authority should make arrangements to provide the following auxilliary records as part of the accounting system:

	<u>Reference</u>
(1) Voucher Checks	Sec. 602.1
(2) Journal Vouchers	Sec. 602.1
(3) Contract Register	Sec. 608.1
(4) Payroll and Leave Records	Sec. 602.1
(5) Petty Cash Vouchers	Sec. 612.1
(6) Travel Vouchers	Sec. 611.1
(7) Purchase Orders, if necessary	Sec. 602.1

The above-named records are described in the Sections of the Manual indicated in the "reference" column. The exact format of the records exhibited is not mandatory but the forms used should be designed to provide the same basic information as those exhibited.

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4. Revolving Fund or Pooled Account Transactions. If the Local Authority uses a revolving fund, master account, or any type of pooled account for the recording of transactions in connection with the planning, development, or operation of projects under two or more contracts with the PHA or in connection with projects under contract with the PHA and any other project or enterprise of the Local Authority, the procedures for the accounting for such transactions are in Sections 620 of this Manual.

5. Recording Notes Payable

a. Upon receipt of the initial and subsequent advance by the PHA of funds against the Preliminary Note (see Sections 202.2 and 202.3 of this Manual), the following entry in the Cash Receipts Register is necessary:

Debit: Account 1111, Cash - General Fund

Credit: Account 2121, Notes Payable - Preliminary Notes - PHA

b. The Local Authority may, with the approval of the PHA, borrow money by selling notes to others than the PHA. Such notes are called "Temporary Notes." The proceeds from the sale of Temporary Notes are usually applied to the payment of interest on and principal of outstanding Preliminary Notes and/or other Temporary Notes and the balance deposited in the General Fund for payment of preliminary surveys and planning costs. When the proceeds from the sale of Temporary Notes are applied to the payment of interest on and principal of an outstanding Preliminary Note, the following entry in the Cash Receipts Register is necessary:

Debit: Account 1111, Cash - General Fund  
(For amount of proceeds from sale of Temporary Notes deposited in the General Fund)

Debit: Account 2121, Notes Payable - Preliminary Notes - PHA  
(For amount of proceeds from sale of Temporary Notes applied to payment of Principal of Preliminary Note)

Debit: Account 2131, Accrued Liabilities - Interest Payable -  
Notes and Bonds - PHA  
(For amount of proceeds from sale of Temporary Notes applied to the payment of interest on Preliminary Note)

Credit: Account 1400, Land, Structures, and Equipment  
(For amount of premium, if any, paid by the purchaser of Temporary Notes)

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Credit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(For principal amount of Temporary Notes issued)

The premium credited to Account 1400, Land, Structures, and Equipment, shall also be credited to Account 1420.2, Interest - Non-PHA, in the Development Cost Ledger. When the proceeds from the sale of a new series of Temporary Notes are applied to the payment of interest on and principal of an old series of Temporary Notes, the transaction shall be recorded in accordance with the instructions in paragraph 10 below.

## 6. Accounting for Costs

a. General. Costs incurred for preliminary surveys and planning, including administrative expenses, shall be charged to Account 1400, Land, Structures, and Equipment, and to the subsidiary accounts to Account 1400.

b. Contractual Limitation on Costs. Section 3 of Form PHA-2480, Preliminary Loan Contract, sets forth limitations on total obligations and expenses which may be incurred for (1) each locality and (2) all localities. It is suggested that these limitations be noted on the General Ledger sheet for Account 1400 and in the Development Cost Ledger for reference and budgetary control purposes.

### c. Recording Costs Separately for Each Locality (or Project)

(1) If the Local Authority is undertaking preliminary surveys and planning for low-rent housing at two or more localities (see Section 1 of Form PHA-2480, Preliminary Loan Contract), the Development Cost Ledger shall be established in such a manner that costs can be recorded separately for each locality. This can be done by establishing a Development Cost Ledger for each locality or by providing columns for each locality, by subsidiary account number, in a single Development Cost Ledger.

(2) If two or more sites are selected within a single locality during the planning stage, and there is a possibility that each of the sites will later become a project, all bills and invoices should be marked to show the site to which applicable, if possible. This is necessary because of having to allocate costs to projects at the time the Annual Contributions Contract is executed. There will be some costs which cannot be allocated directly to a project or projects but must be prorated over all projects. The matter of allocation and proration of costs is discussed in the immediately following paragraphs.

### d. Allocation and Proration of Costs

(1) If preliminary surveys and planning are being undertaken for two or more localities, or if two or more sites are selected within a single locality, it is necessary to determine what costs can be allocated

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directly to a specific locality or localities and to a site within a locality and what costs must be prorated over all localities and sites for which planning is being carried on. Costs of services rendered to and costs of equipment and materials and supplies purchased and used for a specific locality or site shall be allocated directly to such locality or site. It should be specifically noted that interest on monies borrowed shall be allocated to each locality on the basis of the amount borrowed for each locality. Some costs, however, do not lend themselves to direct allocation. These must be prorated over all localities and the results must be approximately correct. For example, salaries of administrative personnel engaged in work for all localities and sites, office supplies, office equipment, communication costs, travel expense, etc. shall be prorated over all localities, and sites where applicable, on some reasonable and equitable basis. The determination of the percentage of proration may be based on (a) the relative number of dwelling units for which planning is being carried on for each locality (or site); (b) the ratio of direct costs of each locality (or site) to the total direct cost for all localities (or sites) for which planning is being carried on; or (c) such other basis as is considered consistent with the effort applied to the planning for each locality or site.

(2) If the Local Authority has projects in development and/or operation, it may be desirable to perform administrative work in connection with the preliminary surveys and planning under the Preliminary Loan Contract with its existing staff. If so, a part of the salaries of the administrative staff and a part of other administrative and general expense may be charged as part of the costs incurred under the Preliminary Loan Contract. However, the allocation of such salaries and other costs must be on a basis consistent with the application of staff time and/or other effort applied to preliminary surveys and planning under the Preliminary Loan Contract.

7. Accounting for Preliminary Survey and Other Planning Contracts Executed During the Preliminary Loan Period. Each contract executed with an individual or firm for survey and planning work during the planning stage shall be recorded in the books of account in accordance with the procedures in Section 608.1 of this Manual. All approved payments made to contractors shall be charged to Account 1400, Land, Structures, and Equipment, and to the subsidiary accounts to Account 1400.
8. Costs Incurred Prior to Date of Preliminary Loan Contract. Section 14 of the Preliminary Loan Contract (Form PHA-2480) provides that no funds obtained pursuant to the Contract shall be used to reimburse the Local Authority for expenses or debts incurred before the date of the Contract unless PHA approves such reimbursement. Requests for approval, setting forth the nature and amount of such expenses or debts and the circumstances under which they were incurred, shall be submitted to the Regional Office for the area in which the

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Local Authority is located. If approved, costs incurred prior to the date of the Contract shall be charged to Account 1400, Land, Structures, and Equipment, and to the subsidiary accounts to Account 1400.

9. Recording Accounts Payable and Accrued Liabilities. At the end of each quarter, all preliminary survey and planning costs, including interest on Preliminary and Temporary Notes, incurred but not paid shall be charged to Account 1400, Land, Structures, and Equipment, and to the subsidiary accounts to Account 1400, and credited to the appropriate accounts payable or accrued liability account. Further instructions for recording accounts payable and accrued liabilities, including accrued interest, are in Section 610.1 of this Manual.
10. Recording Repayment of Temporary Notes. The payment of interest on and principal of outstanding Temporary Notes may be made from the proceeds of an advance by the PHA against the Preliminary Note or from the proceeds from the sale of a new series of Temporary Notes. The sale of a new series of Temporary Notes may, with the approval of the PHA, include additional funds needed for the payment of preliminary surveys and planning costs. The entries to record the payment of interest on and principal of outstanding Temporary Notes are as follows:

(1)

When payment is made from proceeds of an advance on the Preliminary Note, payment will be made direct by the PHA and the following journal voucher must be prepared:

Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(For amount of principal payment)

Debit: Account 2132, Accrued Liabilities - Interest Payable -  
Notes - Non-PHA  
(For amount of interest on Temporary Notes)

Credit: Account 2121, Notes Payable - Preliminary Notes - PHA  
(For amount of advance on Preliminary Note applied to  
payment of Temporary Notes)

(2)

When payment is made from proceeds of sale of new series of Temporary Notes:

Debit: Account 1111, Cash - General Fund  
(For amount of proceeds from sale of Temporary Notes  
deposited in the General Fund, if any)

(Cont'd)

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Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(For amount of proceeds applied to principal of old  
Temporary Notes)

Debit: Account 2132, Accrued Liabilities - Interest Payable - Notes -  
Non-PHA  
(For amount of proceeds applied to interest due on Old  
Temporary Notes)

Credit: Account 1400, Land, Structures, and Equipment  
(For amount of premium, if any, paid by the purchaser  
of new Temporary Notes)

Credit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(For principal amount of new Temporary Notes issued)

The premium credited to Account 1400, Land, Structures, and Equipment,  
shall also be credited to Account 1420.2, Interest on Notes - Non-PHA,  
in the Development Cost Ledger.

11. Transfer of Preliminary Surveys and Planning Costs to Books of Accounts  
Established for the Annual Contributions Contract

a. Upon receipt of the first advance of funds pursuant to an Annual  
Contributions Contract, the preliminary surveys and planning costs, including  
administrative expenses, applicable to the dwelling units covered by such  
Contract shall be transferred from the Preliminary Loan Contract books of  
account to the Annual Contributions Contract books of account. Instructions  
for establishing the books of account for the Annual Contributions Contract  
are in Section 604.1.

b. For the purpose of illustrating the method of transfer of costs, it is  
assumed that the following account balances existed in the books of account  
maintained for the Preliminary Loan Contract and that the Annual Contributions  
Contract covered all dwelling units planned under the Preliminary Loan Contract:

<u>Account No. and Title</u>	<u>Debit</u>	<u>Credit</u>
1111 Cash - General Fund	\$ 300	
1400 Land, Structures, and Equipment	51,300	
2117 Accounts Payable - Payroll Deductions and Contributions		\$ 100
2121 Notes Payable - Preliminary Notes - PHA		50,000
2131 Accrued Liabilities - Interest Payable - Notes and Bonds - PHA		1,500

(Cont'd)

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The balances in all accounts, except Accounts 2121 and 2131, should be transferred to an accounts receivable account pending the payment to the PHA of the balance on the Preliminary Note and accrued interest thereon. The transfer may be made as follows:

Journal Voucher

Debit: Account 1129, Accounts Receivable -	
Other	\$51,200
Debit: Account 2117, Accounts Payable - Payroll	
Deductions and Contributions	100
Credit: Account 1400, Land, Structures,	
and Equipment	\$51,300

Voucher Check<sup>1/</sup>

Debit: Account 1129, Accounts Receivable -	
Other	\$300
Credit: Account 1111, Cash - General Fund	\$300

The journal voucher shall be recorded in the General Ledger and the Development Cost Ledger maintained for the Preliminary Loan Contract. The voucher check, issued on the General Fund (or Preliminary Loan Fund) account maintained for the Preliminary Loan Contract, shall be recorded in the Cash Disbursements Register and posted to the General Ledger maintained for the Preliminary Loan Contract. The check shall then be deposited in the General Fund account maintained for the Annual Contributions Contract. The contra journal voucher to be prepared and recorded in the books of account maintained for the Annual Contributions Contract and the entry for recording the deposit of the check in the General Fund account of the Annual Contributions Contract is in Section 604.1.

c. The above illustration is based on the assumption that all dwelling units being planned under the Preliminary Loan Contract are covered by the Annual Contributions Contract when first executed. However, if the Annual Contributions Contract covers only a portion of the dwelling units being planned under the Preliminary Loan Contract, Section 23 of the Preliminary Loan Contract provides that all unpaid interest on outstanding Preliminary and/or Temporary Notes, the full cost of all preliminary housing and economic surveys,

(Cont'd)

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<sup>1/</sup> If the Local Authority has consolidated the General Fund accounts of the Preliminary Loan Contract and the Annual Contributions Contract into a pooled account, this transfer may be made by journal voucher.

and all preliminary survey and planning costs applicable to the dwelling units covered by the Annual Contributions Contract, must be transferred to the books of accounts maintained for the Annual Contributions Contract as part of the cost of the units covered by the Annual Contributions Contract. Therefore, if only a portion of the dwelling units being planned are covered by the Annual Contributions Contract, the Regional Office for the area in which the Local Authority is located should be requested to furnish accounting instructions.

## 12. Recording the Repayment of Principal and Interest on Preliminary Note

a. When all or a portion of the units under a Preliminary Loan Contract are placed under an Annual Contributions Contract, the payment of principal and interest due on the Preliminary Note represents a "repayment." A "refund" represents the return of unexpended funds (including the proceeds from the disposition of assets) for application on a Preliminary Note because of the suspension or cancellation of units under the Preliminary Loan Contract (see paragraph 13 below). Checks sent to the PHA in partial or full payment of a Preliminary Note shall state whether the remittance is a "repayment" or a "refund."

b. The amount of principal and interest due on the Preliminary Note will usually be deducted by the PHA from the first advance made under the Annual Contributions Contract. In some cases, however, the PHA will not deduct the amount of principal of and the interest on the Preliminary Note, and in such case, the Local Authority must draw a check on the General Fund for the amount due. Regardless of whether the PHA deducts the amount due from the first advance under the Annual Contributions Contract or the Local Authority draws a check to the order of PHA for the amount due, the following journal voucher must be prepared and recorded in the General Ledger maintained for the Preliminary Loan Contract at the time the deduction from the advance is recorded or at the time the issuance of a check is recorded in the Annual Contributions Contract books of account:

Debit:	Account 2121, Notes Payable -	
	Preliminary Notes - PHA	\$50,000
	(For the amount of principal repaid	
	on Preliminary Note)	

Debit:	Account 2131, Accrued Liabilities -	
	Interest Payable -	
	Notes and Bonds - PHA	1,500
	(For the accrued interest paid on	
	the Preliminary Note)	

Credit:	Account 1129, Accounts	
	Receivable - Other	\$51,500

(Cont'd)

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A specimen entry for recording in the Annual Contributions books of account the deduction from the advance or the issuance of a check is in Section 604.1.

13. Recording the Refund of Monies Borrowed Under a Preliminary Loan Contract. If planning under the Preliminary Loan Contract ceases because of a suspension or cancellation by the PHA, or for other reasons, the PHA will request a refund of the unexpended balance of advances made under the Preliminary Loan Contract. The check issued to the PHA shall be first applied to interest due on the Preliminary Note, and the balance, if any, shall be applied to principal. The voucher check shall be entered in the Cash Disbursements Register as follows:

Debit: Account 2121, Notes Payable - Preliminary Notes - PHA  
(For amount applied to the payment of principal)

Debit: Account 2131, Accrued Liabilities - Interest Payable -  
Notes and Bonds - PHA  
(For amount of interest due to date of payment)

Credit: Account 1111, Cash - General Fund  
(For total amount paid)

14. Financial Reporting

a. General. As of the end of each calendar quarter, the Local Authority shall submit financial reports to the PHA consisting of a "Balance Sheet" and a "Statement of Development Costs." The original and one copy of each report, signed by the person preparing the report and by the officer of the Local Authority who has been delegated authority to sign financial reports (see Section 606.1), shall be dispatched in time to reach the PHA Central Office not later than the twentieth of the month following the close of the quarter for which the reports are prepared. The reports should be mailed to:

Comptroller  
Public Housing Administration  
Washington 25, D. C.

b. Exhibits. Form PHA-2601, Balance Sheet - Preliminary Loan Period, and Form PHA-2602, Statement of Development Costs - Preliminary Loan Period, are shown as Exhibits 1 and 2. The accounts listed on these forms are those normally used during the Preliminary Loan Period, but additional accounts may be added if necessary. These forms may be obtained from the PHA upon request, addressed as follows:

Director, Office Services Branch  
Public Housing Administration  
Washington 25, D. C.

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c. Preparing Balance Sheet (Exhibit 1). At the end of each quarter, after appropriate entries have been made to record all payables and accrued liabilities (see Section 610.1), a trial balance of the General Ledger shall be taken to determine that the General Ledger is in balance. The balances shown on the trial balance shall be entered on the Balance Sheet (Form PHA-2601) in the appropriate spaces; if any of the prescribed General Ledger accounts have been subdivided, such accounts shall be combined on the Balance Sheet.

d. Preparing Statement of Development Costs (Exhibit 2). The cumulative totals of the subsidiary accounts to Account 11400, Land, Structures, and Equipment, as shown in the Development Cost Ledger, shall be reported in the Statement of Development Costs (Form PHA-2602), in the appropriate spaces. If there are two or more "Localities" under a single Preliminary Loan Contract, a separate Form PHA-2602 shall be prepared for each locality. The total shown on line "11400 - Land, Structures, and Equipment" must be in agreement with the amount reported on the Balance Sheet for Account 11400. The amount or value of donations (Account 2850), if any, shall be shown in the space provided, and the difference between this amount and the total shown for "Land, Structures, and Equipment" shall be shown on the line provided for "Development Cost."

PMA-2601 September 1958		_____ (Name of Local Authority)	
		_____ (Location)	
BALANCE SHEET PRELIMINARY LOAN PERIOD			
		_____ (For Period Ending)	
Preliminary Loan Contract No. _____		Locality _____	
<b>ASSETS</b>			
	<b>Cash</b>		
1111	General fund	_____	
1117	Petty cash fund	_____	
_____			
	<b>Accounts Receivable</b>		
1125	PHA	_____	
1129	Other	_____	
_____			
	<b>Advances</b>		
1155	Limited revolving fund	_____	
1156	Unlimited revolving fund	_____	
1157	Other	_____	
_____			
1400	Land Structures and Equipment	_____	
_____			
<b>TOTAL ASSETS</b>			_____
<b>LIABILITIES AND SURPLUS</b>			
	<b>Accounts Payable</b>		
2111	Vendors and contractors	_____	
2115	Unclaimed salaries and wages	_____	
2117	Payroll deductions and contributions	_____	
2118.6	Other - PHA	_____	
2119	Other	_____	
_____			
	<b>Notes Payable</b>		
2121	Preliminary notes - PHA	_____	
2126	Temporary notes - Non-PHA	_____	
2129	Sundry notes	_____	
_____			
	<b>Accrued Liabilities</b>		
2131	Interest payable - notes and bonds - PHA	_____	
2132	Interest payable - notes - Non-PHA	_____	
_____			
2135	Salaries and wages	_____	
2139	Other	_____	
_____			
	<b>Contract Awards</b>		
1810	Contract Awards	_____	
1800	Less: Uncompleted contracts	_____	
<b>TOTAL LIABILITIES</b>			_____
2850	Cumulative Donations	_____	
<b>TOTAL LIABILITIES AND SURPLUS</b>			_____
PREPARED BY:		APPROVED BY:	
Name _____		Name _____	
Title _____ Date _____		Title _____ Date _____	

PHA-2602 September 1958		_____ (NAME OF LOCAL AUTHORITY)	
		_____ (LOCATION)	
STATEMENT OF DEVELOPMENT COSTS PRELIMINARY LOAN PERIOD			
		_____ (FOR PERIOD ENDED)	
PRELIMINARY LOAN CONTRACT No. _____		LOCALITY _____	
<b>ADMINISTRATION</b>			
1410.1	Nontechnical salaries	_____	
1410.2	Technical salaries	_____	
1410.4	Legal expense	_____	
1410.9	Employee benefit contributions	_____	
1410.19	Other administration expense 1/	_____	
<b>INTEREST EXPENSE</b>			
1420.1	Interest to PHA	_____	
1420.2	Interest on notes - Non-PHA	_____	
<b>PLANNING</b>			
1430.1	Architectural and engineering fees	_____	
1430.2	Consultant fees	_____	
1430.9	Housing surveys	_____	
1430.19	Sundry planning costs	_____	
<b>SITE ACQUISITION</b>			
1440.4	Surveys and maps	_____	
1440.5	Appraisals	_____	
1440.6	Title information	_____	
1440.8	Legal costs - site	_____	
1440.10	Option negotiations	_____	
<b>NONDWELLING EQUIPMENT</b>			
1475	Nondwelling equipment	_____	
<b>TOTAL LAND STRUCTURES AND EQUIPMENT</b>			
1400		_____	
2850	Less: Cumulative Donations	_____	
<b>DEVELOPMENT COSTS</b>			
1/ MISCELLANEOUS AUTHORITY EXPENSE INCLUDED IN ACCOUNT 1410.19 \$ _____			
PREPARED BY:		APPROVED BY:	
NAME _____		NAME _____	
TITLE _____ DATE _____		TITLE _____ DATE _____	



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Accounting Procedures for the Development Period

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1. General

a. Immediately upon receipt of the first advance made by the PHA pursuant to an Annual Contributions Contract, the Local Authority shall establish a set of books of account for the purpose of recording all transactions relating to the development of the project or projects under the Contract. A separate set of books of account shall be established for each Annual Contributions Contract.

b. The purpose of this Section is to prescribe the books of account to be maintained and to provide accounting procedures for the recording of transactions which occur during the Development Period.

2. Chart and Definitions of Accounts. The Chart and Definitions of Accounts prescribed by the PHA are set forth in Form PHA-2600, Uniform System of Accounts (Chart and Definitions). The Local Authority shall select from the Chart the accounts needed to properly record the transactions relating to the development of the project or projects under an Annual Contributions Contract.

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### 3. Books of Account and Accounting Records

a. The following books of original entry and subsidiary records shall be established upon receipt of the initial advance of funds under the Annual Contributions Contract:

- (1) General Ledger
- (2) Cash Receipts Register
- (3) Cash Disbursements Register
- (4) Development Cost Ledger

The above named records are described in Section 602.1 of this Manual. While the records installed by the Local Authority need not necessarily be exactly as described in Section 602.1, they should be the same in principle and must be maintained in such manner that a complete and readily auditable record is made of all transactions occurring under the Annual Contributions Contract.

b. In addition to the records named in paragraph 3a above the Local Authority should make arrangements to provide the following auxiliary records as part of the accounting system:

	<u>Reference</u>
(1) Voucher Checks	Sec. 602.1
(2) Journal Vouchers	Sec. 602.1
(3) Contract Register	Sec. 608.1
(4) Insurance Register	Sec. 614.1
(5) Investment Register	Sec. 615.1
(6) Payroll and Leave Records	Sec. 602.1
(7) Petty Cash Vouchers	Sec. 612.1
(8) Travel Vouchers	Sec. 611.1
(9) Equipment Record Cards	Sec. 618
(10) Purchase Orders, if necessary	Sec. 602.1
(11) Tenant Accounting Records	Sec. 607.1 and 607.2

The above-named records are described in the Sections of the Manual indicated in the "reference" column. The exact format of the records exhibited is not mandatory but the forms used should be designed to provide the same basic information as those exhibited.

c. The basic accounting system installed at the beginning of the Development Period will be required for the duration of the term of the Annual Contributions Contract. For this reason the Local Authority should design its over-all system with this fact in mind so that at the beginning of the Operations Period it will have the facilities for recording transactions occurring during that period.

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4. Revolving Fund or Pooled Account Transactions. If the Local Authority uses a revolving fund, master account, or any type of pooled account for the recording of transactions in connection with the planning, development, or operation of projects under two or more Contracts with the PHA or in connection with projects under Contract with the PHA and any other project or enterprise of the Local Authority, the procedures for the accounting for such transactions are in Sections 620 of this Manual.

5. Recording Transfer of Preliminary Surveys and Planning Costs From Preliminary Loan Books of Account and Payment of Preliminary Note

a. The first entries to be recorded in the Annual Contributions Contract books of account will be the first advance of funds from the PHA and the transfer of preliminary surveys and planning costs from the Preliminary Loan Contract books of account.

b. For the purpose of illustrating the method of transfer of costs the same account balances shown in paragraph 11b of Section 603.1 are used in this Section. The journal voucher to be prepared and recorded in the General Ledger maintained for the Annual Contributions Contract (contra to the journal entry shown in paragraph 11b of Section 603.1) is as follows:

Debit: Account 1400, Land, Structures, and Equipment	\$51,300
Credit: Account 2117, Accounts Payable - Payroll Deductions and Contributions	\$ 100
Credit: Account 2119, Accounts Payable - Other	\$51,200

The balances of the subsidiary accounts to Account 1400 as shown in the Development Cost Ledger maintained for the Preliminary Loan Contract shall be posted to like accounts in the Development Cost Ledger maintained for the Annual Contributions Contract. The check drawn on the General Fund (or Preliminary Loan Fund) account maintained for the Preliminary Loan Contract (see Section 603.1) shall be deposited in the General Fund account of the Annual Contributions Contract and recorded in the Cash Receipts Register as follows:

Debit: Account 1111, Cash - General Fund	\$300
Credit: Account 2119, Accounts Payable - Other	\$300

(Cont'd)

c. If the PHA deducts the principal of and interest on the Preliminary Note from the first advance under the Annual Contributions Contract the following entry in the Cash Receipts Register is necessary:

Debit: Account 1111, Cash - General Fund  
(For the amount of the  
check received from  
the PHA) \$48,500

Debit: Account 2119, Accounts Payable - Other  
(For the amount of princi-  
pal of and interest on  
Preliminary Note deducted  
from the first advance \$51,500

Credit: Account 2122, Notes Payable - Advance  
Notes - PHA \$100,000  
(For the total amount of  
first advance)

d. If the PHA does not deduct the principal of and interest on the Preliminary Note from the first advance under the Annual Contributions Contract, the Local Authority shall, after deposit of the check for the first advance, draw a check on the General Fund to the order of the PHA for the amount of principal and interest due. The check shall be recorded in the Cash Disbursements Register as follows:

Debit: Account 2119, Accounts Payable - Other  
(see entries in paragraph  
5b above) \$51,500

Credit: Account 1111, Cash - General Fund \$51,500

e. The balances of all uncompleted preliminary survey and planning contracts as stated in Account 1800, Uncompleted Contracts, and Account 1810, Contract Awards - Contra, in the books of account maintained for the Preliminary Loan Contract shall be closed out and the balances recorded in like accounts in the books of account maintained for the Annual Contributions Contract. Similarly, the balances of all uncompleted contracts recorded in the Contract Register (see Section 608.1) maintained for the Preliminary Loan Contract shall be transferred to the Contract Register maintained for the Annual Contributions Contract.

## 6. Accounting for Development Costs

### a. General

(1) The term "Development Cost" means all costs incurred by the Local Authority (excluding the value of donations in kind and the costs paid  
(Cont'd)

from cash donations) in connection with the planning and development of the project pursuant to an approved Development Cost Budget. It includes all costs which are paid from monies borrowed for the development of the project, such as administration expenses; interest on monies borrowed for development 1/; initial operating deficit, if any; planning costs; site acquisition; site improvements; dwelling and nondwelling structures; and dwelling and nondwelling equipment. The term "Development Cost" must be carefully distinguished from the term "Land, Structures, and Equipment." The term "Land, Structures, and Equipment," as used throughout this Manual, means the cost of all land, structures, and equipment comprising the project regardless of whether such costs are paid from funds borrowed for development of the project or from receipts from operation of the project. For example, the purchase of property from development funds constitutes an increase in both "Development Cost" of the project and the value of "Land, Structures, and Equipment"; the purchase of property from operating receipts, however, constitutes an increase in the value of "Land, Structures, and Equipment" but does not affect the "Development Cost" of the project. Also, the disposition of property subsequent to the date of the determination of the Minimum Development Cost 2/ results in a decrease in the value of "Land, Structures, and Equipment" but does not affect the "Development Cost" of the project.

(2) Costs incurred in connection with the development of the project, which constitute a proper charge to "Development Cost," shall be charged to Account 1400, Land, Structures, and Equipment, and to the subsidiary accounts to Account 1400.

(Cont'd)

1/ Interest on monies borrowed for the development of the project shall be charged to the Development Cost of the project to (1) the Date of Full Availability, (2) the date of Permanent Financing, or (3) a date which is six months after Bond Date, whichever occurs latest, except as otherwise provided in the paragraphs which follow.

If the PHA pays an Annual Contribution for a Non-Permanently Financed Project pursuant to Section 418 of the Annual Contributions Contract, interest shall be charged to the Development Cost of such project only to the Date of Full Availability.

If the PHA pays an Annual Contribution for a Non-Permanently Financed Project pursuant to Section 415(C)(3) of a Consolidated Annual Contributions Contract, interest shall be charged to the Development Cost of such project only to the end of the fiscal year preceding such Annual Contribution Date or to the Date of Full Availability, whichever occurs latest.

2/ The date of determination of Minimum Development Cost with respect to each project is the delivery date of Bonds, Series Notes, or Permanent Notes issued to permanently finance such project, or in the case of Non-Permanently Financed Projects, the date as of which the PHA makes the determination of the amount below which the Development Cost of the project will in no event fall for the purpose of paying an Annual Contribution with respect to such Non-Permanently Financed Projects.

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b. Recording Costs Separately for Each Project. If two or more projects are being developed under an Annual Contributions Contract, the Development Cost Ledger shall be established in such a manner that costs can be recorded separately for each project. This can be done by establishing a Development Cost Ledger for each project or by providing columns for each project, by subsidiary account number, in a single Development Cost Ledger.

c. Allocation and Proration of Costs

(1) If two or more projects are being actively developed under an Annual Contributions Contract, it is necessary to determine what costs can be allocated directly to a specific project or projects and what costs must be prorated over all projects. Costs of services rendered to, and costs of equipment, materials and supplies, etc. purchased and used for a specific project shall be allocated directly to such project. It should be specifically noted that interest on monies borrowed shall be allocated to each project on the basis of the amount borrowed for each project. Some costs, however, do not lend themselves to direct allocation. These must be prorated over all projects and the results must be approximately correct. For example, salaries of administrative personnel engaged in work for all projects, office supplies, office equipment, communication costs, travel expense, etc. shall be prorated over all projects which are being developed on some reasonable and equitable basis. The determination of the percentage of proration may be based on (a) the relative number of dwelling units being actively developed for each project; (b) the ratio of direct costs of each project to the total direct costs for all projects being actively developed; or (c) such other basis as is considered consistent with the effort applied to the development of each project.

(2) If the Local Authority has projects in operation at the same time it is developing projects under an Annual Contributions Contract, and part or all of the administrative staff is performing work for projects under development and in operation, a part of administrative salaries and a part of other administrative and general expense may be charged as development costs. However, the allocation of such salaries and other costs must be on a basis consistent with the application of staff time and/or other effort applied to the development of the projects.

7. Accounting for Development Contracts. All contracts executed by the Local Authority in connection with any phase of the development of the project (such as construction contracts, equipment contracts, architect contracts, etc.), including all change orders thereto, shall be recorded so that the books of account will show at all times the (a) amount of contracts awarded, (b) amount of contract payments and contract retentions which represent approved contract billings, and (c) balance of uncompleted

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contracts. The procedures for recording transactions relating to development contracts and for the maintenance of a Contract Register are in Section 608.1 of this Manual.

8. Accounting for Performance Deposits and Bid Guaranties. In connection with the award of certain contracts, the Local Authority will require bidders to submit some form of bid guarantee and the successful bidders will be required to furnish some form of performance bond. The instructions for the proper handling and accounting for deposits for bid guaranties and performance bonds are in Section 609.1 of this Manual.
9. Accounting for Off-Site Utilities or Other Facilities. Generally, the local governing body or public utility company will pay the cost of construction of off-site utilities or other facilities necessary to provide utility service to the project or access thereto. In rare cases, however, the Local Authority may, with the approval of the PHA, enter into a contract with the local governing body or public utility company for the construction of the necessary off-site utilities or other facilities whereby the Local Authority will agree to pay all or a part of the cost of construction and the local governing body or public utility company will agree to reimburse the Local Authority for such costs by periodic cash payments, by remission of all or a part of payments in lieu of taxes, or by remission of all or a part of certain utility charges. In such cases, the costs paid by the Local Authority are chargeable to the Development Cost of the project. The procedures for recording the cost of off-site utilities or other facilities paid by the Local Authority and for recording reimbursements by the local governing body or public utility company are in Section 617.1 of this Manual.
10. Accounting for Site Net Income
  - a. General. Prior to demolishing and clearing the site, the Local Authority may realize income and incur expenses in connection with the rental of structures existing on the site at the time of acquisition and from the rental of land for parking lots or for other purposes. In such cases, the income earned and the expense incurred shall be recorded in Account 1440.20, Site Net Income, up to the End of the Initial Operating Period.
  - b. Recording of Income. Ordinarily, the Local Authority will be attempting to obtain early vacancy of the structures in order to permit demolishing and clearing the site of existing structures and other improvements. Except under unusual circumstances, such as when a large number of structures on the site are to be rented over a considerable period of time on a relatively stable basis, income may be recorded on a cash basis. In such cases, rental receipts shall be deposited in the General Fund and recorded in the Cash Receipts Register as follows:

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Debit: Account 1111, Cash - General Fund

Credit: Account 1440.20, Site Net Income (and Account 1400)

When there are a large number of structures to be rented over a considerable period of time, income should be recorded on an accrual basis in accordance with the tenant accounting procedures in Section 607.1 or 607.2 of this Manual.

c. Recording Expenses. All direct expenses incurred in connection with the rental of structures existing on the site at the time of acquisition or from the rental of land for parking lots or for other purposes shall be charged to Account 1440.20, Site Net Income (and to Account 1400). Direct expenses include items such as repairs and maintenance, utilities, payments in lieu of taxes, etc.

d. Tenant Records. If income is recorded on an accrual basis, tenant records should be maintained in accordance with the tenant accounting procedures in Section 607.1 or 607.2 of this Manual. When income is recorded on a cash basis, however, tenant records shall be maintained on a memorandum basis and will usually consist of a Tenants Accounts Receivable Ledger, Cash Receipts, and Adjustment Slips which are more fully described as follows:

- (1) Tenant Accounts Receivable Ledger. A loose leaf Tenants Accounts Receivable Ledger shall be maintained with a separate sheet for each dwelling unit or other rentable space even though the space may be vacant. As a minimum the ledger sheet should show the name and address of the tenant, effective date of rental, and the monthly rental rate; if the space is vacant, this information shall also be shown. As of the beginning of each month, an entry shall be made on the ledger sheet for each rented unit or space for the amount of rent due for the month. Entries on the ledger sheet for the amount of rent collections shall be posted from copies of cash receipts; entries for other charges and credits shall be posted from adjustment slips.
- (2) Cash Receipts. Cash receipts shall be issued for all rent collections and shall ordinarily be prepared in duplicate. The original of the receipt shall be given to the tenant and the copy retained by the Local Authority for posting and auditing purposes. Cash receipts shall be used as a posting media for recording collections in the Tenants Accounts Receivable Ledger. Collections shall be summarized daily (or at other frequent intervals) and deposited with the bank in the General Fund. Specimen forms of cash receipts are shown as exhibits to Sections 607.1 and 607.2 of this Manual.

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- (3) Adjustment Slips. Adjustment slips shall be prepared for all charges and credits to tenants other than for the regular monthly rental charge and for payments received on account. All adjustment slips shall be approved by the Executive Director or his authorized representative. The refund of rent to tenants, which is sometimes given as an inducement for early vacancy or to cover costs of moving, and the write-off of uncollectible rent shall be made only on the basis of Local Authority resolutions or by an official of the Local Authority to whom such authority has been delegated by resolution of the Board of Commissioners authorizing such refund or write-off. Adjustment slips shall be used as a posting media to the Tenants Accounts Receivable Ledger and shall be posted currently. A specimen form of adjustment slip is shown as Exhibit 3 to Section 607.1 of this Manual.
11. Accounting for Nonexpendable Equipment. Equipment record cards shall be prepared for all items of nonexpendable equipment. Instructions for the establishment and maintenance of equipment record cards are in Sections 618 of this Manual.
12. Accounting for Proceeds From Disposition of Property. Prior to the date of the determination of the Minimum Development Cost 1/, the proceeds from the disposition of real or personal property shall be applied to the reduction of the Development Cost of the project. After the date of the determination of the Minimum Development Cost 1/, the proceeds from the disposition of real property shall be deposited in the Advance Amortization Fund and the proceeds from the disposition of personal property shall be deposited in the General Fund as an operating receipt or applied to the cost of a replacement. Instructions for recording transactions involving the disposition of property are in Sections 618 of this Manual.
13. Accounting for Initial Operating Deficit
- a. General. The Initial Operating Period with respect to each project means the period commencing with the date of initiation of such project and ending with (1) the last day of the calendar quarter in which ninety-five percent (95%) of the dwelling units are occupied, (2) the end of the calendar quarter which is six, seven, or eight months after the Date of Full Availability, or (3) the end of the calendar quarter next preceding the date of physical completion, whichever occurs the earliest. During
- (Cont'd)
- 1/ The date of determination of Minimum Development Cost with respect to each project is the delivery date of Bonds, Series Notes, or Permanent Notes issued to permanently finance such project or, in the case of Non-Permanently Financed Projects, the date as of which the PHA makes a determination of the amount below which the Development Cost of the project will in no event fall for the purpose of paying an Annual Contribution with respect to such Non-Permanently Financed Project.
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the Initial Operating Period, the income earned and the expense incurred in connection with the initial operation of the project shall be recorded in Account 1425, Initial Operating Deficit. Income to be credited to Account 1425 normally includes the income from rental of structures constructed on the site, charges to tenants for excess utilities and/or other services, interest earned (from Date of Full Availability) on General Fund investments, etc. Expenses chargeable to Account 1425 normally include administrative and general expense applicable to the initial operation of the project, the cost of dwelling and nondwelling utilities, and the cost of labor, materials and supplies, and contract costs incurred in connection with the ordinary maintenance and operation of the project.

**b. Accounting for Administrative and General Expense During the Initial Operating Period**

(1) For accounting purposes, the Initial Operating Period usually begins with the date of initial occupancy of the project. However, certain types of costs incurred prior to initial occupancy are chargeable to Account 1425, Initial Operating Deficit. Such costs may include, but are not limited to, salaries of tenant selection personnel, salaries of personnel employed specifically to handle tenant accounts, and the cost of stationery, forms, and office supplies purchased for use in connection with the operation of the project.

(2) Beginning with the date of initial occupancy it is necessary to determine what costs can be allocated directly to Account 1425 and what costs must be prorated over all development cost accounts in the 1410 group and to Account 1425. Salaries of personnel engaged solely in the operation of the project, and the cost of materials and supplies purchased solely for the operation of the project shall be allocated directly to Account 1425. However, if administrative personnel are engaged in both the development and initial operation of the project the salaries of such personnel shall be prorated over accounts in the 1410 group and Account 1425 on some reasonable and equitable basis.

**c. Classification of Income and Expense During the Initial Operating Period.**  
An analysis of Account 1425, Initial Operating Deficit, shall be maintained by use of the following sub-accounts:

1425/3110	Dwelling Rental
1425/3120	Excess Utilities
1425/3190	Nondwelling Rental
1425/3610	Interest on General Fund Investments
1425/3690	Other Income

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1425/4110	Nontechnical Salaries
1425/4120	Technical Salaries
1425/4130	Legal Expense
1425/4140	Employee Benefit Contributions
1425/4190	Other Administration Expense
1425/4310	Water
1425/4320	Electricity
1425/4330	Gas
1425/4340	Fuel
1425/4390	Other Utilities Expense
1425/4410.1	Labor - Utilities
1425/4410.2	Labor - Maintenance and Operation
1425/4420	Materials
1425/4430	Contract Costs
1425/4510	Insurance
1425/4520	Payments in Lieu of Taxes
1425/4530	Terminal Leave Payments
1425/4570	Collection Losses
1425/4590	Other General Expense
1425/4620	Casualty Losses - Noncapitalized

Definitions of the above sub-accounts are in Form PHA-2600.

d. Initial Operating Ledger. An Initial Operating Ledger shall be maintained, by project, as a subsidiary to Account 1425 in the Development Cost Ledger, for recording income and expense according to the sub-account classification shown in paragraph 13c above. A specimen form of an Initial Operating Ledger sheet, which is a columnar arrangement of all Initial Operating Deficit sub-accounts, is shown as Exhibit 1. In lieu of this specimen form, the Local Authority may

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maintain a separate ledger sheet (similar to a General Ledger sheet) for each sub-account. The net total of all charges and credits recorded in the Initial Operating Ledger shall at all times be in agreement with the net total of the charges and credits recorded in Account 1425 in the Development Cost Ledger.

e. Tenant Accounting. Tenant accounting records shall be established at the time of initial occupancy in accordance with the procedures prescribed in Section 607.1 or 607.2 of this Manual. The tenant accounting records established at this time will be continued throughout the Operations Period.

f. Payments in Lieu of Taxes. The amount of payments in lieu of taxes accruing to a municipality or other local taxing body during the Initial Operating Period, excluding that portion of payments in lieu of taxes, if any, which is to be applied as a reimbursement of payments for off-site utilities, shall be recorded as follows:

Debit: Account 1425/4520, Initial Operating Deficit -  
Payments in Lieu of Taxes

Credit: Account 2137, Accrued Liabilities - Payments  
in Lieu of Taxes

Instructions for the computation and recording of payments in lieu of taxes are in Section 616.1 of this Manual.

g. Remitted Payments in Lieu of Taxes and Utility Charges. The amount of payments in lieu of taxes and/or the cost of utilities applicable to the Initial Operating Period which are to be applied as reimbursement of payments of off-site utilities shall be recorded as follows:

Debit: Account 2810, Unreserved Surplus

Credit: Account 1510, Payments for Off-site Utilities

Instructions for the recording of reimbursements of payments for off-site utilities, whether in the form of cash payments, the remission of all or a part of payments in lieu of taxes, or by the remission of all or a part of utility charges, are in Section 617.1 of this Manual.

h. Inventory of Materials and Supplies. During the Initial Operating Period, the Local Authority will ordinarily purchase various quantities of materials and supplies for use in maintenance and operation of the project. As of the End of the Initial Operating Period, the Local Authority shall take a physical inventory of unused materials and supplies which have been charged to Account 1425 but are available for use during the Operations Period. The items in

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inventory shall be priced at cost and the total cost shall be recorded in the books of account as follows:

Debit: Account 1260, Deferred Charges - Inventories - Materials

Credit: Account 1425/4420, Initial Operating Deficit - Materials

The total cost of materials and supplies in inventory may be charged directly to Account 4420, Materials, at the beginning of the Operations Period or the cost of each item may be charged to the appropriate expense account at the time of issuance to the project, depending upon the Local Authority's method of handling inventories.

1. Preparation of Statement of Initial Operating Income and Expense (Exhibit 2)

(1) The Statement of Initial Operating Income and Expense, Form PHA-2603, is a one-time report which shall be prepared as of the End of the Initial Operating Period for each project. The original and one copy of this report, signed by the person preparing the report and by the officer of the Local Authority delegated authority to sign financial reports (see Section 606.1), shall be dispatched in time to reach the PHA not later than the twentieth of the month following the End of the Initial Operating Period. The report should be mailed to:

Comptroller  
Public Housing Administration  
Washington 25, D. C.

A supply of these forms may be obtained from the PHA upon request addressed to:

Director, Office Services Branch  
Public Housing Administration  
Washington 25, D. C.

(2) The cumulative totals of the income and expense accounts subsidiary to Account 1425, as shown on the Initial Operating Ledger (see Exhibit 1), shall be reported on the Statement of Initial Operating Income and Expense in the spaces provided. The net credit or debit balance of Account 1425 in the Development Cost Ledger must be in agreement with the net income or deficit shown on the Statement of Initial Operating Income and Expense. The amount of payments in lieu of taxes or utility charges applied as reimbursement of payments for off-site utilities shall be shown as a footnote to this statement.

(3) If any adjustments to Account 1425 (see paragraph 131 below) are required after the End of the Initial Operating Period, an amended

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Statement of Initial Operating Income and Expense, showing the net income or deficit as adjusted, shall be prepared and submitted to the PHA as of the end of the fiscal year following the date such adjustments are made. The amended Statement shall show the Initial Operating Period ending date, but it must be marked to show "Amended Statement."

j. Computation of Payments in Lieu of Taxes. Form PHA-2267, Computation of Payments in Lieu of Taxes, shall be prepared as of the End of the Initial Operating Period in accordance with the instructions in Section 616.1 of this Manual, and submitted to the Comptroller, Public Housing Administration, Washington 25, D. C. with the Statement of Initial Operating Income and Expense.

k. Closing Entries at End of Initial Operating Period. After preparation of the Statement of Initial Operating Income and Expense (Exhibit 2), the Initial Operating Ledger (Exhibit 1) shall be totalled and ruled. If the operations during the Initial Operating Period result in a deficit, the amount of such deficit shall remain in Account 1425 as a part of the Development Cost of the project; if the operations result in a net income, however, the amount of such income (net credit balance of Account 1425) shall be transferred, by journal voucher, to Account 2700, Income and Expense Clearing Account as follows:

Debit: Account 1425, Initial Operating Deficit

Credit: Account 2700, Income and Expense  
Clearing Account

The debit entry to Account 1425 shall be posted in the Development Cost Ledger but no entry is required in the Initial Operating Ledger, since the Initial Operating Ledger is to remain a permanent record of the Local Authority's operations during the Initial Operating Period. The net income from operations, if any, shall be applied to the reduction of the Accruing Annual Contribution (see instructions for computing the Accruing Annual Contribution in Section 624.1).

l. Adjustments to Account 1425, Initial Operating Deficit. Adjustments affecting any of the income or expense accounts applicable to the Initial Operating Period shall not be recorded as a prior year adjustment, but shall be recorded in Account 1425, Initial Operating Deficit, in the Development Cost Ledger and to the appropriate income or expense account in the Initial Operating Ledger. After recording all such adjustments, an amended Statement of Initial Operating Income and Expense shall be prepared as prescribed in paragraph 13i above. The net increase or decrease in the amount of initial operating income, if any, resulting from adjustments to Account 1425, shall be recorded as a debit or credit to Account 1425 and as a credit or debit to Account 2810, Unreserved Surplus, as applicable.

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14. Accounting for Notes and Bonds Payable. The procedures for obtaining PHA approval of the amount of funds needed by the Local Authority for the development of the project and for the requisition of amounts approved are set forth in Sections 303.1 and 303.2 of this Manual. Instructions for the accounting for transactions relating to the sale of Advance Notes, Permanent Notes, Temporary Notes, Series Notes, and Bonds are in Sections 621 of this Manual.
  15. Recording Accounts Payable and Accrued Liabilities. At the close of each quarter, all items of Development Costs incurred but not paid shall be recorded in the books of account. Such Costs include, but are not limited to, unpaid bills and invoices for services rendered and/or materials received, salaries and wages earned but not paid, accrued interest on notes and bonds payable, accrued utilities expense, accrued insurance, accrued payments in lieu of taxes, etc. Accounting instructions for recording accounts payable and accrued liabilities are in Section 610.1 of this Manual.
  16. Trial Balances. At the close of each quarter, a trial balance of the General Ledger and all subsidiary ledgers shall be taken to determine that the General Ledger is in balance and that the totals in the subsidiary ledgers are in agreement with the balances in the applicable General Ledger control accounts.
  17. Financial Reporting. Instructions for the preparation and submission of financial reports during the Development Period are in Section 606.2 of this Manual.
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## Page No. \_\_\_\_\_

**Contract Number** \_\_\_\_\_

PROJECT No. \_\_\_\_\_

INITIAL OPERATING LEADER

PAGE No. \_\_\_\_\_

PROJECT No. \_\_\_\_\_

1  
1-1  
1



PHA-2603 September 1958	
(Name of Local Authority)	
(Location)	
STATEMENT OF INITIAL OPERATING INCOME AND EXPENSE	
(Date)	
Contract No. _____	Project No. _____ No. of Dwelling Units _____
1 1h25/3110	<u>Initial Operating Income</u>
2 1h25/3120	Dwelling rental _____ \$ _____
3 1h25/3190	Excess utilities _____
4	Nondwelling rental _____
5 1h25/3610	Total Rental Income (Lines 1, 2, and 3) _____
6 1h25/3690	Interest on general fund investments _____
7	Other income _____
	Total Initial Operating Income (Lines 4,5,&6) _____
	<u>Initial Operating Expense</u>
8 1h25/4110	Administration:
9 1h25/4120	Nontechnical salaries _____
10 1h25/4130	Technical salaries _____
11 1h25/4140	Legal expense _____
12 1h25/4190	Employee benefit contributions _____
13	Other administration expense _____
	Total Administration Expense _____
14 1h25/4310	Utilities:
15 1h25/4320	Water _____
16 1h25/4330	Electricity _____
17 1h25/4340	Gas _____
18 1h25/4390	Fuel _____
19	Other utilities expense _____
	Total Utilities Expense 1/ _____
20 1h25/4410.1	Ordinary Maintenance and Operation:
21 1h25/4410.2	Labor - utilities _____
22 1h25/4420	Labor - maintenance and operation _____
23 1h25/4430	Materials _____
24	Contract costs _____
	Total Ordinary Maintenance and Operation _____
25 1h25/4510	General Expense:
26 1h25/4520	Insurance _____
27 1h25/4530	Payments in lieu of taxes 2/ _____
28 1h25/4570	Terminal leave payments _____
29 1h25/4590	Collection losses _____
30	Other general expense _____
	Total General Expense _____
31 1h25/4620	Nonroutine Maintenance:
32	Casualty losses - noncapitalized _____
	Total Initial Operating Expense (Lines 13, 19, 24, 30, and 31) _____
33	Initial Operating Income (Deficit) (Line 7 minus Line 32) _____
	1/ Remitted utilities expense _____
	2/ Remitted payments in lieu of taxes _____
Prepared By: _____ Approved By: _____	
Name _____ Name _____	
Title _____ Date _____ Title _____ Date _____	

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Accounting Procedures for the Operations Period

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1. General

a. The Operations Period begins on the first day of the month following the end of the Initial Operating Period. The books of account established during the Development Period shall be continued in the Operations Period but the Local Authority must establish certain additional books of account to record properly all transactions relating to the operation of the projects.

b. The purpose of this Section is to prescribe the books of account to be maintained and to provide accounting procedures for the recording of transactions relating to the operation of the projects. The procedures prescribed herein are applicable to all projects in which the PHA has a financial interest regardless of the type of contract. Where the terms of the various contracts require different handling of certain types of transactions, the procedures for the recording of such transactions to conform with the terms of the contract are set forth in the text dealing with that specific subject.

2. Chart and Definitions of Accounts. The chart and definitions of accounts prescribed by the PHA are set forth in Form PHA-2600, Uniform System of Accounts (Chart and Definitions). There are certain accounts which are
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specifically applicable to the Preliminary and/or Development Periods and will not be used during the Operations Period; there are other accounts which some Local Authorities may never use but these are included in the chart to provide for all types of transactions which may occur at some Local Authorities. The Local Authority shall select from the chart the accounts to record the transactions which occur during the Operations Period properly.

### 3. Books of Account and Accounting Records

a. The books of account and accounting records, with references to the applicable Sections of the Manual containing instructions for their use, which were established during the Development Period and are to be continued during the Operations Period are as follows:

	<u>Reference</u>
General Ledger	Sec. 602.1
Cash Receipts Register	Sec. 602.1
Cash Disbursements Register	Sec. 602.1
Development Cost Ledger <u>1/</u>	Sec. 602.1
Voucher Checks	Sec. 602.1
Journal Vouchers	Sec. 602.1
Contract Register	Sec. 608.1
Insurance Register	Sec. 614.1
Investment Register	Sec. 615.1
Payroll and Leave Records	Sec. 602.1
Petty Cash Vouchers	Sec. 612.1
Travel Vouchers	Sec. 611.1
Equipment Record Cards	Secs. 618
Purchase Orders	Sec. 602.1
Tenant Accounting Records	Sec. 607.1 and 607.2

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1/ The Development Cost Ledger shall be maintained until the Actual Development Cost Certificate is issued and retained as a permanent record of the Development Cost of the project.

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Some of the above records may be continued without modification; others will require changes to provide for the accumulation of additional accounting information relating to the Operations Period.

b. In addition to the records named in paragraph 3a above the Local Authority should make arrangements to provide the following additional records, as needed, as part of the accounting system:

	<u>Reference</u>
Income Ledger	Sec. 602.1
Expense Ledger	Sec. 602.1
Property Ledger	Secs. 618
Stock Record Cards	Secs. 618
Stores Requisitions	Secs. 618

The above-named records are described in the Sections of the Manual indicated in the "reference" column. The exact format of the records exhibited is not mandatory but the records used should be designed to provide the same basic information as those exhibited.

4. Revolving Fund or Pooled Account Transactions. If the Local Authority uses a revolving fund, master account, or any type of pooled account for the recording of transactions in connection with the planning, development, or operation of projects under two or more contracts with the PHA, or in connection with projects under contract with the PHA and any other project or enterprise of the Local Authority, the procedures for the accounting for such transactions are in Sections 620 of this Manual.

5. Accounting for Operating Income

a. General. The subsidiary accounts to Account 3000, Operating Income (Control) (Accounts 3110 through 3690), have been prescribed for the purpose of classifying income as to the source from which it is derived. The Local Authority may provide for an additional breakdown by use of sub-accounts to the prescribed accounts, but the sub-accounts must be maintained in such manner that the totals can be readily combined into the prescribed accounts for uniform reporting purposes.

b. Segregating Operating Income. Except as otherwise provided in paragraphs 7 and 8 below, operating income shall, as a minimum, be segregated by contract. If the Local Authority budgets operating income by "income entity," however, all items of income shall be segregated by "income entity," except that items of non-project income, such as interest on

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general fund investments and other items of income not readily identifiable by project, may be recorded by contract only. An "income entity" may consist of a single project or a group of projects under the same contract with the PHA which are combined for rent collection purposes (see Exhibit 14, Section 401.1 of this Manual). Operating income may be further segregated as desired by the Local Authority.

c. Income Ledger

(1) An Income Ledger shall be established as a subsidiary ledger to Account 3000, Operating Income (Control), for recording operating income by account classification (Accounts 3110 through 3690), by income entity, or such other subdivision desired by the Local Authority, e.g. by project or by group of projects combined for rent collection purposes. The Income Ledger may be established as a separate ledger or as a separate section of the General Ledger. A specimen form of Income Ledger sheet and instructions for its use is in Section 602.1 of this Manual.

(2) If operating income is segregated by contract only, the Local Authority may establish the separate detailed income accounts (Accounts 3110 through 3690) in the General Ledger in lieu of the control account (Account 3000).

6. Accounting for Operating Expenses

a. General. The operating expense accounts (Accounts in the 4000 group) are divided into five major functional groups: (1) administration; (2) utilities; (3) ordinary maintenance and operation; (4) general; and (5) nonroutine maintenance. The detailed accounts under each functional group are for use in classifying expenditures according to the character of what is received in exchange, such as personal services (salaries and wages), materials, contract costs, insurance, etc. The Local Authority may provide for an additional breakdown of expenditures by use of subdivisions of the prescribed accounts, but the sub-accounts must be maintained in such manner that the totals can be readily combined into the prescribed accounts for uniform reporting purposes.

b. Accounting by Organization Unit. In order to provide adequate budgetary, accounting, and management control of its operations, the Local Authority should establish organization units which will provide a clear delegation of authority and line of responsibility for the management, operation, and maintenance of the projects and for budgeting and accounting for operating expenses. Provision shall be made in the accounting records to accumulate expenses separately for each organization unit for which a budget has been prepared and submitted to the PHA on Form PHA-2565, Expenditure Budget for an Organizational Unit, in accordance with Section 401.1 of this Manual.

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c. Accounting by Contract or Other Program. Local Authorities which have two or more contracts with the PHA and Local Authorities which have one or more contracts with the PHA together with projects in other programs (projects in which the PHA has no financial interest) shall make provisions in their accounting records to accumulate expenses separately, by organization unit (if applicable), for each contract or other program. The PHA requires a separate report of expenses for each organization unit and for each contract in which it has a financial interest, as well as a consolidated report of expenses for the total low-rent program of the Local Authority.

d. Distribution of Operating Expenses - Local Authorities With a Single Program Under a Single Contract

(1) General

(a) The instructions in this paragraph 6d are applicable to Local Authorities engaged in the operation of projects under a single contract with the PHA and which have no other program or enterprise. Local Authorities in this category which budget operating expenditures by organization unit shall accumulate operating expenses by account classification, separately for each organization unit. Local Authorities which do not budget operating expenditures by organization unit, however, may record operating expenses by account classification only. In any event, items of extraordinary maintenance expense (Account 4610) must be accumulated by job (see paragraph 6d(17) below). Special instructions relating to the separate recording of expenses of a Non-Permanently Financed Project and the segregation of utilities expenses in certain cases are set forth in paragraphs 7 and 8 below.

(b) If the Local Authority deems it necessary or desirable, operating expenses may be segregated by project or by any combination of projects in the same organization unit. Instructions for the distribution of operating expenses by organization unit are in the paragraphs that follow.

(2) Salaries - Accounts 4110 and 4120. The salaries of administrative personnel should be charged to the organization unit to which such employees are assigned.

(3) Legal Expense - Account 4130. Legal services are usually considered a function of the Central Office and all charges to this account may be charged to the Central Office organization unit.

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(4) Employee Benefit Contributions - Account 4140. Employee pension, retirement, and health and welfare plans are usually based on a legal or contractual obligation established by law or by Local Authority policy and all charges to this account may be charged to the Central Office organization unit.

(5) Other Administration Expense - Account 4190

(a) All items of other administration expense may be considered an expense of the Central Office organization unit although all or a portion of certain items of expense can be traced to or be identified with other organization units. The Local Authority may, however, elect to charge each item of other administration expense to the organization unit to which such expense is directly related.

(b) Since this account includes such a variety of expense items, the Local Authority may find it desirable to subdivide this account to segregate the various types of expense involved, such as stationery and other office supplies; postage; communication services; messenger services; armored car services; travel; etc. In any event, however, a separate sub-account shall be maintained for recording items of Miscellaneous Authority Expense, as defined in Section 503.1 of this Manual, or in Section 2.3 of the Small Low-Rent Programs Manual-Operation, as appropriate, for the purpose of reporting to the PHA the total cost of Miscellaneous Authority Expense as a separate item of expense.

(6) Utilities Expense - Accounts in 4300 Group. The cost of utilities should be charged to the organization unit for which used. If utilities are furnished through a single meter to two or more projects in different organization units, the costs may be prorated over all such projects on some reasonable basis.

(7) Labor - Utilities - Account 4410.1

(a) Local Authority-owned utility plants which serve projects in a single organization unit are ordinarily considered a part of that organization unit. The utility plants which serve projects in two or more organization units are ordinarily considered a separate organization unit. In either event, the salaries and wages earned by employees while engaged in the operation of utility plants should be charged to the organization unit of which the utility is a part.

(b) When tenants are billed for excess consumption of water, electricity, gas, etc. on a metered basis, the salaries and wages earned by employees for the time engaged in the reading of check meters should be charged to the organization unit which includes the project or projects for which the meters are read.

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(8) Labor - Maintenance and Operation - Account 4410.2. Ordinarily, the charges to this account represent the salaries and wages of personnel assigned to the Local Authority's regular maintenance staff, including personnel employed on a part-time basis to supplement the regular staff during seasonal or other peak periods. However, if any maintenance employees are assigned other duties, such as the operation of Local Authority-owned utility plants, the performance of an extraordinary maintenance job, the reconstruction or restoration of damaged property, or work in connection with a property betterment or addition, the salaries earned by such employees while so engaged shall not be charged to this account, but shall be charged to the appropriate account provided for such purposes (see definitions of Accounts 4410.1, 4610, 4620, 7540, and 7560 in Form PHA-2600). The salaries and wages of maintenance employees charged to Account 4410.2 shall be charged to the organization unit to which such employees are assigned or detailed.

(9) Materials - Account 4420. The charges to this account represent the cost of materials, supplies, and expendable equipment, including items of equipment of a capital nature (such as water heaters, motors, bathroom equipment, etc. but not nonexpendable equipment) which are normally considered real property when attached or installed in a fixed position, used in connection with the ordinary maintenance and operation of the projects. The cost of materials should be charged to the organization unit for which used.

(10) Contract Costs - Account 4430. The charges to this account represent contract costs incurred in connection with the ordinary maintenance and operation of the projects and should be charged to the organization unit which would ordinarily perform the work if it were done by Local Authority personnel.

(11) Insurance - Account 4510. The expired portion of insurance and fidelity bond premiums chargeable to this account may be charged to the Central Office organization unit.

(12) Payments in Lieu of Taxes - Account 4520. Payments in lieu of taxes may be charged to the organization unit to which such payments are applicable or to the Central Office organization unit.

(13) Terminal Leave Payments - Account 4530. All terminal leave payments may be charged to the Central Office organization unit.

(14) Collection Losses - Account 4570. Collection losses should be charged to the organization unit to which such losses are applicable.

(15) Interest on Administrative and Sundry Notes - Account 4580. Interest on administrative and sundry notes should be charged to the Central Office organization unit.

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(16) Other General Expense - Account 4590. The charges to this account may be charged to the organization unit to which such charges are directly related, or all charges to this account may be charged to the Central Office organization unit.

(17) Extraordinary Maintenance - Account 4610

(a) The charges to this account represent the cost of labor, materials, and contract work directly related to an extraordinary maintenance job. The definition of this account provides for subdividing the account to segregate costs for (1) labor, (2) materials, and (3) contract costs.

(b) A "job number" should be assigned to each extraordinary maintenance job and separate cost records shall be maintained for each such job. The cost of each extraordinary maintenance job should be considered an expense of the organization unit responsible for the performance of such work. See Sections 606.2 and 606.3 for procedures for the separate reporting of extraordinary maintenance costs for each job and each organization unit.

(18) Casualty Losses - Noncapitalized - Account 4620

(a) The charges to this account represent the cost of labor, materials, and contract work directly related to the restoration of damaged property to the extent provided in the definition of the account. The definition of the account also provides for subdividing the account to segregate the cost of (1) labor, (2) materials, and (3) contract costs.

(b) The cost chargeable to this account should be charged to the organization unit which performs the restoration job; if the entire job is performed under contract, the contract costs should be charged to the organization unit normally responsible for such work. In order to facilitate settlement of insurance claims, the Local Authority may find it desirable to maintain a separate cost record for each job.

(c) The proceeds from insurers or others shall be credited to the organization unit to which the costs are charged.

e. Distribution of Operating Expenses - Local Authorities With Multiple Programs

(1) General

(a) The instructions in this paragraph 6e are applicable to Local Authorities engaged in the operation of projects under

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two or more contracts with the PHA and to Local Authorities engaged in the operation of projects under one or more contracts with the PHA together with projects in other programs (projects in which the PHA has no financial interest). Local Authorities in this category which budget operating expenditures by organization unit shall accumulate operating expenses, by account classification, separately for each organization unit and for each contract or other program included in the organization unit. Local Authorities which do not budget operating expenditures by organization unit shall accumulate operating expenses, by account classification, separately for each contract and/or other programs. In either event, items of extraordinary maintenance expense (Account 4610) must be accounted for by job (see paragraph 6e(17) below). Special instructions relating to the separate accumulation of expenses of a Non-Permanently Financed Project and the segregation of utilities expense in certain cases are set forth in paragraphs 7 and 8 below.

(b) If the Local Authority deems it necessary or desirable, operating expenses may be segregated by project or by any combination of projects in the same organization unit and under the same contract, but financial and budgetary reporting procedures require the reporting of operating expenses only by organization unit and by contract. Instructions relating to the accumulation of operating expenses by organization unit and by contract or program are in the paragraphs that follow. References hereinafter made to the accumulation of expenses of an organization unit by "contract or program" shall mean those organization units which include projects under two or more contracts with the PHA or organization units which include projects under one or more contracts with the PHA together with projects in other programs (projects in which the PHA has no financial interest), as applicable.

(2) Salaries - Account 4110 and 4120. The salaries of administrative personnel shall be charged to the organization unit to which such employees are assigned and shall be distributed to the applicable contracts or programs. The salaries of administrative personnel assigned duties related exclusively to a single contract or program shall be allocated directly to such contract or program. The salaries of personnel assigned duties related to more than one contract or program shall be prorated over such contracts or programs on the basis of some reasonable estimate of effort involved.

(3) Legal Expense - Account 4130. Legal services are usually considered a function of the Central Office and all legal expenses may be charged to the Central Office organization unit, and shall be distributed to the contract or program for which such services are rendered. Fees, retainers, and other items of legal expense which

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can be identified with a specific contract or program shall be charged to such contract or program, but items of legal expense which are related to more than one contract or program shall be prorated over the contracts or programs to which applicable on some reasonable basis.

(4) Employee Benefit Contributions - Account 4140. Employee pension, retirement, and health and welfare plans are usually based on a legal or contractual obligation established by law or by Local Authority policy and all charges to this account may be charged to the Central Office organization unit and shall be distributed to contract or program in the same ratio that salaries and wages are charged to such contract or program.

(5) Other Administration Expense - Account 4190

(a) All items of other administration expense may be considered an expense of the Central Office organization unit although all or a portion of certain items of expense can be traced to or identified with other organization units. The Local Authority may, however, elect to charge each item of other administration expense to the organization unit to which such expense is directly related. Regardless of the organization unit to which other administration expense is charged, the amount charged to each organization unit shall be distributed to the contracts or programs served by such organization unit. The method of distribution may vary according to the nature of the expense involved. There are certain items of expense (such as stationery and other office supplies, postage, communication services, rental of office space, etc.) which are usually applicable to, and must be prorated over, all contracts or programs; other items of expense (such as fiscal agent fees, collection agent fees, etc.) may be related to a specific contract or program and shall be charged directly to such contract or program.

(b) Since this account includes such a variety of expense items, the Local Authority may find it desirable to subdivide it to segregate the various types of expense involved, such as stationery and other office supplies; postage; travel; communication services; messenger services; armored car services; etc. In any event, a separate sub-account shall be maintained for recording items of Miscellaneous Authority Expense, as defined in Section 503.1 of this Manual, or Section 2.3 of the Small Low-Rent Programs Manual-Operation, as appropriate, for the purpose of reporting to the PHA the total cost of Miscellaneous Authority Expense as a separate item of expense.

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(6) Utilities Expense - Accounts in 4300 Group. The cost of utilities should be charged to the organization unit for which used. When an organization unit includes projects under different contracts with the PHA or projects in other programs, utilities costs shall be distributed to contract or program on the basis of utilities used by the projects in each such contract or program. If utilities are furnished through a single meter to projects in different contracts or programs, the costs may be prorated over the contracts or programs on some reasonable basis.

(7) Labor - Utilities - Account 4410.1

(a) Local Authority-owned utility plants which serve projects in a single organization unit will ordinarily be considered a part of that organization unit. The utility plants which serve projects in two or more organization units will ordinarily be considered a separate organization unit. In either event, the salaries and wages earned by employees while engaged in the operation of utility plants shall be charged to the organization unit of which the utility plant is a part. The total charges to this account for each organization unit shall be distributed to the contracts or programs served by the organization unit. The distribution must be based upon a reasonable estimate of the services furnished.

(b) When tenants are billed for excess consumption of water, electricity, gas, etc. on a metered basis, the salaries and wages earned by employees for the time engaged in the reading of check meters shall be charged to this account and to the organization unit which includes the project or projects for which the meters are read. The cost of reading check meters for each organization unit shall be distributed to the contracts or programs served by such organization unit.

(8) Labor - Maintenance and Operation - Account 4410.2

(a) Ordinarily, the charges to this account represent the salaries and wages of personnel assigned to the Local Authority's regular maintenance staff, including personnel employed on a part-time basis to supplement its regular staff during seasonal or other peak periods. However, if any maintenance employees are assigned other duties, such as the operation of Local Authority-owned utility plants, the performance of an extraordinary maintenance job, the reconstruction or restoration of damaged property, or work in connection with a property betterment or addition, the salaries and wages earned by such employees while so engaged shall not be charged to this account, but shall be charged to the appropriate account provided for such purpose (see definitions of Accounts 4410.1, 4610, 4620, 7540, and 7560 in Form PHA-2600).

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(b) The salaries and wages of maintenance employees should be charged to the organization unit to which such employees are assigned or detailed. If the organization unit includes (or serves) projects under different contracts with the PHA or projects in other programs, the charges to this account for such organization unit shall also be distributed to the applicable contracts or programs served by the unit. The charges for "direct" labor shall be charged directly to the contract or program for which the work is performed; the charges for "indirect" labor may be prorated over the contracts or programs served by such organization unit to the extent provided below.

(c) If an organization unit includes (or serves) projects under more than one contract and/or program, maintenance labor cost originating in the organization unit shall be classified as "direct" and "indirect." "Direct" labor cost consists of that part of maintenance labor cost which can be directly and economically identified with a specific contract or program. "Indirect" labor cost consists of that part of maintenance labor cost which it is not possible or practical to identify with a specific contract or program. The basic distinction between "direct" and "indirect" labor cost does not necessarily depend upon the nature of the work done. Whether labor is "direct" or "indirect" is a matter of expediency and practicality. For example, if a maintenance employee performs the kind of work which can be identified with a specific contract or program, and if he works on individual jobs long enough to make that identification practical, the cost of his services shall be considered "direct" labor cost and shall be charged to the contract or program for which the work is done. However, unless both of the immediately foregoing conditions are met, the cost of his services shall be considered "indirect" labor cost and may be prorated on some reasonable basis over the contracts and other programs which the organization unit serves. For example, when an employee is assigned to answer tenant complaints at two or more projects which are under two or more contracts with the PHA or at projects in other programs, the time spent at each job will usually be so brief that it will be difficult to determine the number of hours of work performed for each contract or program with any reliable degree of accuracy; in such cases, the total time the employee is engaged in answering tenant complaints may be considered as "indirect" labor.

(9) Materials - Account 4420

(a) The charges to this account represent the cost of materials, supplies, and expendable equipment, including items of equipment of a capital nature (such as water heaters, motors, bathroom equipment, etc. but not items of nonexpendable equipment) which

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are normally considered real property when attached or installed in a fixed position, used in connection with the ordinary maintenance and operation of the projects. The charges to this account should be charged to the organization unit for which the materials are used.

(b) The cost of materials used by an organization unit shall be distributed to the contract or program for which such materials are used. Exceptions to this rule will be in the case of miscellaneous small items of materials which cannot be identified economically with a specific contract or program with any reliable degree of accuracy; in such cases, the cost of such materials may be prorated over all contracts or programs served by the organization unit on some reasonable basis.

(10) Contract Costs - Account 4430. The charges to this account represent contract costs incurred in connection with the ordinary maintenance and operation of the projects and should be charged to the organization unit which would ordinarily perform the work if it were done by Local Authority personnel. The charges to this account for the organization unit shall be distributed to the contract or program for which the work is performed. However, if the work performed under a single performance contract is directly related to two or more contracts or programs, the cost may be prorated over the applicable contracts or programs on some reasonable basis.

(11) Insurance - Account 4510. The expired portion of insurance and fidelity bond premiums chargeable to this account may be charged to the Central Office organization unit and shall be distributed to the contracts or programs for which the coverage is applicable.

(12) Payments in Lieu of Taxes - Account 4520. Payments in lieu of taxes may be charged to the organization unit to which such payments are applicable or to the Central Office organization unit. If the organization unit includes projects under different contracts with the PHA, payments in lieu of taxes for such organization unit shall be segregated by contract.

(13) Terminal Leave Payments - Account 4530. All terminal leave payments may be charged to the Central Office organization unit. The terminal leave payments paid to each employee shall be distributed to each contract or program in the same ratio that the total salary paid to such employee for the preceding twelve months (or for total period of employment, whichever is less) was distributed to such contract or program. However, no charge may be made to a terminated contract for terminal leave payments made to an employee.

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(14) Collection Losses - Account 4570. Collection losses should be charged to the organization unit to which such losses are applicable and shall be segregated by contract or program.

(15) Interest on Administrative and Sundry Notes - Account 4580. Interest on administrative and sundry notes should be charged to the Central Office organization unit and distributed to the contract or program for which such administrative and/or sundry notes are applicable.

(16) Other General Expense - Account 4590. The charges to this account should be charged to the Central Office organization unit. Any part of the charges to this account which is readily identifiable by contract or program shall be charged to such contract or program. However, that part of the charges which is not readily identifiable by contract or program may be prorated over one or more contracts or programs on the basis of applicability to each contract or program.

(17) Extraordinary Maintenance - Account 4610

(a) The charges to this account represent the cost of labor, materials, and contract work directly related to an extraordinary maintenance job. The definition of this account provides for subdividing the account to segregate costs for (1) labor, (2) materials, and (3) contract costs.

(b) A "job number" should be assigned to each extraordinary maintenance job and separate cost records shall be maintained for each such job. A single extraordinary maintenance job should not include work for more than one contract or program unless the nature of the work is such that the costs cannot be readily segregated by contract or program. If an extraordinary maintenance job does include work directly related to more than one contract or program, the total cost of such job shall be prorated over the related contracts or programs on some reasonable basis.

(c) See Section 606.2 and 606.3 for procedures for the separate reporting of extraordinary maintenance costs for each job and each organization unit.

(18) Casualty Losses - Noncapitalized - Account 4620

(a) The charges to this account represent the cost of labor, materials, and contract work directly related to the restoration of damaged property to the extent provided in the definition of the account. The definition of this account provides for subdividing the account to segregate the cost of (1) labor, (2) materials, and (3) contract costs.

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(b) The costs chargeable to this account shall be charged to the organization unit which performs the restoration job; if the entire job is performed under contract, the contract costs shall be charged to the organization unit normally responsible for such work. If the organization unit includes (or serves) projects under different contracts with the PHA or projects in other programs, the restoration cost charged to such organization unit shall be segregated as to contract or program to which such costs are applicable. In order to facilitate settlement of insurance claims, the Local Authority may find it desirable to maintain a separate cost record for each job.

(c) The proceeds from insurers or others credited to this account shall be credited to the organization unit (and to the contract or program) to which the costs are charged.

f. Expense Ledger. An Expense Ledger shall be established as a subsidiary ledger to Account 4000, Operating Expense (Control), for recording operating expense by account classification (Accounts 4110 through 4620), organization unit, and by contract or program as required by paragraphs 6d and 6e above or such other subdivision as may be required by paragraphs 7 and 8 below. Specimen forms of Expense Ledger sheets and instructions for their use are in Section 602.1 of this Manual.

7. Accounting for Operating Receipts and Expenditures of Non-Permanently Financed Projects. Section 418 of the Annual Contributions Contract entitled "Annual Contributions for Projects Not Permanently Financed Project shall be applied to the repayment, with interest, of monies borrowed for the development of the project. In order to provide data for the determination of residual receipts of each Non-Permanently Financed Project, all operating receipts and expenditures with respect to each such project shall be segregated and reported separately. The segregation and reporting of operating receipts and expenditures, by project, for Non-Permanently Financed Projects under a consolidated form of Annual Contributions is not required since residual receipts of such projects are available for the reduction of the Accruing Annual Contribution for all projects under that form of contract.
8. Special Instructions for Accounting for Rental Income and Utilities Expense. If the Local Authority has two or more Cooperation Agreements the terms of which differ as to the computation and/or payment of payments in lieu of taxes or has two or more Cooperation Agreements with different taxing jurisdictions, the Local Authority shall make provisions for the recording of rental income (Accounts 3110, 3120, and 3190) and utilities expense (accounts in the 4300 group and Account 4410.1) by project or by group of projects which are under the same contract with the PHA and under the same Cooperation Agreement so as to provide information for the computation of

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payments in lieu of taxes for the projects under each Cooperation Agreement. For example, if the projects under a single contract with the PHA or under a single "income entity" (see paragraph 5 above) are under different Cooperation Agreements, rental income shall be segregated by project or group of projects under the same Cooperation Agreement. Also, if the projects under a single organization unit (see paragraph 6 above) are under different Cooperation Agreements, utilities expense shall be segregated by project or group of projects which are under the same contract with the PHA and under the same Cooperation Agreement.

9. Accounting for Other Income and Expense Not Affecting Residual Receipts. The accounts in the 5000 group (Accounts 5210 through 5640) are general ledger accounts provided for the purpose of recording items of income and expense which do not affect residual receipts of the projects. These are contract accounts and are not considered a part of the operations of any individual project or organization unit and the transactions recorded therein need not be identified as to project or organization unit. The use of these accounts are explained fully in the definitions of accounts (see Form PHA-2600).

10. Accounting for Prior Year Adjustments

a. General. Prior year adjustment accounts are provided for the purpose of (1) recording the adjustment of transactions recorded in a prior fiscal year, and (2) the recording of transactions which should have been recorded in a prior fiscal year. Prior year adjustments fall into two categories; those which affect residual receipts and those which do not affect residual receipts (see Form PHA-2600 for definitions of Accounts 6010 and 6020). Except for adjustments affecting dwelling rental or utilities expenses, the use of these accounts may be limited to those adjustment transactions which, in the judgment of the Local Authority, would distort current year operating statements or might result in budget overruns if recorded in the current year income or expense accounts. All adjustments affecting prior years' dwelling rental or prior years' utilities expense shall be recorded in Account 6010 and not in current year income or expense accounts.

b. Recording Prior Year Adjustments

(1) Account 6010, Prior Year Adjustments - Affecting Residual Receipts, is provided for recording adjustment transactions which affect any of the operating income and expense accounts (Accounts in the 3000 and 4000 group) of a prior fiscal year. Adjustment transactions may be charged or credited, as applicable, to the organization unit to which such adjustments are applicable, or the Local Authority may charge or credit all adjustment transactions to the Central Office organization unit. In any event, all adjustment transactions shall be charged or credited, as applicable, to the contract to which the adjustment transaction is related.

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(2) Account 6020, Prior Year Adjustments - Not Affecting Residual Receipts, is provided for recording adjustment transactions which affect any of the other income and expense accounts (accounts in the 5000 group) of a prior fiscal year. This account shall be maintained by contract and the transactions recorded therein need not be identified by project or organization unit.

(3) Adjustments affecting Accounts 6110, 6120, 7010, or any of the accounts in the 7100 or 7500 group of accounts shall not be recorded as a prior year adjustment, but shall be treated as current year transactions.

(4) Adjustments affecting any of the income and expense accounts of the Initial Operating Period shall not be recorded as a prior year adjustment, but shall be recorded in Account 1425, Initial Operating Deficit.

c. Adjustments by PHA Fiscal Branch. Certain adjustments may be made by the PHA Fiscal Branch upon review of the Local Authority's financial statements for the fiscal year, and the amount of the Accruing Annual Contribution will be adjusted accordingly. Such adjustments shall be recorded in the applicable surplus accounts (2800 group) and in the related asset and liability accounts, regardless of the amount involved. The PHA will provide the accounting entries to record these adjustments upon completion of the review of the financial statements.

d. Adjustments by PHA Field Auditors. The PHA on-site audit of the Local Authority records, performed after the close of the fiscal year, will often be completed before the PHA Fiscal Branch has completed its review of the financial statements and payment of the Accruing Annual Contribution. In such cases, the adjustments subsequently furnished by the PHA Fiscal Branch, if any, shall be compared with the adjustments that may have been furnished by the Field Auditors in order to avoid the duplication of entries.

11. Accounting for Gain or Loss From Disposition of Property. Accounts 6110 and 6120 are general ledger accounts provided for the purpose of recording the gain or loss arising from the disposition of real property and non-expendable equipment (see Form PHA-2600 for definitions of these accounts). These are contract accounts and are not considered a part of the operations of any individual project or organization unit and the transactions recorded therein need not be identified as to project or organization unit. Accounting instructions relating to the recording of transactions for the disposition of property are in Sections 618.
12. Accounting for Other Operating Receipts and Expenditures. The accounts in the 7100 and 7500 groups are provided for recording receipts for the repayment of off-site utilities and expenditures for property, respectively. Accounting instructions for the recording of receipts for repayment of off-site utilities are in Section 617.1; instructions for the recording of expenditures for property are in Sections 618.

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13. Other Accounting Transactions. There are various accounting transactions relating to the Operations Period for which detailed procedures are provided in other Sections of this Manual. The following is a summary of such other transactions with references to the applicable Sections of the Manual containing the related accounting procedures:

- 607 Accounting for Transactions With Tenants
- 608 Accounting for Procurement and Construction Contracts
- 609 Accounting for Performance Deposits and Bid Guaranties
- 610 Recording Accounts Payable and Accrued Liabilities
- 611 Accounting for Travel Expenses
- 612 Accounting for Petty Cash and Change Fund
- 613 Accounting for Cash Overages and Shortages
- 614 Accounting for Insurance Premiums
- 615 Accounting for Investments
- 616 Accounting for Payments in Lieu of Taxes
- 617 Accounting for Payments for Off-Site Utilities
- 618 Accounting for Property
- 619 Accounting for Operating Reserve
- 621 Accounting for Financing Transactions
- 622 Accounting for Fiscal Agent Transactions
- 623 Accounting for Administration Contracts
- 624 Accounting for Accruing Annual Contributions

14. Closing the Books of Account

a. General. Before closing the books of account at the end of the fiscal year, it should be determined that all transactions, such as accounts payable for goods and services received, accrued liabilities, deferred charges, remitted expenses, etc. relating to the fiscal year being closed out have been recorded in the books of account. It should also be determined that claims against insurers and others for damages and casualty losses are recorded in accordance with the instructions in Sections 618.

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b. Trial Balances of Subsidiary Ledgers. As of the end of each fiscal year, trial balances shall be prepared of the income and expense ledgers and the totals shall be reconciled with the respective general ledger control accounts, i.e. Account 3000, Operating Income (Control), and Account 4000, Operating Expense (Control). Also trial balances shall be prepared of all other subsidiary ledgers, such as tenants accounts receivable ledgers, tenants security deposit ledgers, property ledgers, etc., and the totals shall be reconciled with the respective general ledger control accounts.

c. General Ledger Trial Balance. After all subsidiary ledgers have been reconciled with the related general ledger control accounts, a preclosing trial balance shall be prepared of the general ledger to determine that the general ledger is in balance. After posting the closing entries referred to in paragraph 14d below, a post-closing trial balance shall be prepared to prove that the general ledger is in balance after closing.

d. General Ledger Closing Entries

(1) Journal vouchers shall be prepared to close all income and expense accounts to Account 2700, Income and Expense Clearing Account. The entries required to close the income and expense accounts are as follows:

(1)

\*Debit: Account 3000, Operating Income (Control)

Credit: Account 2700, Income and Expense Clearing Account

To close operating income accounts for fiscal  
year ended \_\_\_\_\_.

\*(If the detailed operating income accounts are  
maintained in the general ledger the debit should  
be to those accounts in lieu of Account 3000)

(2)

Debit: Account 2700, Income and Expense Clearing Account

\*\*Credit: Account 4000, Operating Expense (Control)

To close operating expense accounts for fiscal  
year ended \_\_\_\_\_.

\*\*(If the detailed operating expense accounts are  
maintained in the general ledger the credit should  
be to those accounts in lieu of Account 4000)

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(3)

Debit: Account 5210, Premiums on Notes and Bonds

Debit: Account 5220, Bond Purchase Discount

Debit: Account 5230, Interest on Debt Amortization Fund  
Investments

Debit: Account 5240, Interest on Payments for Off-Site  
Utilities

Credit: Account 2700, Income and Expense Clearing  
Account

To close other income accounts for fiscal  
year ended \_\_\_\_\_.

(4)

Debit: Account 2700, Income and Expense Clearing Account

Credit: Account 5610, Interest on Notes and Bonds  
Payable

Credit: Account 5640, Bond Redemption Premiums

To close other expense accounts for fiscal  
year ended \_\_\_\_\_.

Accounts 6010, 6020, 6110, and 6120, Surplus Credits and Charges, may have either a debit or credit balance as of the end of the fiscal year. Make appropriate entries to close the debit or credit balances into Account 2700 at the end of the fiscal year.

(2) After posting the closing entries for all income and expense accounts, a journal voucher shall be prepared to close the net debit or credit balance in Account 2700 to Account 2810, Unreserved Surplus.

(3) The net debit or credit balance in Account 7010, Provision for Operating Reserve - Net, shall be closed directly to Account 2810, Unreserved Surplus, by journal voucher.

(4) A journal voucher shall be prepared to close the credit balances in Accounts 7110, 7120, and 7130 against the debit balance in Account 7190.

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(5) Accounts 7520, 7530, 7540, and 7560 shall be closed out against Account 7590. Any balance remaining in Account 7590 should be a debit balance equal to the credit balance in Account 7580. The credit balance in Account 7580 will represent cash in the General Fund derived from disposition of property and available for (a) replacement of equipment, (b) reconstruction and restoration of damaged property, (c) transfer to the Fiscal Agent, or (d) payment to the PHA (see Form PHA-2600 for definition of Account 7580).

15. Financial and Budgetary Reporting. Instructions for the preparation and submission of financial and budgetary reports during the Operations Period are in Sections 606.1, 606.2, and 606.3 of this Manual.

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Accounting for Transactions With Tenants (Ledger Method)

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1. General

a. The Local Authority shall establish and maintain complete and accurate records for the recording of transactions with tenants. Ordinarily, a separate set of tenant accounting records will be required for each project, but a single set of records may be maintained for two or more projects which have been combined for rent collection purposes, provided all of the projects included in such combination are under the same Cooperation Agreement and under the same contract with the PHA (see Section 605.1 for instructions relating to the segregation of operating income). A separate set of tenant accounting records must be maintained for each Non-Permanently Financed Project which is subject to the provisions of Section 418 of the Annual Contributions Contract entitled "Annual Contributions for Projects Not Permanently Financed and Use Thereof" (see Section 605.1).

b. This Section contains detailed procedures for the maintenance of tenant accounting records where the tenant ledger method is used. An alternate method of accounting for transactions with tenants is set forth in Section 607.2 for use by Local Authorities having a small program. Either method may be used, but the procedures in Section 607.2 are not recommended for use by a project (or a group of projects combined for rent collection purposes) consisting of more than 100 dwelling units.

c. The specimen forms of tenant accounting records shown as exhibits to this Section are typical of those most commonly used for systems requiring manual posting. Various posting machines differ as to size and operation, and if a machine system is used, the tenant ledger sheets, cash receipts,

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and other forms must be adapted to the requirements of the machine used. The exact format of the records exhibited herein is not mandatory but the forms used should be designed to provide the same basic information.

## 2. Pro Rata Rent Schedule

a. General. The accounts of tenants in occupancy shall be charged a full month's rent as of the first day of each month. Interim charges or credits to tenant accounts are required when tenants move into or vacate units on a date other than the first or last day of a month. Interim rental charges or credits must be computed in accordance with the terms of the lease. In order to facilitate the computation of such interim charges and credits, it is recommended that Pro Rata Rent Schedules be prepared which will show the interim rental charge or credit with respect to each day of a month at the various monthly rates in effect. There are two methods of preparing Pro Rata Rent Schedules. The first method is a Schedule prepared for the actual number of calendar days in the month which would require three Schedules: one for 28 days (29 in a Leap Year); one for 30 days and one for 31 days. The second method is a Schedule prepared for a 30-day month and each month of the year is considered to consist of 30 days.

b. Exhibit. A specimen form of Pro Rata Rent Schedule, prepared on the basis of an average 30-day month, is shown as Exhibit 1. The use of this type of Schedule is illustrated on the reverse side of the Exhibit. The form of Pro Rata Rent Schedule prepared by the Local Authority should conform with the terms of the lease or Local Authority policy with regard to the method of computing rental charges and credits for a fractional part of a month.

## 3. Tenants Accounts Receivable Ledger

a. General. A loose-leaf Tenants Accounts Receivable Ledger shall be maintained by the Local Authority to record all financial transactions with tenants. A specimen form of Tenants Accounts Receivable Ledger sheet is shown as Exhibit 2. The ledger sheet should provide space for name and address of tenant, account number, project number, lease number, monthly rental rate, and such other information as the Local Authority may desire.

### b. Preparation of Ledger Sheets

(1) A ledger sheet should be prepared for each dwelling unit even though the space may be vacant. It is recommended that basic account numbers be assigned each dwelling unit and that such numbers remain constant notwithstanding the number of tenants having occupied the same unit. A number suffix may be added to the basic account number to identify an individual tenant's account; for example, if the vacating tenant's account number was 141-1, the succeeding tenant's account number would be 141-2, the third occupant 141-3, etc.

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(2) Separate ledger sheets should also be prepared for spaces or facilities from which nondwelling rental or other income is received. These accounts should be assigned account numbers in sequence beginning with a number greater than the highest dwelling unit account number. The occasional rental of space or facilities may be handled by the central office rather than recording such transactions through the regular tenant accounting records.

c. Postings to Tenants Accounts Receivable Ledger

(1) New Accounts. The heading of the ledger sheets should be completed from information contained in the leases as the units are rented. The pro rata rent, if any, specified in the lease should be verified with the Pro Rata Rent Schedule (Exhibit 1) and an adjustment slip or other record shall be prepared to charge the tenant's account with the amount of pro rata rent due (see paragraph 5 below for instructions relating to the use of adjustment slips). In the case of leases which are effective on the first day of the month, the first month's rent may be recorded in the manner described in paragraph 3c(2) below; in such cases an adjustment slip is not required.

(2) Monthly Rent Charges

(a) As of the first day of each month the account of each tenant in occupancy should be charged with the monthly rent shown in the heading of the ledger sheet. In order to post the charges before the first day of the month, it may be necessary to close the last day's business early. If this practice is followed, subsequent transactions for that day must be dated the first of the following month.

(b) Immediately after posting the monthly rent charges to tenant's accounts, an adding machine tape shall be prepared of all postings of dwelling rent. The total of this tape must be in agreement with or reconciled to the total rent roll as of the first day of the month as shown in Column 9 of the Rent Roll Control and Analysis of Dwelling Rent Charges (see Exhibit 9). If postings have been made to tenants accounts for nondwelling rent, a separate adding machine tape shall also be prepared for such postings. The total charges for dwelling and nondwelling rent, as shown on these tapes, shall be entered in the spaces provided on the Daily Statement of Operations (see Exhibit 6) and both tapes should be attached to the Daily Statement of Operations and retained for audit purposes.

(3) Retroactive Rent Charges. In some cases, the Local Authority may find it necessary to backcharge a tenant for additional rent when a reexamination discloses that the tenant failed to report a substantial increase in income or a specified change in family circumstances (see

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Section 410.5 of this Manual or Section 3.5 of the Small Low-Rent Programs Manual - Operation, as appropriate). In such cases, an adjustment slip or other record shall be prepared to record such retroactive rent charge. A separate ledger sheet may be established for recording retroactive rent charges if the Local Authority desires to segregate such charges from current monthly rental charges.

(4) Other Charges. An adjustment slip or other record shall be used for recording all other charges to tenant's accounts (see paragraph 5 below for instructions relating to the use of adjustment slips).

(5) Cash Receipts. When a combination receipting and posting machine is used, the posting of cash receipts to the individual tenant's account will be simultaneous with the validation of the receipt. If a combination receipting and posting machine is not used, collections from tenants shall be posted to the individual tenant's account from the Local Authority's copy of the cash receipt. Cash receipts should be posted currently to the tenants' ledger accounts and the date of entry should be the date shown on the receipt. After posting, cash receipts should be filed in numerical sequence in a permanent file. If the Local Authority uses a combination receipting and posting machine with locked-in controls, a duplicate receipt is not required.

(6) Unearned Rent. The Notice of Intent To Vacate (see paragraph 6 below) is the basic document for the computation of unearned rent with respect to tenants who vacate a unit prior to the end of the month for which rent has been charged. The Notice of Intent To Vacate should be examined to determine that the terms of the lease have been complied with, and an adjustment slip or other record shall be prepared to credit the tenant's account for the amount of pro rata rent computed from the last day to which rent is to be charged (as shown on the Notice of Intent To Vacate) to the end of the month for which rent has been charged. The amount of such credit would be determined from the Pro Rata Rent Schedule (see paragraph 2 above). If the tenant had not paid a month's rent in advance the credit adjustment would merely reduce the amount owed by the tenant; if the tenant had paid a full month's rent in advance, the credit adjustment would result in a rental refund due the tenant. The procedure for processing a refund of unearned rent is set forth in paragraph 11 below.

(7) Rental Adjustments. When a change in a tenant's rent has been authorized, the adjustment of the tenant's account shall be made on the basis of a new lease or such other formal instrument as is used for this purpose. It will not be necessary to prepare a new ledger sheet in such instances. The old rental appearing in the heading of the ledger sheet may be lined out and the new rental entered. In lining out the old rental, it should be done in such a manner as to leave it legible. The effective date of the change shall also be noted on the ledger sheet.

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(8) Returned Checks. If a tenant's check is returned unpaid by the bank it shall be recorded in the Tenants Accounts Receivable Ledger as provided in paragraph 7g below.

e. Trial Balance

(1) End- f-Month Trial Balance. At the end of each month, after all transactions for the month have been recorded, a trial balance of the Tenants Accounts Receivable Ledger should be taken. Tenants' accounts should be listed individually by account number and account balance. The net balance of the Tenants Accounts Receivable Ledger shall be in agreement with the balance in Column (15) of the Analytical Tenant Ledger Control (see Exhibit 8) and with Account 1122 in the General Ledger. The trial balance should be dated and filed in a permanent chronological file.

(2) Interim Trial Balance. Interim trial balances may be taken around the 15th and 25th of the month and verified as above. This practice will localize errors to transactions recorded in the last few days of each month, thus avoiding the necessity of reviewing entries for the entire month and the attendant delay in preparation and submission of reports.

f. Inactive or Closed Accounts. The accounts of former tenants showing either a debit or credit balance shall remain a part of the Tenants Accounts Receivable Ledger. However, it is recommended that such accounts be segregated from the accounts of tenants in occupancy. The accounts of former tenants on which there is no balance should be filed separately, by fiscal year, pending completion of the audit for such fiscal year; after audit, they may be transferred to a permanent file.

g. Credit Balances of Tenants Without Known Address

(1) In some cases the Local Authority may not be able to make refund of the credit balance of a former tenant's account because the whereabouts of the tenant is not known. If the Local Authority is unable to locate the tenant within one year, the credit balance of the tenant's account should be transferred to Account 3690, Other Income. An adjustment slip should be prepared to record such transfer and the tenant's account should be noted to show that the balance was transferred to income.

(2) If the tenant should later make claim for refund, the amount refunded shall be charged to Account 4590, Other General Expense. To preclude the possibility of duplicate payment of a refund, the tenant's original ledger account should be noted to show the number and date of the check issued for the refund.

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#### 4. Tenants Security Deposit Ledger

- a. General. If the Local Authority requires security deposits from tenants, a Tenants Security Deposit Ledger shall be maintained to account for such deposits from tenants.
- b. Preparation of Ledger Sheets. Where the full amount of the deposit is collected upon occupancy, and only one entry is the ledger is necessary, the Tenants Accounts Receivable Ledger may be designed to handle this transaction by the addition of a column headed "Security Deposits." If desired, a separate ledger, similar to the Tenants Accounts Receivable Ledger sheets (see Exhibit 2) may be maintained in which to record security deposits. If the deposits are collected on the installment basis, a separate ledger is desirable. If a separate Tenants Security Deposit Ledger is maintained, each sheet should show the same information with respect to unit, account number, name of tenant, and the number of the lease as it appears on the related sheet in the Tenants Accounts Receivable Ledger.
- c. Posting Security Deposit Ledger. The procedures outlined in paragraph 3c(5) above should be followed with respect to the posting of security deposit collections.
- d. Trial Balance. Where separate columns or spaces in the Tenants Accounts Receivable Ledger are used for recording security deposits a separate column should be provided on the trial balance of the Tenants Accounts Receivable Ledger for the purpose of recording the balances of security deposits of tenants. If a separate ledger is maintained for recording security deposits a separate trial balance should be prepared in the same manner as provided in paragraph 3 for the Tenants Accounts Receivable Ledger. In any event, the trial balance of the ledger shall be in agreement with Column (18) of the Analytical Tenant Ledger Control (see Exhibit 8) and with Account 2114 in the General Ledger.
- e. Inactive or Closed Accounts. The procedures in paragraph 3 above should be followed with respect to inactive or closed security deposit accounts.
- f. Credit Balances of Tenants Without Known Addresses. The procedures in paragraph 3 above should be followed with respect to tenants without known addresses and having a security deposit balance.

#### 5. Adjustment Slips

- a. General. Adjustment slips or similar records shall be used as a posting media for recording all tenant transactions, except recurring monthly rent and cash collections, to the individual tenants accounts. Such transactions include, but are not limited to, transfer of security deposits to rent accounts; reinstating accounts previously written off as collection losses; charges for interim rent; current and retroactive rental adjustments;

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charges for excess utility consumption; sales and services; refund of rent and security deposits; returned checks; credits for unearned rent; etc. A specimen form of Adjustment Slip is shown as Exhibit 3.

b. Preparation. Adjustments slips should be numbered consecutively, contain complete explanatory information relating to the transaction being recorded, and should be approved by the Executive Director or his designated representative.

c. Posting. Adjustment slips must be posted currently to the applicable tenant's account and summarized daily on the Analysis of Adjustment Slips (see Exhibit 7) which is usually printed on the reverse side of the Daily Statement of Operations. The daily totals for each type of transaction, as shown on the Analysis of Adjustment Slips, must be entered on the Daily Statement of Operations as provided in paragraph 8 below.

d. Filing. After posting, the adjustment slips should be filed in numerical sequence in a permanent file.

## 6. Notice of Intent To Vacate

a. General. Usually, the lease will require the tenant to give written notice of his intent to vacate a unit. The Local Authority may find that a printed form of Notice of Intent To Vacate will facilitate final settlement of the tenant's account and the scheduling of inspection and maintenance required before rerenting the unit. A suggested form of Notice of Intent To Vacate is shown as Exhibit 4. A portion of this form is to be filled in and signed by the tenant; the remaining portion is to be filled in and signed by the Housing Manager. If the tenant moves without notice, the Housing Manager should prepare a Notice of Intent To Vacate for the tenant and state thereon that "tenant vacated without notice." In most cases, the Notice of Intent To Vacate should be prepared in an original and two copies.

b. Distribution and Filing. The original and one copy of the Notice of Intent To Vacate should be routed to the Maintenance Section for inspection of the premises and a determination as to whether or not there are any damages for which the tenant is responsible under the terms of his lease. Upon completion of the inspection, the original Notice should be returned to the Housing Manager with a notation thereon as to the amount of damages to be charged to the tenant, if any; the copy should be retained by the Maintenance Section for scheduling clean up, repairs, etc. after the tenant has moved. The original and second copy of the Notice of Intent To Vacate should then be completed by the Housing Manager and routed to the appropriate accounting unit responsible for recording the required adjustments to the tenant's account and for making refund due the tenant, if any. The original Notice should be filed with the related lease in the vacated tenants' files and the second copy should be attached to the voucher check copy as support for the refund of rent and security deposit.

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## 7. Collections

a. General. A Cash receipt shall be issued for each collection received from tenants for rent, security deposits, or other charges at the time the collection is made. All employees who receive collections shall be covered by a fidelity bond in an adequate amount. A specimen form of cash receipt which is commonly used for manual posting is shown as Exhibit 5. All cash receipts shall be prenumbered at the time of printing, except when combination receipting and posting machines with locked-in controls are used. Prenumbered receipts shall be used in numerical sequence and all copies of voided receipts must be retained in the Local Authority files for accountability purposes.

### b. Preparation of Cash Receipts

(1) Manual Use. Cash receipts shall be signed by the person receiving the collection and the original receipt shall be given to the tenant. A copy of each receipt shall be retained by the Local Authority for posting, reconciliation, and auditing purposes. Each employee authorized to collect rents and security deposits should be assigned a set of receipts for his or her sole use. Control records should be maintained of all prenumbered receipt forms purchased, and of those issued to employees for use.

(2) Machine Use. If combination receipting and posting machines with locked-in controls are used, the recording of cash receipts to the individual tenant accounts will be simultaneous with the validation of the receipt to be given to the tenant. In such cases, duplicate receipts are not required; however, the total clearance key to all such machines must be held by a responsible official of the Local Authority other than the cashier. If the combination receipting and posting machines do not have locked-in controls, Cash Receipts should be prepared in accordance with paragraph 7b(1) above.

c. Reconciliation of Collections. The cash collections shall be reconciled daily against the receipts issued or the machine total of cash received. Cash overages and shortages shall be handled as provided in Section 613.1 of this Manual.

d. Safeguarding of Collections. It is essential that adequate provision be made for the safekeeping of collections. Large amounts of cash should not be allowed to accumulate in the cash drawer, but should be transferred periodically to the office safe or vault, if available.

e. Deposits. Collections should be deposited daily during the first few days of the month when collections are heavy. During the remainder of the month, deposits may be made less frequently but the Local Authority should not permit the accumulation of large amounts of cash in the office safe or

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vault which might offer a temptation for burglary, robbery, or misappropriation. If possible, a deposit should be made on the last work day of each month so that all collections for the month will be deposited during the month. The Local Authority should not under any circumstances make disbursements from collections received for deposit; cash disbursements should be made by check or from the petty cash fund.

f. Preparation and Filing of Bank Deposit Tickets. Bank deposit tickets shall show complete details as to currency, coin, and checks deposited. If a project reports to a central office, the deposit ticket should be prepared in triplicate; the original will be retained by the bank; the first copy, receipted by the bank, should be sent direct to the central office by the bank; and the second copy, receipted by the bank, should be retained at the project for posting and auditing purposes. When a project does not report to a central office, the deposit ticket should be prepared in duplicate, and the receipted copy retained by the project. Deposit tickets may be filed by attachment to the last Daily Statement of Operations which the deposit covers.

g. Returned Checks

(1) Checks accepted from tenants in payment of rent or security deposits which are later returned by the bank because of insufficient funds or for any other reason, shall be charged to the tenant's account and credited to the bank. Upon receipt of the bank debit memorandum and the unpaid check, the amount of the returned check shall be recorded in the Cash Receipts Register as a debit to Account 1122 and a credit to Account 1111 (see instructions in Section 602.1 for maintenance of Cash Receipts Register). At the same time an adjustment slip or similar record shall be prepared for recording the amount of the returned check as a charge to the tenants account in the Tenants Accounts Receivable Ledger.

(2) If the tenant later makes the check good by paying cash, or the check is redeposited in the bank, or another check is accepted in lieu thereof, a cash receipt shall be issued and recorded as a credit to the tenant's account (Account 1122) in the usual manner.

8. Daily Statement of Operations

a. General. In order to facilitate the maintenance of proper controls, a Daily Statement of Operations must be prepared to provide a daily summary analysis of all transactions with tenants. A specimen form of Daily Statement of Operations which may be used for manual preparation and posting is shown as Exhibit 6. A specimen form of Analysis of Adjustment Slips, which is usually printed on the reverse side of the Daily Statement of Operations, is shown as Exhibit 7.

b. Preparation and Use

(1) At the close of each day, all adjustment slips should be summarized on the reverse side of the Daily Statement of Operations (see Analysis  
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of Adjustment Slips, Exhibit 7). From this summary, enter the summary totals in the "Add" or "Deduct" column of the Daily Statement of Operations on the lines to which the transactions are applicable; enter all charges to tenants in the "Add" column and all credits to tenants in the "Deduct" column. The totals for all other transactions posted to tenant's accounts from sources other than adjustment slips (i.e. charges for recurring monthly rent and cash collections) should be entered in the "Total" column on the lines to which such transactions are applicable. The "Net Total" column should be completed by inserting the amount shown in the "Total" column plus or minus the adjustments recorded in the "Add" or "Deduct" columns, respectively. The use of the remaining portion of the Statement is self-explanatory.

(2) Housing Managers reporting to a central office should furnish that office with a copy of the Daily Statement of Operations. The Statement may be used for posting cash receipts in the Cash Receipts Register.

(3) The "Net Total" for each type of transaction shall be recorded daily in the Analytical Tenant Ledger Control (see Exhibit 8). After recording, the Daily Statement of Operations should be filed chronologically in a permanent file.

## 9. Analytical Tenant Ledger Control

a. General. An Analytical Tenant Ledger Control shall be maintained for the purpose of accumulating currently, from the Daily Statement of Operations, a summary analysis of charges and credits to tenants' accounts to provide daily control of transactions with tenants and summary totals for monthly postings to the books of account. A specimen Analytical Tenant Ledger Control sheet is shown as Exhibit 8. Instructions for the maintenance of the Analytical Tenant Ledger Control are shown on the reverse side of the specimen form (see page 2 of Exhibit 8).

b. Monthly Closing. All columns, with the exception of Columns (14), (15), and (18), shall be totaled and proved at the close of each month. The instructions shown on page 2 of Exhibit 8 may be used as a guide for proving the monthly totals.

### c. Journalizing the Analytical Tenant Ledger Control

(1) At the close of each month, after the Analytical Tenant Ledger Control has been totaled and proved, appropriate entries shall be made to record the totals of all transactions with tenants which have not been recorded from other sources. The transactions to be recorded from totals shown in the Analytical Tenant Ledger Control are as follows:

- (a) Operating Income. A journal voucher should be prepared to record total operating income, as shown in Column (6) as follows:

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General Ledger:

Debit: Account 1122, Accounts Receivable - Tenants

Credit: Account 3000, Operating Income (Control)  
(To record total operating income for month  
of \_\_\_\_\_ as shown in Column (6) of the  
Analytical Tenant Ledger Control)

Subsidiary Income Ledger:

Credit: Account 3110, Dwelling Rental  
(For total dwelling rental recorded in Column (1))

Credit: Account 3120, Excess Utilities  
(For total excess utilities recorded in Column (2))

Credit: Account 3190, Nondwelling Rental  
(For total nondwelling rental recorded in  
Column (3))

Credit: Account 3690, Other Income  
(For total of other income recorded in Column (5))

(b) Transfer of Security Deposits. The total of security deposits transferred to tenants accounts receivable, as shown in Column (11), must be recorded in the applicable General Ledger control accounts as provided in paragraph 12 below.

(c) Collection Losses. The total of tenants' accounts written off as collection losses, as recorded in Column (12), must be recorded as provided in paragraph 13 below.

(2) Postings to the control accounts in the General Ledger for items recorded in other columns of the Analytical Tenant Ledger Control will be from other sources, as follows:

Column (7) from the Cash Disbursements Register;

Columns (8), (10), and (16) from the Cash Receipts Register;

Column (17) from the Cash Disbursements Register for refunds.

(transfers of security deposits to tenants accounts receivable will be recorded as provided in paragraph 12 below.)

10. Rent Roll Control and Analysis of Dwelling Rent Charges

a. General. A Rent Roll Control and Analysis of Dwelling Rent Charges shall be maintained for the purpose of controlling rental charges to  
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tenants' accounts. This record provides a reconciliation of dwelling rental charges for the month, and a summarization of dwelling rents to be charged to tenants' accounts as of the first of the next month. A specimen form of Rent Roll Control and Analysis of Dwelling Rent Charges is shown as Exhibit 9. Instructions for the maintenance of this record are shown on the reverse side of the specimen form (see page 2 of Exhibit 9).

b. Preparation and Use. Move-ins, move-outs, transfers, and changes in rental rates are to be recorded currently from leases, Notices of Intent To Vacate, or other documents which effect a change in rental charges for the current month or a change in the potential dwelling rental charges for the succeeding month. One of the objectives of this record is to accumulate, during the current month, the rent roll to be charged tenants' accounts as of the first of the following month. Therefore, leases or other documents executed during the current month for the rental of units or for the increase or decrease in monthly rental rates which become effective as of the first of the next month should be entered on this record for the current month. Detailed instructions for the maintenance of this record are shown on page 2 of Exhibit 9.

c. The Rent Roll Control and Analysis of Dwelling Rent Charges should be filed chronologically in a permanent file.

## 11. Refunds of Security Deposits and Unearned Rent

a. General. When a tenant vacates a unit, a Request for Refund of Security Deposit and Unearned Rent, or a similar document, should be prepared to show complete information with respect to the computation of the refund, if any, due the tenant for security deposit and/or unearned rent after deduction for any unpaid charges. (See instructions in paragraph 3(c)(6) above for recording credit adjustment for unearned rent.) A specimen form of Request for Refund of Security Deposit and Unearned Rent is shown as Exhibit 10. The use of this form is self-explanatory.

b. Payment. When the Request for Refund of Security Deposit and Unearned Rent has been prepared properly and signed by the authorized approving official, a voucher check should be issued for the amount of refund due. In some cases, the Local Authority may wish to make refunds from the Petty Cash Fund; in such cases, a petty cash voucher shall be prepared for the amount of the refund. The voucher check or petty cash voucher should be supported by a copy of the Request for Refund of Security Deposit and Unearned Rent and Notice of Intent To Vacate.

c. Recording Refunds to Tenants. Adjustment slips or other records shall be prepared to record the refund of unearned rent and/or security deposit to the individual tenants' accounts in the Tenants Accounts Receivable Ledger or Tenants Security Deposit Ledger, as applicable. The voucher check issued

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for the refund shall be recorded in the Cash Disbursements Register as a debit to Account 1122, Accounts Receivable - Tenants (for amount of refund of unearned rent), and Account 2114, Accounts Payable - Tenants Security Deposits (for amount of refund of security deposit), and as a credit to the appropriate cash account (Account 1111, Cash - General Fund, or Account 1114, Cash - Security Deposit Fund, as appropriate).

**12. Transfer of Security Deposits to Tenants Accounts Receivable**

a. General. A security deposit may be transferred to the rent account upon the request of the tenant at the time of vacating or, without request, if the tenant leaves owing the Local Authority rent or other charges.

b. Recording Transfer of Security Deposits. Adjustment slips or other records shall be prepared to record the transfer of security deposits to the individual tenants' accounts in the Tenants Accounts Receivable Ledger and Tenants Security Deposit Ledger. At the close of each month, the total amount of security deposits transferred during the month, as shown in Column (11) of the Analytical Tenant Ledger Control (see Exhibit 8), shall be recorded in the applicable General Ledger Control accounts as follows:

- (1) If security deposits are deposited in the Local Authority's General Fund, a journal voucher shall be prepared to record the transfer of security deposits to tenants' accounts by a debit to Account 2114, Accounts Payable - Tenants Security Deposits, and a credit to Account 1122, Accounts Receivable - Tenants.
- (2) if security deposits are deposited in a Security Deposit Fund, a check should be issued on the Security Deposit Fund and deposited in the General Fund for an amount equal to the total of security deposits transferred to tenants' accounts. The check shall be recorded in the Cash Disbursements Register as a debit to Account 2114, Accounts Payable - Tenants Security Deposits, and as a credit to Account 1114, Cash - Security Deposit Fund. The deposit of the check in the General Fund should be recorded in the Cash Receipts Register as a debit to Account 1111, Cash - General Fund, and as a credit to Account 1122, Accounts Receivable - Tenants.

**13. Collection Losses and Recoveries**

a. Write-Off of Uncollectible Accounts

- (1) The accounts of tenants which are considered uncollectible after all means of collection have failed may be written off as collection losses. The write-off of tenants accounts receivable, however, must be approved by resolution of the Board of Commissioners of the Local Authority or by the official to whom such authority has been delegated by resolution of the Board of Commissioners (see Section 606.1).

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(2) The accounts of tenants who have moved from the project should be reviewed periodically to determine the collectibility or uncollectibility of such accounts. An adjustment slip or other record shall be prepared for the accounts which have been approved for write-off as collection losses. A single adjustment slip may be used for the write-off of any number of accounts when supported by a list showing the account number, name of tenant, and the amount to be written off. Each individual tenant's account shall be credited with the amount to be written off and the adjustment slip shall be entered on the Daily Statement of Operations in the usual manner.

(3) At the close of each month, a journal voucher shall be prepared to debit Account 4570, Collection Losses, and to credit Account 1122, Accounts Receivable - Tenants, for the total of tenants accounts written off during the month as shown in Column (12) of the Analytical Tenant Ledger Control (see Exhibit 8).

b. Recording Collections on Accounts Previously Written Off as Collection Losses. If collections are subsequently made on accounts previously written off as collection losses, an adjustment slip or other record shall be prepared to charge the tenant's account for the amount collected. The adjustment slip shall be entered in the "add" column of the Daily Statement of Operations (see Exhibit 6) opposite "collection losses," and thence to Column (12) of the Analytical Tenant Ledger Control (see Exhibit 8) as a negative entry. Items of this nature will be incorporated in the monthly journal voucher as a credit to Collection Losses, Account 4570. The tenant shall be given a cash receipt for the amount paid and the collection shall be processed in the usual manner.

14. Report on Tenants Accounts Receivable. A Form PHA-2295, Schedule of Tenants Accounts Receivable (see Exhibit 11), shall be prepared as of the close of each calendar quarter. This Schedule shall show the number of accounts having balances within the groups indicated and the total of the balances of the individual accounts within each group. A separate Form PHA-2295 shall be prepared for each project or group of projects combined for rent collection purposes, and the balance shown on the last line of the column headed "Aggregate Amount" shall be in agreement with the balance shown in the General Ledger for Account 1122, Accounts Receivable - Tenants. The original of Form PHA-2295, signed by the person preparing the report and by the officer of the Local Authority who has been delegated authority to sign financial reports, (see Section 606.1) shall be dispatched in time to reach the PHA Regional Office not later than the twentieth of the month following the close of the quarter for which the report is prepared.

Specimen Form of Pro Rata Rent Schedule

PRO RATA RENT SCHEDULE - MONTHLY BASIS (30 DAYS)						
EFFECTIVE DATE OF LEASE (1)	LAST DAY TO BE CHARGED (2)	NO. OF DAYS TO BE CHARGED OR CREDITED (3)	MONTHLY RENTAL RATES			
			\$30.00 (4)	\$36.00 (5)	\$42.00 (6)	\$48.00 (7)
30th	29th	1	1.00	1.20	1.40	1.60
29	28	2	2.00	2.40	2.80	3.20
28	27	3	3.00	3.60	4.20	4.80
27	26	4	4.00	4.80	5.60	6.40
26	25	5	5.00	6.00	7.00	8.00
25	24	6	6.00	7.20	8.40	9.60
24	23	7	7.00	8.40	9.80	11.20
23	22	8	8.00	9.60	11.20	12.80
22	21	9	9.00	10.80	12.60	14.40
21	20	10	10.00	12.00	14.00	16.00
20	19	11	11.00	13.20	15.40	17.60
19	18	12	12.00	14.40	16.80	19.20
18	17	13	13.00	15.60	18.20	20.80
17	16	14	14.00	16.80	19.60	22.40
16	15	15	15.00	18.00	21.00	24.00
15	14	16	16.00	19.20	22.40	25.60
14	13	17	17.00	20.40	23.80	27.20
13	12	18	18.00	21.60	25.20	28.80
12	11	19	19.00	22.80	26.60	30.40
11	10	20	20.00	24.00	28.00	32.00
10	9	21	21.00	25.20	29.40	33.60
9	8	22	22.00	26.40	30.80	35.20
8	7	23	23.00	27.60	32.20	36.80
7	6	24	24.00	28.80	33.60	38.40
6	5	25	25.00	30.00	35.00	40.00
5	4	26	26.00	31.20	36.40	41.60
4	3	27	27.00	32.40	37.80	43.20
3	2	28	28.00	33.60	39.20	44.80
2	1	29	29.00	34.80	40.60	46.40
1		30	30.00	36.00	42.00	48.00

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USE OF PRO RATA RENT SCHEDULE

1. When a tenant moves into a unit during the month, read down Column (1) of the Schedule to the effective date of the lease and across to the appropriate monthly rent column. For example, assume that a tenant moves into a unit on March 26 and the lease provides for a monthly rental of \$30, the interim rental charge can be determined by reading down Column (1) to "26" (effective date of the lease) and across to Column (4); the charge will be for five days (Column (3)) or \$5.00.
2. When a tenant vacates a unit during the month, read down Column (2) of the Schedule to the last day for which rent will be charged and across to the appropriate monthly rent column. For example, assume that a tenant paying a monthly rental of \$30 vacates a unit and is required to pay rent through March 23, the interim rental credit can be determined by reading down Column (2) to "23" (last day to be charged) and across to Column (4); the credit will be for seven days (Column (3)) or \$7.00.



Specimen Form of Adjustment Slip

HHFA  
PHA  
September 1958

LOW-RENT HOUSING MANUAL

607.1  
Exhibit 3

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE

ADJUSTMENT SLIP

PROJECT NO. \_\_\_\_\_

NO. \_\_\_\_\_

19\_\_

NAME OF TENANT \_\_\_\_\_

TENANT'S ACCOUNT NO. \_\_\_\_\_

EXPLANATION: _____	DEBIT	CREDIT

POSTED BY: \_\_\_\_\_

APPROVED: \_\_\_\_\_



# Specimen Form of Notice of Intent To Vacate

NOTICE OF INTENT TO VACATE		TO BE FILLED IN BY HOUSING MANAGER:				NOTICE NO.												
		PROJECT NO.	LEASE OR REGISTRATION NO.	UNIT SIZE	UNIT NO.	ACCOUNT NO.												
PROJECT NAME		LOCATION																
<p><b>TENANT:</b> Please fill out portion of form between heavy lines.</p> <p style="text-align: right;">Date _____</p> <p>I, _____, hereby serve notice of my            intent to vacate dwelling No. _____ on the _____ day of _____            I intend to move to * [...] _____ (Number) _____ (Street) _____ (City) _____ (State)            My reason for moving: _____            _____            _____</p> <p style="text-align: right;">Signed _____            (Tenant)</p>																		
<p><b>TO BE FILLED IN BY HOUSING MANAGER:</b></p> <table border="1" style="width: 100%;"> <tr> <td>DATE OF 1st OCCUPANCY IN PROJECT</td> <td>DATE ACTUALLY VACATED</td> <td>LAST DAY FOR WHICH RENT IS TO BE CHARGED</td> <td>RENT PAID TO</td> <td>BALANCE (cross out one) (Returned) (Unpaid) \$ _____</td> </tr> <tr> <td colspan="4" rowspan="2">REMARKS</td> <td>NOTED BY (initial and date)</td> </tr> <tr> <td>_____</td> </tr> </table>								DATE OF 1st OCCUPANCY IN PROJECT	DATE ACTUALLY VACATED	LAST DAY FOR WHICH RENT IS TO BE CHARGED	RENT PAID TO	BALANCE (cross out one) (Returned) (Unpaid) \$ _____	REMARKS				NOTED BY (initial and date)	_____
DATE OF 1st OCCUPANCY IN PROJECT	DATE ACTUALLY VACATED	LAST DAY FOR WHICH RENT IS TO BE CHARGED	RENT PAID TO	BALANCE (cross out one) (Returned) (Unpaid) \$ _____														
REMARKS				NOTED BY (initial and date)														
				_____														
<p>*Place in brackets above:</p> <p>(1)—Moved within project            (2)—Moved to other project            (3)—Moved off project</p>		<p><b>DISTRIBUTION OF COPIES</b></p> <p>ORIGINAL—To Maintenance Superintendent for Inspection Report.            Return to Housing Manager for completion and routing to Project Accounting Section.</p> <p>1st—To Maintenance Superintendent for work schedule.            2d—To project or LHA Rental Section.</p>			<p>SIGNATURE OF HOUSING MANAGER</p>													

HHA  
PIA  
September 1958

LOW-RENT HOUSING MANUAL

607.1  
Exhibit 4

Specimen Form of Cash Receipt For Manual Posting

<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> (HOUSING AUTHORITY NAME) <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div style="border-bottom: 1px solid black; width: 45%;"></div><div style="border-bottom: 1px solid black; width: 45%;"></div></div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"><div style="width: 45%;">NAME OF PROJECT</div><div style="width: 45%;">PROJECT NUMBER</div></div>		
<b>CASH RECEIPT-NO.</b>		
<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"><div style="width: 40%;"></div><div style="width: 20%; text-align: center;">, 19</div><div style="width: 40%; text-align: right;">ACCOUNT NO.</div></div>		
TENANT <div style="border-bottom: 1px solid black; width: 90%;"></div>		
<b>ITEM</b>	<b>AMOUNT</b>	
Dwelling Rent		
Utility Surcharges		
Sales and Services		
<b>Total Due</b>		
<b>Amount Paid</b>		
<b>Balance Due</b>		
<b>Security Deposit Paid</b>		
<div style="margin-top: 10px;">RECEIVED BY: <div style="border-bottom: 1px solid black; width: 80%;"></div></div> <div style="margin-top: 10px;">INDICATE METHOD OF PAYMENT    CASH <input type="checkbox"/>    CHECK <input type="checkbox"/></div>		

Specimen Form of Daily Statement of Operations

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE					
DAILY STATEMENT OF OPERATIONS					
PROJECT NUMBER(S) _____			DATE _____		
ACCOUNT NUMBER	DESCRIPTION	TOTAL	CORRECTIONS		NET TOTAL
			ADD	DEDUCT	
	<u>CHARGES TO TENANTS ACCOUNTS RECEIVABLE:</u>				
3110	OWELLING RENTAL				
3120	EXCESS UTILITIES				
3190	NONOWELLING RENTAL				
3690	OTHER INCOME				
	<b>TOTAL INCOME</b>				
	REFUNDS TO TENANTS				
	RETURNED CHECKS				
	<b>TOTAL CHARGES TO TENANTS ACCOUNTS RECEIVABLE</b>				
	<u>CREDITS TO TENANTS ACCOUNTS RECEIVABLE:</u>				
	CASH COLLECTIONS				
	TRANSFERS FROM SECURITY DEPOSITS				
	COLLECTION LOSSES				
	<b>TOTAL CREDITS TO TENANTS ACCOUNTS RECEIVABLE</b>				
	<u>CHARGES TO TENANTS SECURITY DEPOSITS:</u>				
	REFUNDS TO TENANTS				
	TRANSFERS TO RECEIVABLES				
	<b>TOTAL CHARGES TO TENANTS SECURITY DEPOSITS</b>				
	<u>CREDITS TO TENANTS SECURITY DEPOSITS:</u>				
	CASH COLLECTIONS				
	<b>TOTAL CREDITS TO TENANTS SECURITY DEPOSITS</b>				

AN ADDITIONAL PAGE MAY BE PROVIDED FOR  
SHOWING THE DAILY BALANCE OF TENANTS  
SECURITY DEPOSITS IN THE MANNER SHOWN  
FOR TENANTS ACCOUNTS RECEIVABLE.

CASH RECEIPT NUMBERS \_\_\_\_\_ THROUGH \_\_\_\_\_, INCLUDING VOIDED NUMBERS \_\_\_\_\_  
 RECORDED: CASH RECEIPTS REGISTER PAGE NUMBER \_\_\_\_\_

UNDEPOSITED CASH	AMOUNT	TENANTS ACCOUNTS RECEIVABLE	AMOUNT
BALANCE - PREVIOUS REPORT		BALANCE - PREVIOUS REPORT	
ADD RECEIPTS - THIS REPORT		ADD CHARGES - THIS REPORT	
DEDUCT DEPOSITS - THIS REPORT		DEDUCT CREDITS - THIS REPORT	
<b>UNDEPOSITED BALANCE - THIS REPORT</b>		<b>BALANCE - THIS REPORT</b>	

PREPARED BY:  
 NAME \_\_\_\_\_  
 TITLE \_\_\_\_\_

APPROVED BY:  
 NAME \_\_\_\_\_  
 TITLE \_\_\_\_\_

# Specimen Form of Analysis of Adjustment Slips

## ANALYSIS OF ADJUSTMENT SLIPS

### Charges to Tenants

Adj. No.	ACCOUNTS RECEIVABLE							SECURITY DEPOSITS	
	DWELLING RENTAL	EXCESS UTILITIES	NONDWELLING RENTAL	OTHER INCOME		REFUNDS TO TENANTS	RETURNED CHECKS	REFUNDS	TRANSFERS TO A/C REC.

### Credits to Tenants Accounts Receivable

Adj. No.	DWELLING RENTAL	EXCESS UTILITIES	NONDWELLING RENTAL	OTHER INCOME				COLLECTION LOSSES	TRANS. FROM SECURITY DEPOSITS



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INSTRUCTIONS FOR MAINTENANCE OF  
ANALYTICAL TENANT LEDGER CONTROL

1. As of the first day of each month the balance of tenants accounts receivable and tenants security deposits, as of the close of the previous month, should be brought forward and entered in Columns 15 and 18, respectively.
  2. The daily charges and credits to tenants accounts, as shown in the "Net Total" column of the Daily Statement of Operations, should be entered in the corresponding columns of the Analytical Tenant Ledger Control.
  3. Enter the daily totals of charges and credits to tenants accounts in Columns (6), (9), and (13) as follows:
    - Column (6) - Enter total of amounts in Columns (1) through (5).
    - Column (9) - Enter total of amounts in Columns (6), (7), and (8).
    - Column (13) - Enter total of amounts in Columns (10), (11), and (12).
  4. Enter in Column (14) the daily net increase (or decrease) in tenants accounts receivable, representing the difference between the total charges in Column (9) and the total credits in Column (13).
  5. The daily balance of tenants accounts receivable to be entered in Column (15) will be the balance shown in Column (15) for the previous day plus (or minus) the net increase (or decrease) recorded in Column (14) for the current day. The balance in Column (15) shall, at the close of any day, be in agreement with the trial balance of the Tenants Accounts Receivable Ledger; the balance in this column at the close of each month shall be in agreement with the balance in Account 1122, Accounts Receivable--Tenants, in the General Ledger.
  6. The daily balance of tenants security deposits to be entered in Column (18) will be the balance shown in Column (18) for the previous day plus the amount in Column (16) and minus the amount in Column (17) for the current day. The balance in Column (18) shall, at the close of any day, be in agreement with the trial balance of the Tenants Security Deposit Ledger; the balance in this column at the close of each month shall be in agreement with the balance in Account 2114, Accounts Payable--Tenants Security Deposits, in the General Ledger.
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Financial Reporting Procedures

1. General

a. The PHA requires reports from Local Authorities for the following purposes: (1) for use in reviewing the financial condition and development costs incurred during the Development Period; (2) for use in determining the Accruing Annual Contribution to be paid to the Local Authority on the Annual Contribution Date; and (3) for use in the comparison of operating results with operating budgets submitted by Local Authorities. This Section prescribes the financial reports to be prepared and submitted to the PHA during the Development and Operations Periods.

b. Financial reports should disclose all essential financial facts for the period covered. To accomplish this objective, the Local Authority should, prior to the preparation of the reports, determine that all transactions, such as accounts payable for goods and services received, accrued liabilities, accrued income, deferred charges, remitted expenses, etc. applicable to the period covered by the reports, have been recorded in the books of account. In addition, trial balances of the General Ledgers and all subsidiary ledgers should be prepared and a determination made that all subsidiary ledgers are in agreement with the applicable General Ledger control accounts.

2. Signing Financial Reports <sup>1/</sup>

a. All financial reports which are submitted to the PHA shall be signed by an appropriate officer or officers of the Local Authority who have been delegated to sign such reports by formal resolution of the Board of Commissioners of the Local Authority. Local Authorities may find it convenient to designate offices instead of officers and to name more than one office so as to eliminate paper work which would be caused by changes in or absence of personnel. A suggested form of resolution follows:

"Be it Resolved by the Commissioners of the Housing Authority of the City of \_\_\_\_\_: that the [Executive Director] [Comptroller] [Secretary] [Treasurer] [or] and [Chairman] [are] [is] hereby authorized to execute financial and budgetary reports for and on behalf of the Housing Authority of the City of \_\_\_\_\_ and any report so executed shall constitute the lawful act of such Authority."

(Cont'd)

1/ The requirements stated in this paragraph were first stated in a Circular dated August 8, 1956.

NOTE: This Section 606.1 supersedes Sections 606.1, 606.2, and 606.3 dated September 1958. It contains procedures for the preparation of the financial reports to be submitted as of the end of the first six months of the fiscal year and as of the end of the fiscal year.

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b. Local Authorities shall furnish the appropriate Regional Director with two certified copies of extracts from the minutes of the meeting of its Commissioners evidencing the authority of the officer or officers who are designated to execute financial reports.

3. Distribution of Financial Reports. The original and all copies (if copies are required) of the financial reports prescribed herein shall be dispatched in time to reach the PHA Central Office not later than the twentieth of the month following the close of the period as of which the reports are prepared. The reports shall be mailed to:

Comptroller  
Public Housing Administration  
Washington 25, D. C.

4. Balance Sheet (Exhibit 1)

a. Time of Preparation. A Balance Sheet, Form PHA-2595, shall be prepared as of the end of each calendar quarter for each Contract which includes a project (or projects) which has not reached the Operations Period. After all projects under a Contract reach the Operations Period, a Balance Sheet shall be prepared only at the end of each fiscal year.

b. Preparation

(1) Quarterly Balance Sheets. At the close of each calendar quarter, the Balance Sheet may be prepared from the balances shown on the General Ledger trial balance taken as of the end of the quarter. However, if the trial balance shows a balance in any of the nominal accounts (accounts in the 3000, 4000, 5000, and 6000 groups) or a balance in Account 7010, the balances of such accounts will not be closed until the end of the fiscal year but the difference between the total debit balances and the total credit balances of these accounts shall be reported on the Balance Sheet in Account 2810, Unreserved Surplus. The balances of all other accounts shown on the trial balance, except for the memorandum accounts in the 7100 and 7500 groups, shall be reported on the Balance Sheet. If any of the prescribed accounts have been subdivided, such accounts shall be combined for reporting purposes. The footnotes need not be completed on the quarterly Balance Sheets.

(2) Annual Balance Sheets. At the end of each fiscal year, after the 3000, 4000, 5000, 6000, and the 7000 groups of accounts have been closed in accordance with the instructions in Section 605.1 of this Manual, the Balance Sheet should be prepared from the figures shown on the post closing trial balance taken of the General Ledger as of the end of the fiscal year. The footnotes shall be completed as indicated.

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c. Number of Copies Required. The PHA requires an original and one copy of Form PHA-2595, Balance Sheet.

5. Statement of Income and Expense and Changes in Accumulated Surplus (Deficit) From Operations (Exhibit 2)

a. Time of Preparation. A Statement of Income and Expense and Changes in Accumulated Surplus (Deficit) From Operations, Form PHA-2596, shall be prepared as of the end of each fiscal year for each Contract with the PHA. One exception to this rule will be, in rare cases, when the end of the first fiscal year is reached before the End of the Initial Operating Period occurs for any project under an Annual Contributions Contract, and/or before any charges or credits have been made direct to Account 2810, Unreserved Surplus, and/or before any charges or credits have been made to accounts which are normally closed to Account 2810, Unreserved Surplus. Under such circumstances, there will be no balance reported for Account 2810 on the Balance Sheet for which a Statement could be prepared.

b. Preparation. The heading of Form PHA-2596, Statement of Income and Expense and Changes in Accumulated Surplus (Deficit) From Operations, is self-explanatory. The column headed "Per LHA Books" shall be completed in the following manner:

Lines 1) - Enter on the appropriate line the balance shown thru 15) in the books of account at the end of the fiscal year for each account shown on the Statement. The balances of Accounts 6010, 6020, 6110, and 6120 (lines 12 to 15) may be either a debit or a credit balance at the end of the fiscal year; a debit balance shall be enclosed in parentheses and a credit balance shall be shown without designation. Also, complete lines 6, 10, and 11 in accordance with the instructions on the form.

Line 16 - Enter on this line the total amount of Residual Receipts from the Initial Operating Period for all projects which reached the End of the Initial Operating Period during the current fiscal year as shown on the Statement of Initial Operating Income and Expense, Form PHA-2603, prepared in accordance with paragraph 13i of Section 604.1.

Line 17 - Enter on this line (in parentheses) the amount of remitted payments in lieu of taxes and/or utility charges applicable to the Initial Operating Period (see paragraph 13g of Section 604.1).

(Cont'd)

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- Line 18 - Enter on this line the sum of the net debit or credit balances shown on lines 12 through 17. A net debit balance shall be enclosed in parentheses and a net credit balance shall be shown without designation.
- Line 19 - Enter on this line the amount shown on line 11 plus or minus the amount on line 18. A "net income" shall be shown without designation; a "net deficit" shall be enclosed in parentheses.
- Line 20 - Enter the balance in Account 2810 as shown in the books of account at the end of the previous fiscal year. This amount shall be equal to the amount shown on line 25 in the column headed "Per LHA Books" of Form PHA-2596, submitted for the previous fiscal year. A credit balance in Account 2810 shall be shown without designation and a debit balance shall be enclosed in parentheses.
- Line 21 - Complete the schedule shown as footnote 1/ by listing the journal voucher numbers and the amount of each adjustment recorded directly in Account 2810 during the current fiscal year. (Attach a schedule of journal vouchers if additional space is required.) Such adjustments will include those made by the PHA Fiscal Branch upon review of the financial statements for the previous fiscal year, and the adjustments required by the PHA Project Auditing Branch as a result of the site audit and those made by the Local Authority for correction of errors, including the correction of errors to Account 1425, Initial Operating Deficit, which affect Account 2810. The journal vouchers prepared as of the end of the fiscal year to close Account 2700 to Account 2810 or to close Account 7010 to Account 2810 shall not be included in this schedule. Then, enter on this line (line 21) the difference between the total debit and total credit adjustments shown in the schedule as footnote 1/. A net debit difference shall be enclosed in parentheses; a net credit difference shall be shown without designation.
- Line 22 - Enter the difference between or the total of the amounts shown on lines 20 and 21. The amount of this line shall be equal to the balance in Account 2810 at the end of the current fiscal year prior to recording

(Cont'd)

the closing entries prescribed in Section 605.1 of this Manual. A debit balance shall be enclosed in parentheses; a credit balance shall be shown without designation.

Line 23 - Self-explanatory.

Line 24 - Enter the balance in Account 7010 prior to closing the books at the end of the current fiscal year. A debit balance shall be enclosed in parentheses; a credit balance shall be shown without designation.

Line 25 - Self-explanatory.

Line 26 - Enter the balance in Account 2820, Operating Reserve, at the end of the current fiscal year.

Line 27 - Enter the difference between or the total of the amounts on lines 25 and 26. A debit amount shall be enclosed in parentheses; a credit amount shall be shown without designation. The amount shown on this line shall be equal to the total Surplus or Deficit From Operations (the total, or net, of Accounts 2810 and 2820) as shown on the Balance Sheet prepared at the end of the fiscal year.

c. Number of Copies Required. The PHA requires an original only of Form PHA-2596, Statement of Income and Expense and Changes in Accumulated Surplus (Deficit) From Operations.

6. Analysis of Debt Service Trust Fund (Exhibit 3)

a. Time of Preparation. Local Authorities operating Non-Permanently Financed PL-671 Projects under a Contract for Financial Assistance shall, as of the end of each fiscal year, prepare an Analysis of Debt Service Trust Fund, Form PHA-2597, for each such contract.

b. Preparation. The heading of the form is self-explanatory. Lines 1 through 12 shall be completed in the following manner:

Line 1 - Enter the balance in Account 1175, Debt Service Trust Fund, as shown on the books of account at the end of the previous fiscal year.

Line 2 - Enter the amount of the Accruing Annual Contribution paid by the PHA for the previous fiscal year, if any, which was deposited in the Debt Service Trust Fund during the current fiscal year.

(Cont'd)

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- Line 3 - Enter the amount by which Residual Receipts for the previous fiscal year exceeded the amount of Debt Service Requirements for the previous fiscal year which was deposited in the Debt Service Trust Fund during the current fiscal year.
- Line 4 - If the Local Authority failed to make all the required deposits in the Debt Service Trust Fund during the previous fiscal year, enter on this line the amount deposited during the current fiscal year to meet the requirements for the preceding fiscal year.
- Line 5 - Self-explanatory.
- Line 6 - Enter on this line the amount transferred, if any, from the Debt Service Trust Fund to the General Fund during the current fiscal year.
- Line 7 - Self-explanatory.
- Line 8 - Enter on the appropriate line the amounts deposited during the current fiscal year for current Debt Service Requirements, as follows:
- (1) Enter the amount deposited for the Payment of interest accrued during the fiscal year on outstanding Advance Notes and/or Temporary Notes.
  - (2) Enter the amount of premiums received from the purchasers of notes and deposited in the Debt Service Trust Fund during the current fiscal year.
  - (3) Enter the amount deposited for Debt Amortization.
- Line 9 - Enter on this line deposits made during the current fiscal year for purposes other than Debt Service Requirements; that is, deposits of proceeds from sale of excess land or other real property.
- Line 10 - Self-explanatory.
- Line 11 - Enter on the appropriate line the amount of disbursements made during the current fiscal year for the payment of interest on and principal of outstanding notes.

(Cont'd)

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Line 12 - Self-explanatory. The amount on this line represents the balance in Account 1175, Debt Service Trust Fund, at the end of the current fiscal year.

c. Number of Copies Required. The PHA requires an original only of Form PHA-2597, Analysis of Debt Service Trust Fund.

7. Analysis of Fiscal Agent Funds (Exhibit 4)

a. Time of Preparation. An Analysis of Fiscal Agent Funds, Form PHA-2598, shall be prepared at the end of each fiscal year, by Contract, for PL-412 Projects which are financed by Series "A" and "B" Bonds or Series "A" Refunding Bonds.

b. Preparation

(1) After reconciling the balances in the Fiscal Agent's accounts (Accounts 1171.1 through 1171.7) as shown in the General Ledger at the end of the fiscal year with the balances in these accounts as reported by the Fiscal Agent, Section I of the Analysis of Fiscal Agent Funds shall be completed by inserting the balances in Accounts 1171.1 through 1171.7 as shown in the General Ledger. The total reported in Section I shall be equal to the amount reported on the Balance Sheet for Account 1171.

(2) Section II of the Analysis of Fiscal Agent Funds shall be completed in the following manner:

Line 1 - The original cost of securities held at the end of the fiscal year, which were purchased from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund, shall be entered on this line in the appropriate column.

Line 2 - Enter on this line, in the appropriate column, the book value (current redemption value) of securities held at the end of the fiscal year which were purchased from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total on this line shall be equal to the amount reported on the Balance Sheet for Account 1173.

Line 3 - Enter on this line, in the appropriate column, the amount of accrued interest receivable at the end of the fiscal year on investments made from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total on this line shall be equal to the amount reported on the Balance Sheet for Account 1174.

(Cont'd)

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Line 4 - Enter on this line, in the appropriate column, the amount of interest earned during the current fiscal year on investments made from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total on this line shall be equal to the balance of Account 5230 as of the end of the fiscal year.

c. Number of Copies Required. The PHA requires an original only of Form PHA-2598, Analysis of Fiscal Agent Funds.

8. Statement of Operating Receipts and Expenditures (Exhibit 5)

a. Time of Preparation

(1) End of First Six Months of Fiscal Year. At the end of the first six months of each fiscal year a Statement of Operating Receipts and Expenditures, Form PHA-2599, shall be prepared to report the results of operations under all Contracts with the PHA, regardless of the number or type of Contracts. This statement shall include total operating receipts and expenditures for the fiscal year to date for all projects under all Contracts in which the PHA has a financial interest.

(2) End of Fiscal Year

(a) Local Authorities Having a Single Contract With the PHA. At the end of each fiscal year a Statement of Operating Receipts and Expenditures, Form PHA-2599, shall be prepared to report total operating receipts and expenditures for the fiscal year for all projects under the Contract. In addition, if the Contract includes a Non-Permanently Financed Project (or Projects), a separate Form PHA-2599 shall be prepared to report total operating receipts and expenditures for each such Non-Permanently Financed Project and a separate Form PHA-2599 shall be prepared to report total operating receipts and expenditures for all Permanently Financed Projects. 1/

(b) Local Authorities Having Two or More Contracts With the PHA. At the end of each fiscal year a separate Statement of Operating Receipts and Expenditures, Form PHA-2599, shall be prepared to report total operating receipts and expenditures for all projects under each Contract with the PHA, exclusive of operating receipts and expenditures for Non-Permanently Financed Projects;

(Cont'd)

1/ These additional reports are not required when the Non-Permanently Financed Projects are under a consolidated form of Annual Contributions Contract.

Now this copy to us ?!



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# **PUBLIC HOUSING ADMINISTRATION**

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR  
1-20-60

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TO: Local Authorities  
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SUBJECT: Financial Reports

Section 606.1 of the Low-Rent Housing Manual dated May 1959 shows the correct number of copies required for distribution of each Financial Report.

Your attention is called to the many delinquencies in the submission of these reports, especially in connection with Form PHA-2599 requirements, namely:

Form PHA-2599 - Statements submitted as of the end of the Fiscal Year require original and two copies.

Form PHA-2599 - Statements submitted for first six months of Fiscal Year require original and one copy.

(All Local Authorities which had a fiscal year ending on June 30, 1959, are required to submit this six-month report as of December 31, 1959.)

Assistant Commissioner  
for Administration



## PUBLIC HOUSING ADMINISTRATION

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR  
7-16-59

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TO: Central Office Division, Office, and Branch Heads  
Regional Directors  
Local Authorities

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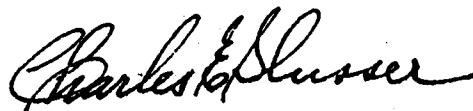
SUBJECT: Rescission of Certain Accounting Releases

At the close of business June 30, 1959, the following manual releases became obsolete:

1. Sections 601.1 through 623.4, Low-Rent Housing Manual, bearing release dates ranging from June 2, 1952, to January 1958;
2. Sections 25-0-1 through 25-22-1, Small Low-Rent Programs Manual - Accounting, bearing release dates ranging from June 26, 1953, to January 1958; and
3. Sections 9.1 through 9.15, Small Low-Rent Programs Manual - Operation, bearing release dates ranging from September 2, 1952, to December 1956.

Effective July 1, 1959, all Local Authorities, except those Local Authorities which elected to defer the use of new budget procedures until the Fiscal Year beginning October 1, 1959, regardless of the size of their programs, are required to record transactions relating to projects in which the PHA has a financial interest in accordance with the classification of accounts prescribed in Form PHA-2600, Uniform System of Accounts (Chart and Definitions), dated May 1958, and in accordance with the accounting procedures prescribed in Sections 601.1 through 605.1 and Sections 607.1 and 608.1, Low-Rent Housing Manual, bearing release dates ranging from September 1958 to February 1959. Also, beginning with reporting periods ending after July 1, 1959, all Local Authorities are required to submit financial reports to the PHA in accordance with the reporting formats and at the times prescribed in Section 606.1, Low-Rent Housing Manual, bearing a release date of May 1959.

It is suggested that Local Authorities which have copies of the older accounting releases identified under items 1, 2, and 3 above may wish to retain them for guidance purposes since they cover certain subjects which are not covered in the newer releases, such as payments in lieu of taxes, pooling of funds, investments, etc.

  
Commissioner

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a separate Form PHA-2599 shall be prepared to report operating receipts and expenditures for each Non-Permanently Financed Project. <sup>1/</sup> In addition, a consolidated Statement of Operating Receipts and Expenditures, Form PHA-2599, shall be prepared at the end of each fiscal year to report the results of operation under all Contracts with the PHA, regardless of the number or type of contracts. This consolidated statement shall include total operating receipts and expenditures for all projects under all contracts in which the PHA has a financial interest, regardless of whether the projects are Permanently or Non-Permanently Financed.

b. Preparation

(1) Heading

(a) In the column provided for "Contract No.," list the Contract number of each Annual Contributions Contract, Contract for Financial Assistance, Administration Contract, or other Contract with the PHA for which the statement is prepared. In the columns provided for "Project No." and "No. of Units," enter opposite each Contract number the project numbers and the number of dwelling units under each Contract, exclusive of projects which have not reached the Operations Period as of the end of the period for which the statement is being prepared.

(b) Generally, the "number of unit-months availability" may be obtained by multiplying the "total units" by the number of months included in the cumulative period of the report (six or twelve months, as applicable). However, if any of the projects included in the report have been in operation for only a portion of the period covered by the report, the "number of unit-months availability" with respect to such projects shall be computed on the basis of the actual number of months such projects have been in operation.

(c) If any of the projects have been in operation for only a portion of the period covered by the report, enter on the reverse side of the report the project number and the number of dwelling units for each such project and the date each such project reached the Operations Period.

(Cont'd)

1/ A separate Form PHA-2599 is not required for Non-Permanently Financed Projects under a consolidated form of Annual Contributions Contract. In such cases, a separate Form PHA-2599 shall be prepared to report total operating receipts and expenditures for all projects under the consolidated Annual Contributions Contract, including operating receipts and expenditures for Non-Permanently Financed Projects under such Contract.

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(d) The remaining portion of the heading is self-explanatory.

(2) Column (1), Budget Amount. This column shall be completed only on those statements prepared to report total operating receipts and expenditures for all projects under all Contracts in the PHA. Enter in this column on the appropriate line (lines 1 through 70) the total amount budgeted for each operating receipt and expenditure account and the total amount budgeted for operating reserve and residual receipts as shown in the latest approved Operating Budget (see Column (5) of Form PHA-2564, Consolidated LHA Budget, Summary PHA-Aided Low-Rent Housing in Management). No proration of budgeted amounts is necessary for reports prepared as of the end of the first six months of the fiscal year.

(3) Column (2), Budget PUM. This column shall be completed only on those statements prepared to report total operating receipts and expenditures for all projects under all Contracts with the PHA. Enter in this column the PUM rate of the amount budgeted for each operating receipt and expenditure account and the PUM rate of the amount budgeted for operating reserve and residual receipts as shown in the latest approved Operating Budget (see Column (4) of Form PHA-2564, Consolidated LHA Budget, Summary PHA-Aided Low-Rent Housing in Management).

(4) Column (3), Actual PUM. This column shall be completed by dividing the amount shown for each account in Column (4) by the "number of unit-months availability" shown in the heading of the report and entering the quotient on the appropriate line.

(5) Column (4), Actual Amount

(a) Lines 1 Through 63. Enter in this column, by account classification, total operating receipts and total operating expenditures for the fiscal year to date for all of the projects covered by the report, as shown on the related trial balances of the General Ledgers and/or the Income and Expense Ledgers prepared as of the end of the period for which the report is prepared.

(b) Lines 64 and 65. Self-explanatory.

(c) Line 66

(i) For PL-412 Projects financed by Series "A" and "B" Bonds, enter on this line the amount of deposits made in the Rental Debt Service Account from the beginning of the current fiscal year to the end of the period for which the

(Cont'd)

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report is being prepared. The total entered on this line as of the end of the fiscal year shall equal the difference between the Bond Service Requirements and the amount of the Fixed Annual Contribution as shown on Form PHA-884-1, Occupancy Notice, or, if additional Series "B" Bonds have been issued, by the latest Form PHA-895, Notice of Changes in Bond Service Requirements.

(ii) In the case of PL-412 Projects for which all Series "A" and "B" Bonds have been retired and the projects refinanced by a Permanent Note (or Temporary Note) pursuant to an amendment to the Contract for Loan and Annual Contributions, the Local Authority is required to pay to the Paying Agent for the Temporary Note or to the PHA as holder of the Permanent Note an amount which, except for the provisions of such amendment, would have been deposited in the Rental Debt Service Account. The amount of such annual payment as set forth in the Amendment shall be reported on this line 66 as an Operating Expenditure. (For reports prepared as of the end of the first six months of the fiscal year, enter on this line one-half of the amount of the annual payment.) These amounts shall be reported on the Statement of Operating Receipts and Expenditures for the current fiscal year although the actual payment to the Paying Agent of the Temporary Notes, or to the PHA, as holder of the Permanent Note, may not be made until the following fiscal year.

(iii) For PL-412 Projects which have been refinanced by an issue of Series "A" Refunding Bonds, enter on this line 66 the amount, if any, deposited in the Series "A" Reserve Fund pursuant to the Bond Resolution from the beginning of the current fiscal year to the end of the period for which the report is being prepared.

(d) Line 67. If there was a deficiency in Residual Receipts at the end of the preceding fiscal year, enter on this line the amount thereof as shown on line 70 (enclosed in parentheses) on the Statement of Operating Receipts and Expenditures prepared as of the end of the preceding fiscal year.

(e) Line 68. Self-explanatory.

(f) Line 69. Enter on this line the amount of the provision for operating reserve as shown in Account 7010, Provision for Operating Reserve - Net. A net debit balance in Account 7010

(Cont'd)

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shall be shown without designation; a net credit balance shall be enclosed in parentheses. If the statement covers projects under two or more Contracts with the PHA, the amount entered on this line shall be the total of the balances in Account 7010 for all such Contracts.

(6) Miscellaneous Authority Expense. This section of the report shall be completed only on those statements prepared to report total operating receipts and expenditures for all projects under all Contracts with the PHA. Insert the total amount budgeted for Miscellaneous Authority Expense and the total amount of expense included in Account 4190, Other Administration Expense, which represents items of Miscellaneous Authority Expense as defined in Section 503.1 of this Manual.

(7) Analysis of Extraordinary Maintenance Cost. This section of the report shall be completed only on those statements prepared to report total operating receipts and expenditures for all projects under all Contracts with the PHA. In the space provided for "Job Description," show the job number and a brief description of each extraordinary maintenance job undertaken during the fiscal year and the status of each job (the estimated percentage of work completed to date). Opposite each job description, enter the cost of "labor," "materials," and "contract cost," incurred for the fiscal year to date with respect to each job as recorded in Accounts 4610.1, 4610.2, and 4610.3, respectively. Also, enter in the space provided the total cost incurred for the fiscal year to date for each extraordinary maintenance job and the total amount budgeted for each such job (see Form PHA-2567, Consolidated LHA Budget, Schedule of Extraordinary Maintenance and of Betterments and Additions). If the space provided is not sufficient to report all extraordinary maintenance jobs, prepare a separate report for attachment to Form PHA-2599.

(8) Analysis of Property Betterments and Additions Cost. If the Local Authority has incurred any cost for any major property betterments or additions job during the fiscal year to date, a separate report shall be prepared to show complete information with respect to each such job in the manner described in the preceding paragraph for extraordinary maintenance jobs. Such separate report, if any, shall be submitted as an attachment to the Form PHA-2599 prepared to report total operating receipts and expenditures for all projects under all Contracts with the PHA.

(9) Total Labor Cost. This section of the report shall be completed only on those statements prepared to report total operating receipts and expenditures for all projects under all Contracts with the PHA. This section of the report is self-explanatory.

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c. Special Instructions Relating to Non-Permanently Financed PL-671 Projects Under a Contract for Financial Assistance. If there is a deficiency in Residual Receipts of a Non-Permanently Financed PL-671 Project at the end of a fiscal year, the Statement of Operating Receipts and Expenditures, Form PHA-2599, prepared for such project shall be foot-noted to show the amount of such deficiency included in the Accruing Annual Contribution for the fiscal year. The amount of the deficiency in Residual Receipts for the preceding fiscal year which was not included in the Accruing Annual Contribution for that fiscal year shall be reported on line 67 of the Statement of Operating Receipts and Expenditures submitted for the current fiscal year.

d. Number of Copies Required. The PHA requires an original and one copy of the Statement of Operating Receipts and Expenditures, Form PHA-2599, prepared as of the end of the first six months of the fiscal year and an original and two copies of the Form PHA-2599 prepared as of the end of the fiscal year.

9. Statement of Operating Receipts (Exhibit 6)

a. Time of Preparation. Each Local Authority, regardless of the number or type of Contracts it has with the PHA, which budgets Operating Receipts by "income entity" (see Form PHA-2569, Consolidated LHA Budget, Schedule of Operating Receipts by Income Entity, shown as Exhibit 14 to Section 401.1, for definition of "Income Entity") shall, as of the end of each fiscal year, prepare a Statement of Operating Receipts, Form PHA-2609. A separate Statement shall be prepared for each Contract with the PHA.

b. Preparation

(1) General. Form PHA-2609, Statement of Operating Receipts, is divided into seven parts. Parts I through V are provided for reporting operating income by "income entity"; Part VI is provided for summarizing total operating income for all "income entities"; and Part VII is provided for reporting non-project receipts. Total operating receipts for all "income entities" plus non-project receipts shall be entered on the last line (line 46). When the projects under a single Contract with the PHA are divided into more than five (5) "income entities," the Local Authority shall use additional sheets as necessary for reporting receipts for each "income entity"; in such cases the information required on lines 31 through 46 shall be shown on the last sheet. The number of the project or projects which constitute each "income entity" shall be shown opposite "Income Entity" in the heading of Parts I through V.

(2) Heading

(a) In the column provided for "Income Entity," enter the number(s) of the project(s) constituting each "income entity" under the Contract for which the report is prepared, exclusive of projects

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which have not reached the Operations Period as of the end of the fiscal year for which the report is prepared. In the column headed "No. of Units," enter the number of dwelling units in each "income entity."

(b) In the column "Unit Mos. Availability" enter the number of unit months of availability with respect to each "income entity." Generally, the "number of unit months availability" with respect to each "income entity" may be obtained by multiplying the "number of units" in such entity by the number of months included in the cumulative period of the report (12 months). However, if any of the projects included in any of the "income entities" have been in operation for only a portion of the fiscal year, the "number of unit months availability" with respect to such "income entity" shall be computed on the basis of the actual number of months the projects have been in operation.

(c) The remaining portion of the heading is self-explanatory.

(3) Column (1), Budget Amount

(a) Parts I Through VI (Lines 1 Through 36). Enter in this column, by account classification, the total amount of Operating Income budgeted for the fiscal year for each "income entity" under the Contract for which the report is prepared, as shown in the latest approved Operating Budget (see Form PHA-2569, Consolidated LHA Budget, Schedule of Operating Receipts by Income Entity), including a summary of the total amount budgeted for all "income entities."

(b) Part VII (Lines 37 Through 46). Enter in this column, by account classification, the total amount budgeted as non-project receipts for the Contract for which the report is prepared. Also, enter on line 46 total Operating Receipts budgeted for the Contract.

(4) Column (2), Budget PUM. Enter in this column the PUM rate of total Operating Income budgeted for each "income entity" as shown in the latest approved Operating Budget (see Form PHA-2569, Consolidated LHA Budget, Schedule of Operating Receipts by Income Entity), and the PUM rate of total Operating Income budgeted for all "income entities" under the Contract.

(5) Column (3), Actual PUM. For each "income entity" (Parts I through V), this column shall be completed by dividing the amount shown for each account in Column (4) by the "number of unit months availability" shown in the heading of the report for the related

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"income entity" and entering the quotient on the appropriate line. For Parts VI and VII this column shall be completed by dividing the amount shown for each account in Column (4) by the total "number of unit months availability" shown in the heading of the report and entering the quotient on the appropriate line.

(6) Column (4), Actual Amount

(a) Parts I Through VI (Lines 1 Through 36). Enter in this column, by account classification, total Operating Income for each "income entity," including a summary total for all "income entities," for the fiscal year as shown in the trial balance of the General Ledger and/or the Income Ledger prepared as of the end of the fiscal year for which the report is prepared.

(b) Part VII (Lines 37 Through 46). Enter in this column, by account classification, total Operating Receipts for the fiscal year classified as non-project receipts under the Contract for which the report is prepared. The amount shown on Line 46, "Total Operating Receipts," shall be equal to total Operating Receipts reported on Form PHA-2599, Statement of Operating Receipts and Expenditures, prepared for the related Contract pursuant to paragraph 8 above.

c. Number of Copies Required. The PHA requires an original and one copy of Form PHA-2609, Statement of Operating Receipts.

10. Statement of Operating Expenditures (Exhibit 7)

a. Time of Preparation. Each Local Authority, regardless of the number or type of Contracts it has with the PHA, which budgets Operating Expenditures by organization unit (see Form PHA-2565, Consolidated LHA Budget, Expenditure Budget for an Organization Unit), shall use Form PHA-2610, Statement of Operating Expenditures, for the reporting of Operating Expenditures for each such organization unit. The statement shall be prepared as of the end of each fiscal year for each organization unit for which a budget (Form PHA-2565) was submitted. The Statement prepared for each organization unit shall include only the expenditures which relate to projects in which the PHA has a financial interest.

b. Preparation

(1) Heading

(a) In the column "Project No." list the numbers of the projects in the Operations Period which are included under or served by the organization unit for which the Statement is being prepared.

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In the column provided for "Contract No.," enter the Contract Number of the Annual Contributions Contract, Contract for Financial Assistance, Administration Contract, or other Contract with the PHA in which the projects are included. Enter in the column "No. of Units" the number of dwelling units in the projects.

(b) Generally, the "number of unit months availability" may be obtained by multiplying the "total units" by the number of months in the cumulative period of the report (12 months). However, if any of the projects included in the report have been in operation for only a portion of the fiscal year, the "number of unit months availability" with respect to each such project shall be computed on the basis of the actual number of months such projects have been in operation.

(c) The remaining portion of the heading is self-explanatory.

(2) Column (1), Budget Amount. Enter in this column the total amount budgeted for the fiscal year for each Operating Expenditure account as shown in the latest approved Operating Budget (see Form PHA-2565, Consolidated LHA Budget, Expenditure Budget for an Organization Unit) for the organization unit for which the statement is prepared.

(3) Column (2), Budget PUM. Enter in this column the PUM rate of the amount budgeted for each Operating Expenditure account when such PUM rates are shown in the budget (Form PHA-2565). If the PUM rates are not shown on Form PHA-2565, this column may be left blank.

(4) Column (3), Actual PUM. This column shall be completed by dividing the amount shown for each account in Column (4) by the "number of unit months availability" shown in the heading of the report and entering the quotient on the appropriate line.

(5) Column (4), Actual Amount. Enter in this column, by account classification, total Operating Expenditures for the fiscal year for which the statement is being prepared as shown on the trial balance of the Expense Ledger and the balances in Accounts 6010, 7520, 7540, and 7560 for such organization unit.

(6) Reconciliation

(a) For Local Authorities having a single Contract with the PHA the aggregate of Operating Expenditures shown on line 34 of each of the Statements of Operating Expenditures prepared for each organization unit shall agree with the total Operating Expenditures shown on line 64 of the Statement of Operating Receipts and

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Expenditures, Form PHA-2599, prepared at the end of the fiscal year for all projects under the contract pursuant to paragraph 8 above.

(b) For Local Authorities having two or more Contracts with the PHA the aggregate Operating Expenditures shown on line 34 of each of the Statements of Operating Expenditures prepared for each organization unit shall agree with the total Operating Expenditures shown on line 64 of the Consolidated Statement of Operating Receipts and Expenditures, Form PHA-2599, prepared at the end of the fiscal year for all projects under all contracts with the PHA pursuant to paragraph 8 above.

c. Number of Copies Required. The PHA requires an original and one copy of Form PHA-2610, Statement of Operating Expenditures.

11. Copies of Journal Vouchers To Be Submitted To the PHA. In order to facilitate the essential verification of certain computations by the PHA, the Local Authority shall submit to the PHA Central Office with each annual Balance Sheet (see paragraph 4 above), one copy of each journal voucher prepared during the fiscal year which affects any of the following accounts:

1172	Advance Amortization Fund
1173	Debt Amortization Fund Investments
1174	Debt Amortization Funds - Accrued Interest Receivable - Investments
2118.1	Accounts Payable - Residual Receipts - PHA
2118.3	Accounts Payable - Disposition Proceeds - PHA
2118.6	Accounts Payable - Other - PHA
2700	Income and Expense Clearing Account
2810	Surplus - Unreserved Surplus
2860	Surplus - Book Value of Projects Conveyed by PHA
2870	Surplus - Contract Payments to PHA - Conveyed Projects
4520	Payments in Lieu of Taxes
6010	Prior Year Adjustments - Affecting Residual Receipts

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6020	Prior Year Adjustments - Not Affecting Residual Receipts
7110	Collections for Off-Site Utilities
7120	Remitted Payments in Lieu of Taxes
7130	Remitted Utility Charges
7520	Replacement of Equipment
7530	Receipts From Equipment Not Replaced
7540	Property Betterments and Additions
7560	Casualty Losses - Capitalized
7580	Proceeds From Disposition of Property - Reserved

If transactions affecting Accounts 6010, 6020, 7110, 7120, 7130, 7520, 7530, 7540, 7560, and 7580 are recorded through cash journals instead of journal vouchers a sheet shall be attached to the copies of journal vouchers on which shall be shown an explanation of the nature of each such entry.

PHA 2595 September 1958		Page 1 of 2	
_____ (Name of Local Authority)			
_____ (Location)			
<b>BALANCE SHEET</b>			
_____ (Date)			
Contract Number _____		Project Nos. _____	
<b>ASSETS</b>			
<u>Cash</u> 1111 General fund 1114 Security deposit fund 1117 Petty cash fund 1118 Change fund	\$ _____	1/ \$ _____	
<u>Accounts Receivable</u> 1122 Tenants 1125 PHA 1129 Other			
1130 <u>Notes Receivable</u>			
<u>Accrued Receivables</u> 1144 Accrued interest receivable—general fund investments			
<u>Advances</u> 1155 Limited revolving fund 1156 Unlimited revolving fund 1157 Other			
<u>Investments</u> 1162 General fund			
<u>Debt Amortization Funds</u> 1171 Debt service fund 1172 Advance amortization fund 1173 Investments 1174 Accrued interest receivable—investments 1175 Debt service trust fund 1176 PHA annual contributions receivable		2/ _____	
<u>Deferred Charges</u> 1211 Prepaid insurance 1212 Insurance deposits 1260 Inventories—materials 1270 Inventories—equipment 1290 Other			
1400 <u>Land Structures and Equipment</u>			
1510 <u>Payments for Off-Site Utilities</u>			
<u>Bid Guaranties</u> 1620 Undeposited bid guaranties 1630 Less: Returnable bid guaranties			
<b>TOTAL ASSETS</b>			
1/ Cash - General Fund, includes \$ _____ representing proceeds from disposition of property reserved for the replacement of equipment, the reconstruction and restoration of damaged property, or for such other purposes as provided in the contract with the PHA. It also includes \$ _____ representing unapplied debt service funds of a prior year.			
2/ These funds are available only for payment of bonds and notes and accrued interest thereon.			
3/ Temporary notes are secured by registration agreement whereby the PHA guarantees the payment of such notes at maturity.			
Accrued annual leave of employees amounts to \$ _____ at the close of the fiscal year.			

(Cont'd)

**NOTE:** This Exhibit supersedes Exhibit 1 to Section 606.2 dated September 1958.

<p>PHA-2995 September 1958</p> <p style="text-align: center;"><b>BALANCE SHEET</b></p> <p style="text-align: center;">(Date) _____</p> <p>Contract Number _____</p>	<p style="text-align: right;">Page 2 of 2</p> <p style="text-align: center;">(Name of Local Authority) _____</p> <p style="text-align: center;">(Location) _____</p> <p>Project No. _____</p>
<b>LIABILITIES</b>	
<u>Accounts Payable</u>	
2111 Vendors and contractors	\$ _____
2112 Contract retentions	_____
2113 Performance deposits	_____
2114 Tenants security deposits	_____
2115 Unclaimed salaries and wages	_____
2117 Payroll deductions and contributions	_____
2118.1 Residual receipts - PHA	_____
2118.3 Disposition proceeds - PHA	_____
2118.6 Other - PHA	_____
2119 Other	\$ _____
<u>Notes Payable</u>	
2122 Advance notes - PHA	_____
2123 Administrative notes - PHA	_____
2126 Temporary notes - Non-PHA	3/ _____
2129 Sundry notes	_____
<u>Accrued Liabilities</u>	
2131 Interest payable - notes and bonds - PHA	_____
2132 Interest payable - notes - Non-PHA	_____
2133 Interest payable - bonds - Non-PHA	_____
2134 Utilities	_____
2135 Salaries and wages	_____
2136 Insurance	_____
2137 Payments in lieu of taxes	_____
2139 Other	_____
<u>Deferred Credits</u>	
2240 Tenants prepaid rent	_____
2290 Other	_____
<u>Fixed Liabilities</u>	
2311 Permanent notes - PHA	_____
2321 Series "A" notes and bonds issued	_____
2322 Less: Series "A" notes and bonds retired	_____
2331 Series "B" notes and bonds issued	_____
2332 Less: Series "B" notes and bonds retired	_____
2341 New housing authority bonds issued	_____
2342 Less: New housing authority bonds retired	_____
<u>Contract Awards</u>	
1810 Contract awards	_____
1800 Less: Uncompleted contracts	_____
<b>TOTAL LIABILITIES</b>	
<b>SURPLUS</b>	
<u>From Operations</u>	
2810 Unreserved surplus	_____
2820 Operating reserve	_____
<u>Total Surplus from Operations</u>	
2840 Cumulative PHA Contributions	_____
2850 Cumulative Donations	_____
2860 Book Value of Projects Conveyed by PHA	_____
2870 Contract Payments to PHA - Conveyed Projects	_____
<b>TOTAL LIABILITIES AND SURPLUS</b>	
<p>Prepared By: _____ Approved By: _____</p> <p>Name _____ Name _____</p> <p>Title _____ Date _____ Title _____ Date _____</p>	

PNA-2556 September 1959  <div style="border-bottom: 1px solid black; width: 80%; margin: 0 auto;"></div> (Name of Local Authority)  <div style="border-bottom: 1px solid black; width: 80%; margin: 0 auto;"></div> (Location)  Contract No. _____		<b>STATEMENT OF INCOME AND EXPENSE AND CHANGES IN ACCUMULATED SURPLUS (DEFICIT) FROM OPERATIONS</b>  <div style="border-bottom: 1px solid black; width: 80%; margin: 0 auto;"></div> (For Fiscal Year Ended)  Project No. _____	
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ACCOUNT NUMBER	INCOME AND EXPENSE	PER LHA BOOKS	FOR PHA USE ONLY	
			PHA ADJUSTMENTS	ADJUSTED BALANCES
	<b>Income:</b>			
1 3000	Operating income			
2 5210	Premiums on notes and bonds			
3 5220	Bond purchase discount			
4 5230	Interest on debt amortization fund investments			
5 5240	Interest on payments for off-site utilities			
6	Total Income (lines 1 to 5)			
	<b>Expense:</b>			
7 4000	Operating expense			
8 5610	Interest on notes and bonds payable			
9 5640	Bond redemption premiums			
10	Total Expense (lines 7 to 9)			
11	Net Income (Deficit) Before Surplus Credits and Charges (line 6 minus line 10)			
	<b>Surplus Credits and Charges:</b>			
12 6010	Prior year adjustments - affecting residual receipts			
13 6020	Prior year adjustments - not affecting residual receipts			
14 6110	Gain or loss from disposition of real property			
15 6120	Gain or loss from disposition of nonexpendable equipment			
16 -	Residual receipts - initial operating period (credit)			
17 -	Remitted PILOT and/or utility charges - IOP (debit)			
18	Total Surplus Credits and Charges (lines 12 to 17)			
19	Net Income (Deficit) - Current Year			
	<b><u>CHANGES IN ACCUMULATED SURPLUS (DEFICIT) FROM OPERATIONS</u></b>			
20 2810	Unreserved surplus - balance at end of previous fiscal year			
21 2810	Unreserved surplus - adjustments subsequent to end of previous fiscal year 1/			
22 2810	Unreserved surplus - balance as of beginning of current fiscal year (line 20 + or - line 21)			
23 -	Net Income (Deficit) - Current Year (line 19 above)			
24 7010	Provision for operating reserve - net			
25 2810	Unreserved surplus - balance at end of current fiscal year (line 22 + or - lines 23 and 24)			
26 2820	Reserved surplus - operating reserve 2/			
27	<b>ACCUMULATED SURPLUS (DEFICIT) FROM OPERATIONS</b>			

1/ Schedule of adjustments to Account 2810 subsequent to end of the previous fiscal year:			2/ Analysis of operating reserve (2820) by project for Non-Permanently Financed Projects:		
Journal Voucher Number	Amount	Debit	Credit	Project Number	Operating Reserve Balance
<b>Total</b>				<b>Total</b>	

Prepared By: _____ Name _____ Title _____ Date _____	Approved By: _____ Name _____ Title _____ Date _____
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NOTE: This Exhibit supersedes Exhibit 2 to Section 606.2 dated September 1958.

PHA-2587 September 1958	
(Name of Local Authority)	
(Location)	
<b>ANALYSIS OF DEBT SERVICE TRUST FUND</b> (for Non-Permanently Financed PL-671 Projects)	
For The Fiscal Year Ended	
(Date)	
Contract Number	Project Number(s)
1. Balance in Debt Service Trust Fund (Account 1175) at End of Prior Fiscal Year \$	
2. Annual Contribution for Prior Fiscal Year Deposited During Current Fiscal Year	
3. Additional Debt Service Earned for Prior Fiscal Year and Deposited During Current Fiscal Year	
4. Deficiency in Deposits for Prior Fiscal Year Deposited During Current Fiscal Year	
5. Total (Lines 1 to 4) \$	
6. Excess Deposits for Prior Fiscal Year Transferred to General Fund During Current Fiscal Year	
7. Adjusted Balance as at End of Prior Fiscal Year (Line 5 minus line 6)	
8. Deposits for Current Year Debt Service Requirements:	
a. Interest on Outstanding Notes	
b. Premium Received From Purchasers of Notes	
c. Debt Amortization (Development Cost of \$ x .0084)	
9. Other Deposits: (Explain)	
10. Total (Lines 7, 8, and 9)	
11. Disbursements During Current Fiscal Year:	
a. Payment of Interest on Notes	
b. Payment of Principal on Notes	
12. Balance in Debt Service Trust Fund (Account 1175) at End of Current Fiscal Year (Line 10 minus line 11) \$	
Prepared By:	Approved By:
Name	Name
Title	Title
Date	Date

NOTE: This Exhibit supersedes Exhibit 3 to Section 606.2 dated September 1958.



PHA-2598  
September 1958

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

**ANALYSIS OF FISCAL AGENT FUNDS**  
For Fiscal Year Ended \_\_\_\_\_

Contract Number \_\_\_\_\_

Project Numbers \_\_\_\_\_

**I. CASH:**

1171.1 - Rental Debt Service Account	\$ _____
1171.2 - Annual Contributions Reduction Account	_____
1171.3 - Excess Lands Account	_____
1171.4 - Series "A" Bond Fund	_____
1171.5 - Series "B" Bond Fund	_____
1171.6 - Series "A" Reserve Fund	_____
1171.7 - General Bond Reserve Fund	_____

Total \$ \_\_\_\_\_

**II. INVESTMENTS:**

	Annual Contributions Reduction Account	Series "A" Reserve Fund	Total
1. Investments - Cost	\$ _____	\$ _____	\$ _____
2. Investments - Book Value	_____	_____	_____
3. Accrued Interest Receivable - Investments	_____	_____	_____
4. Interest Earned - Current Fiscal Year	_____	_____	_____

Prepared By:

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Approved By:

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

NOTE: This Exhibit supersedes Exhibit 4 to Section 606.2 dated September 1958.





HHFA-PHA, Wash. D.C.

PNA-7610 May 1959						Project No. _____ Contract No. _____ No. of Units _____ _____ _____ _____ _____ _____		
(Name of Local Authority) _____								
(Location) _____								
<b>STATEMENT OF OPERATING EXPENDITURES</b>								
(For Period Ending) _____						Total Units _____ Number of Units _____ Months Availability _____		
Organization Unit _____ Fiscal Year Ending Date _____								
ACCOUNT NUMBER		ACCOUNT TITLE	BUDGET		ACTUAL			
			AMOUNT (1)	PUM (2)	PUM (3)	AMOUNT (4)		
		<b>OPERATING EXPENSE</b>						
		Administration						
1	4110	Nontechnical salaries.....						
2	4120	Technical salaries.....						
3	4130	Legal Expense.....						
4	4140	Employee benefit contributions .....						
5	4190	Other administration expense .....						
6		Total Administration Expense .....						
		Utilities:						
7	4310	Water .....						
8	4320	Electricity .....						
9	4330	Gas.....						
10	4340	Fuel .....						
11	4390	Other utilities expense .....						
12		Total Utilities Expense .....						
		Ordinary Maintenance and Operation:						
13	4410	Labor .....						
14	4420	Materials .....						
15	4430	Contract Costs .....						
16		Total Ordinary Maintenance and Operation .....						
		General Expense:						
17	4510	Insurance .....						
18	4520	Payments in lieu of taxes .....						
19	4530	Terminal leave payments .....						
20	4570	Collection losses .....						
21	4580	Interest on administrative and sundry notes .....						
22	4590	Other general expense .....						
23		Total General Expense .....						
24		Total Routine Expense (Lines 6, 12, 16, & 23) .....						
		Nonroutine Maintenance:						
25	4610	Extraordinary maintenance .....						
26	4620	Casualty losses - noncapitalized .....						
27		Total Nonroutine Maintenance .....						
28		Total Operating Expenses (Lines 24 and 27) .....						
		<b>CAPITAL EXPENDITURES</b>						
29	7520	Replacement of equipment .....						
30	7540	Property betterments and additions .....						
31	7560	Casualty losses - capitalized.....						
32		Total Capital Expenditures .....						
		<b>PRIOR YEAR ADJUSTMENTS</b>						
33	6010	Affecting residual receipts .....						
34		TOTAL OPERATING EXPENDITURES (Lines 28, 32, and 33)						
Prepared By: _____ Name _____ Title _____ Date _____			Approved By: _____ Name _____ Title _____ Date _____					



INSTRUCTIONS FOR THE MAINTENANCE OF  
RENT ROLL CONTROL AND ANALYSIS OF DWELLING RENT CHARGES

1. ENTER IN COLUMNS (9) AND (12) THE TOTAL RENT ROLL AT THE BEGINNING OF THE MONTH AS SHOWN IN COLUMN (9) FOR THE PREVIOUS MONTH.

2. AT THE BEGINNING OF EACH MONTH, LIST IN COLUMN (1) THE ACCOUNT NUMBERS OF ALL UNITS WHICH WERE VACANT OR VACATED ON THE LAST DAY OF THE PRECEDING MONTH. ENTER THE WORD "VACANT" IN COLUMN (2) OPPOSITE THE ACCOUNT NUMBER OF EACH SUCH VACANT UNIT.

3. MONTHLY TRANSACTIONS SHOULD BE RECORDED AS FOLLOWS:

COLUMN (1) - ENTER THE ACCOUNT NUMBER OF THE UNIT BEING VACATED, RENTED, OR WITH RESPECT TO WHICH A CHANGE IN RENTAL RATE IS BEING EFFECTED. IF ANY OF THE VACANT UNITS LISTED PURSUANT TO PARAGRAPH 2 ABOVE ARE SUBSEQUENTLY RENTED, ENTER THE NAME OF THE TENANT AND OTHER INFORMATION RELATING TO THE LEASE OPPOSITE THE INITIAL LISTING.

COLUMN (2) - ENTER THE NAME OF THE TENANT VACATING OR MOVING INTO A UNIT, OR UNDERGOING A RENTAL RATE CHANGE.

COLUMN (3) - ENTER THE EFFECTIVE DATE OF THE NEW LEASE.

COLUMN (4) - THIS COLUMN IS NOT TO BE FILLED IN UNTIL THE TENANT VACATES THE UNIT. WHEN THE TENANT MOVES OUT, ENTER THE LAST DATE FOR WHICH RENT IS TO BE CHARGED.

COLUMN (5) - AT THE END OF THE MONTH, ENTER THE NUMBER OF DAYS EACH UNIT WAS VACANT. NO ENTRY IS REQUIRED IN THE "AMOUNT" COLUMN.

COLUMN (6) - IF THE DOCUMENT BEING RECORDED REPRESENTS A CHANGE IN RENTAL RATE, ENTER THE EFFECTIVE DATE OF THE CHANGE.

COLUMN (7) - ENTER IN THIS COLUMN THE MONTHLY RENT TO BE CHARGED THE TENANT MOVING INTO A UNIT. IN THE CASE OF A CHANGE IN RENTAL RATE, ENTER THE NEW MONTHLY RENTAL RATE TO BE CHARGED THE TENANT.

COLUMN (8) - ENTER IN THIS COLUMN THE MONTHLY RENT OF TENANT VACATING THE UNIT. IN THE CASE OF A CHANGE IN RENTAL RATE, ENTER THE OLD MONTHLY RENTAL RATE CHARGED TO THE TENANT.

COLUMN (9) - ON THE NEXT TO THE LAST LINE OF THIS COLUMN, ENTER THE DIFFERENCE BETWEEN THE TOTALS OF COLUMNS (7) AND (8). THIS DIFFERENCE, REPRESENTING THE NET INCREASE (OR DECREASE) IN RENT ROLL FOR THE MONTH, SHALL BE ADDED TO OR SUBTRACTED FROM THE RENT ROLL AT THE BEGINNING OF THE MONTH AND THE BALANCE BROUGHT DOWN ON THE TOTAL LINE. THE TOTAL OF THIS COLUMN SHALL EQUAL THE TOTAL OF THE DWELLING RENTAL CHARGES MADE ON THE FIRST DAY OF THE NEXT MONTH (SEE PARAGRAPH 3C OF SECTION 608.1).

COLUMN (10) - ENTER THE AMOUNT OF PRO RATA RENT CHARGED A NEW TENANT. ALSO, ENTER THE AMOUNT OF ANY RETROACTIVE RENT CHARGED TO A TENANT AS A RESULT OF REEXAMINATION.

COLUMN (11) - ENTER THE AMOUNT OF CREDIT ADJUSTMENT FOR UNEARNED RENT WITH RESPECT TO A TENANT VACATING A UNIT.

COLUMN (12) - ON THE NEXT TO THE LAST LINE OF THIS COLUMN, ENTER THE DIFFERENCE BETWEEN THE TOTALS OF COLUMNS (10) AND (11). THIS DIFFERENCE, REPRESENTING THE NET OF INTERIM RENTAL CHARGES AND CREDITS FOR THE MONTH, SHALL BE ADDED TO OR SUBTRACTED FROM THE RENT ROLL AT THE BEGINNING OF THE MONTH AND THE BALANCE BROUGHT DOWN ON THE TOTAL LINE. THE TOTAL OF THIS COLUMN SHALL EQUAL THE TOTAL OF DWELLING RENTAL CHARGES RECORDED IN COLUMN (1) OF THE ANALYTICAL TENANT LEDGER CONTROL (SEE EXHIBIT 11).

Specimen Form of Request for Refund of Security Deposit and Unearned Rent

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE	
<u>REQUEST FOR REFUND OF SECURITY DEPOSIT AND UNEARNED RENT</u>	
Date: _____, 19____	Project Number _____
Name of Tenant: _____	Address: _____
Lease Number: _____	Unit Number: _____ Account Number: _____
Date Vacated: _____	Date to Which Rent is to be Charged: _____
Monthly Rental: _____	Date Paid: _____
Rental Paid for Period from _____ to _____	\$ _____
Refund due for _____ days @ _____ per day. . . . .	\$ _____
Less: Items Charged to Tenant	
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total Charges . . . . .	
Net Rental Refund due . . . . .	\$ _____
Security Deposit . . . . .	_____
Total Refund Due . . . . .	\$ _____
Mail Check to: _____	
Address: _____	
(Street or Avenue)	
City: _____	
I certify that the unit listed above was inspected by me or my duly authorized representatives or assistants and that the items shown are properly chargeable to the tenant. I also certify that the amount of refund is correct.	
_____ (Name)	
_____ (Title)	
Date Paid: _____	Check or Voucher No.: _____



PHA-2295  
November 1956

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

SCHEDULE OF TENANTS ACCOUNTS RECEIVABLE

\_\_\_\_\_  
(Date)

Contract No. \_\_\_\_\_ No. of Dwelling Units \_\_\_\_\_ Project Nos. \_\_\_\_\_

Account Balances	Number of Accounts	Aggregate Amount
Debit Balances - Tenants in Occupancy:		
Up to \$25	.....	\$.....
\$25.01 to \$50	.....	.....
\$50.01 to \$100	.....	.....
\$100.01 to \$150	.....	.....
\$150.01 to \$200	.....	.....
Over \$200	_____	_____
Total	.....	.....
Accounts of Former Tenants	_____	_____
Total Debit Balances	.....	.....
Tenant Accounts With Credit Balances	=====	=====
Net Balance		\$ =====

Prepared By:

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Approved By:

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

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Accounting for Transactions With Tenants (Rental Register Method)

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1. General. The purpose of this Section is to provide alternate procedures for the accounting for transactions with tenants. These alternate procedures have been designed primarily for use by Local Authorities having a very small program or where the program is made up of a number of small projects which are being treated separately for rent collection purposes. Section 607.1 contains the procedures which will ordinarily be required for the accounting for transactions with tenants by Local Authorities having a large program. Either method may be used, but the procedures prescribed in this Section 607.2 are not recommended for use by a project (or group of projects combined for rent collection purposes) consisting of more than 100 dwelling units.
2. Pro Rata Rent Schedule. The accounts of tenants in occupancy shall be charged a full month's rent as of the first day of each month. Interim charges or credits to tenants accounts are required when tenants move into or vacate units on a date other than the first or last day of a month. In order to facilitate the computation of such interim charges and credits, it is recommended that Pro Rata Rent Schedules be prepared which will show the interim rental charge or credit with respect to each day of a month at the various monthly rates in effect. Such Pro Rata Rent Schedules should be prepared in accordance with the instructions in Section 607.1.
3. Tenants Rental Register
  - a. General
    - (1) A loose-leaf Tenants Rental Register shall be maintained to record all financial transactions with tenants (except Security Deposits, for which see paragraph 4 below). All transactions with tenants must be posted daily to the Tenants Rental Register so that the balances of individual accounts may be readily determined at any time.

(Cont'd)

(2) A single Tenants Rental Register may be maintained for all projects under a single contract with the PHA if all of the projects under such contract are covered by the same Cooperation Agreement. A separate Tenants Rental Register may be maintained by project or by any group of projects combined for rent collection purposes provided all the projects included in such combination are under the same contract with the PHA and are under the same Cooperation Agreement (see Section 605.1 for instructions relating to the segregation of operating income).

(3) Account numbers should be assigned to each dwelling unit in all projects and such numbers should remain constant notwithstanding the number of tenants having occupied the same unit.

b. Exhibits. A specimen form of Tenants Rental Register sheet, showing examples of recorded transactions and the instructions for its maintenance, is shown as Exhibit 1. A ruled analytical pad of 25 columns may be used for this purpose; the heading of each sheet should include the information shown on the specimen form.

c. Journalizing the Tenants Rental Register. After the Tenants Rental Register has been totaled and proved at the close of each month, a journal voucher shall be prepared to record total rental and other charges to tenants for the month. The entry to be recorded by journal voucher is as follows:

General Ledger

Debit: Account 1122, Accounts Receivable - Tenants

Credit: Account 3000, Operating Income (Control)  
(To record total income from tenants for the  
month of \_\_\_\_\_ as shown in Column (13)  
of the Tenants Rental Register)

Subsidiary Ledger

Credit: Account 3110, Dwelling Rental  
(For the totals of Columns (8) and (9)  
less the total of Column (12))

Credit: Account 3120, Excess Utilities  
(For the total of Column (10))

Credit: Account 3690, Other Income  
(For the total of Column (11))

(Cont'd)

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#### 4. Tenants Security Deposit Record

- a. General. If the Local Authority requires a security deposit from tenants, a security deposit record shall be maintained for the deposit made by each tenant.
- b. Exhibit. A specimen form of Tenants Security Deposit Record is shown as Exhibit 2. This record may be maintained on a 4" x 6" or 5" x 8" card or in a loose-leaf ledger.
- c. Maintenance of Tenants Security Deposit Record. A Tenants Security Deposit Record card or sheet shall be prepared for each dwelling unit (account number). As tenants move into the dwelling units, and a security deposit is collected, the heading of the record shall be filled in from information contained in the lease. The media for posting the security deposits to the Tenants Security Deposit Record is the copy of the cash receipt given to the tenant at the time the security deposit is collected.
- d. Trial Balance. A trial balance of the Tenants Security Deposit Record shall be taken periodically to determine that the total is in agreement with the balance in Account 2114, Accounts Payable - Tenants Security Deposits, in the General Ledger.

#### 5. Miscellaneous Charge and Credit Tickets

- a. General. A Miscellaneous Charge and Credit Ticket (or an Adjustment slip or similar record (see paragraph 5 of Section 607.1)) may be used as a posting media for miscellaneous charges and credits to tenants accounts, such as charges for excess utility consumption, sales and services to tenants, retroactive rental charges, transfer of security deposits to rent accounts, etc.
- b. Exhibit. A specimen form of Miscellaneous Charge and Credit Ticket is shown as Exhibit 3.
- c. Preparation and Filing. The Miscellaneous Charge and Credit Ticket shall be numbered consecutively, dated, contain complete explanatory information with respect to the transaction being recorded, and be approved by the Executive Director or his designated representative. After posting, the original of the Miscellaneous Charge and Credit Ticket shall be filed in numerical order in a permanent file; if a copy is prepared, the copy shall be filed in the tenant's folder.

#### 6. Cash Collections

a. General

- (1) An official Cash Receipt shall be issued for each collection received from tenants for rent, security deposits, or other charges at the time the collection is made.

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(2) All employees who receive collections shall be covered by a fidelity bond in an adequate amount.

b. Preparation of Cash Receipts. Cash Receipts (see Exhibit 4) shall be prenumbered at the time of printing and used in numerical sequence. Since every Cash Receipt must be accounted for, the original and all copies of voided receipts must not be destroyed but shall be retained in the project files. Cash Receipts shall be prepared in duplicate and signed by the person handling the transaction. The original shall be given to the tenant and the copy shall be retained in the project office for posting and auditing purposes. After posting, the copies shall be filed in numerical sequence in a permanent file.

c. Reconciling Cash Collections. At the close of each day, an adding machine tape or manual listing shall be prepared of all receipts issued for the day. The adding machine tape or listing must show the date the receipts were issued, the first and last number of the receipts issued for the day, the amount of each receipt, and the total collections for the day. Separate totals shall be shown on the adding machine tape or manual listing for rental collections and other revenue, and for security deposits. The grand total of collections as shown by the tape or listing shall be reconciled with the actual amount of cash received. Cash overages and shortages shall be handled in accordance with instructions in Section 613.1 of this Manual.

d. Recording Cash Receipts. Collections received in payment of rent or other charges shall be posted to each tenant's account on the Tenants Rental Register (see paragraph 3 above); security deposits are to be posted to the individual Tenants Security Deposit Record in accordance with the instructions in paragraph 4 above. The total of all collections, including security deposits, shall be recorded in the Cash Receipts Register.

e. Safeguarding of Collections. It is essential that adequate provision be made for the safekeeping of collections. Large amounts of cash shall not be allowed to accumulate in the cash drawer, but shall be transferred periodically to the office safe or vault, if available.

f. Deposit of Collections

(1) Collections should be deposited daily during the first few days of the month when collections are heavy. During the remainder of the month, deposits may be made less frequently but the Local Authority shall not permit the accumulation of large amounts of cash in the office safe or vault which might offer a temptation for burglary, robbery, or misappropriation. If possible, a deposit shall be made on the last work day of each month so that all collections for the month will be deposited during the month. The Local Authority shall not under any circumstances make disbursements from collections received for deposit; cash disbursements shall be made by check or from the petty cash fund.

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(2) Deposit tickets shall be prepared in an original and one copy showing complete details as to currency, coin, and checks. The original will be retained by the depository, and the acknowledged copy shall be retained at the project for auditing purposes. The acknowledged copies of deposit tickets shall be filed in date order in a permanent file.

**g. Returned Checks**

(1) Checks accepted from tenants in payment of rent or security deposits which are later returned by the bank because of insufficient funds or for any other reason, shall be charged to the tenant's account and credited to the bank. Upon receipt of the bank debit memorandum and the unpaid check, the amount of the returned check shall be recorded in the Cash Receipts Register as a debit to Account 1122 and a credit to Account 1111 (see instructions in Section 602.1 for maintenance of Cash Receipts Register). At the same time the amount of the returned check shall also be entered in Column (16) of the Tenants Rental Register (see paragraph 3 above) as a charge to the tenant's account.

(2) If the tenant later makes the check good by paying cash, or the check is redeposited in the bank, or another check is accepted in lieu thereof, a cash receipt shall be issued and recorded as a credit to the tenant's account (Account 1122) in the usual manner.

**7. Refunds of Security Deposits and Unearned Rent**

a. General. A Notice of Intent To Vacate shall be obtained from each tenant vacating a unit in accordance with the procedure in paragraph 6 of Section 607.1. A Request for Refund of Security Deposit and Unearned Rent, or similar document, shall be prepared to show complete information with respect to the computation of the refund, if any, due the tenant for security deposit and/or unearned rent after deduction for any unpaid charges. Instructions for recording unearned rent in Column (12) of the Tenants Rental Register are shown in Exhibit 1 of this Section of the Manual. A specimen form of Request for Refund of Security Deposit and Unearned Rent is shown as Exhibit 10 in Section 607.1.

b. Payment. When the Request for Refund of Security Deposit and Unearned Rent has been prepared properly and signed by the authorized approving official, a voucher check shall be issued for the amount of refund due. In some cases, the Local Authority may wish to make refund from the Petty Cash Fund; in such cases, a petty cash voucher shall be prepared for the amount of the refund due. The voucher check or petty cash voucher shall be supported by a copy of the Request for Refund of Security Deposit and Unearned Rent and Notice of Intent To Vacate.

c. Recording Refunds to Tenants. The voucher check issued for the refund should be recorded in the Cash Disbursements Register as follows:

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Debit: Account 1122, Accounts Receivable - Tenants  
(For the amount of refund for unearned rent)

Debit: Account 2114, Accounts Payable - Tenants Security Deposits  
(For the amount of refund for security deposit)

Credit: Account 1111, Cash - General Fund  
(For total amount of the check if security deposits are included in the General Fund. If security deposits are on deposit in a separate account (Security Deposit Fund), credit Account 1111 for the amount of refund for unearned rent only.)

Credit: Account 1114, Cash - Security Deposit Fund  
(For the amount of refund for security deposit if security deposits are in this account.)

The number of the voucher check and the amount representing a refund of unearned rent shall be entered in Columns (14) and (15), respectively, on the Tenants Rental Register opposite the tenant's name; the amount of the voucher check representing a refund of security deposit shall be posted to the Tenants Security Deposit Record.

#### 8. Transfer of Security Deposits to Tenants Accounts Receivable

a. General. A security deposit may be transferred to the rent account upon the request of the tenant at the time of vacating or, without request, if the tenant leaves owing the Local Authority rent or other charges.

b. Recording Transfer of Security Deposits. Miscellaneous Charge and Credit Tickets may be used for recording the transfer of security deposits to the individual tenants' accounts in the Tenants Rental Register (Column (20)) and in the Tenants Security Deposit Record. At the close of each month, the total amount of security deposits transferred during the month, as shown in Column (20) of the Tenants Rental Register (see Exhibit 1), shall be recorded in the applicable General Ledger control accounts as follows:

- (1) If security deposits are included in the Local Authority's General Fund, a journal voucher shall be prepared to record the transfer of security deposits to tenants' accounts by a debit to Account 2114, Accounts Payable - Tenants Security Deposits, and as a credit to Account 1122, Accounts Receivable - Tenants.
- (2) If security deposits are deposited in a Security Deposit Fund, a check should be issued on the Security Deposit Fund and deposited in the General Fund for an amount equal to the total of security

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deposits transferred to tenants' accounts. The check shall be recorded in the Cash Disbursements Register as a debit to Account 2114, Accounts Payable - Tenants Security Deposits, and as a credit to Account 1114, Cash - Security Deposit Fund. The deposit of the check in the General Fund should be recorded in the Cash Receipts Register as a debit to Account 1111, Cash - General Fund, and as a credit to Account 1122, Accounts Receivable - Tenants.

9. Collection Losses and Recoveries

a. Write-Off of Uncollectible Accounts

(1) The accounts of tenants which are considered uncollectible after all means of collection have failed may be written off as collection losses. The write-off of tenants accounts receivable, however, must be approved by resolution of the Board of Commissioners of the Local Authority or by the official to whom such authority has been delegated by resolution of the Board of Commissioners.

(2) The accounts of tenants who have moved from the project shall be reviewed periodically to determine the collectibility or uncollectibility of such accounts. A list shall be prepared of the accounts to be written off, showing the account number, name of tenant, date vacated, and the amount to be written off. After approval as provided in paragraph 9a(1) above, this list may be used as a posting media to enter the individual amount written off for each tenant in Column (21) of the Tenants Rental Register (see Exhibit 1). A journal voucher shall then be prepared to debit Account 4570, Collection Losses, and to credit Account 1122, Accounts Receivable - Tenants, for the total amount shown on the list.

b. Recording Collections on Accounts Previously Written Off as Collection Losses. If collections are made on accounts previously written off as collection losses, a cash receipt shall be given to the tenant in the usual manner for the amount collected. The account number and name of tenant shall be entered on the Tenants Rental Register sheet in Columns (2) and (3), respectively, immediately after the name of the last vacated tenant, and the amount collected shall be entered in Columns (7) and (19). A journal voucher shall then be prepared to debit Account 1122, Accounts Receivable - Tenants, and to credit Account 4570, Collection Losses, in the General Ledger for the amount collected.

10. Credit Balances of Tenants Without Known Addresses

a. In some cases the Local Authority may not be able to make refund of the credit balance of a former Tenant's account because the whereabouts of the tenant is not known. If the Local Authority is unable to locate the tenant

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within one year, the credit balance of the tenant's rent account and/or security deposit account shall be transferred to Account 3690, Other Income. The procedure for making such transfer is as follows:

- (1) Tenants Rent Account. For credit balances of tenants rent accounts, a Miscellaneous Charge and Credit Ticket shall be prepared to charge the tenant's account for the amount of the credit balance. The amount shown on the Miscellaneous Charge and Credit Ticket should be entered in Column (11) of the Tenants Rental Register opposite the name of the tenant.
  - (2) Security Deposit Account
    - (a) If security deposits are included in the Local Authority's General Fund, a journal voucher shall be prepared to debit Account 2114, Accounts Payable - Tenants Security Deposits, and to credit Account 3690, Other Income, for the amount of the credit balance of the account. The journal voucher shall also be posted to the Tenants Security Deposit Record to debit the tenant's account for the amount of the credit balance of the account.
    - (b) If security deposits are deposited in a Security Deposit Fund, a check shall be issued on the Security Deposit Fund and deposited in the General Fund for an amount equal to the credit balance in the tenant's account. The check shall be recorded in the Cash Disbursements Register as a debit to Account 2114, Accounts Payable - Tenants Security Deposits, and as a credit to Account 1114, Cash - Security Deposit Fund. The deposit of the check in the General Fund should be recorded in the Cash Receipts Register as a debit to Account 1111, Cash - General Fund, and as a credit to Account 3690, Other Income. The check shall also be posted to the Tenants Security Deposit Record to debit the tenant's account for the amount of the credit balance of the account.
- b. If the tenant should later make claim for refund, the amount refunded shall be charged to Account 4590, Other General Expense. To preclude the possibility of duplicate payment of a refund, a note should be placed in the tenant's folder to show the number, date, and amount of the check issued for the refund.
11. Report on Tenants Accounts Receivable. A Form PHA-2295, Schedule of Tenants Accounts Receivable, shall be prepared and submitted to the PHA in accordance with the instructions in Section 607.1.

# Specimen Form of Tenants Rental Register Sheet

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INSTRUCTIONS FOR MAINTENANCE OF TENANTS RENTAL REGISTER

Column (1), Line No. Self-explanatory.

Column (2), Account No. At the beginning of each month, enter in consecutive order the account number of each dwelling unit regardless of whether the unit is occupied or vacant.

Column (3), Name of Tenant. At the beginning of each month, enter in this column, opposite the applicable account number, the name of the tenant occupying each dwelling unit.

Column (4), Effective Date of Lease. Enter in this column, opposite the name of each new tenant, the date the monthly rent is to begin. For example, the lease may have been prepared and executed on January 25 to be effective February 1, 1958. In this case, the date to be inserted would be 2/1/58. The effective date of the lease need be shown only for the month during which the tenant moved in.

Column (5), Monthly Rental Rate. Enter in this column, opposite the name of the tenant, the monthly rental rate to be charged the tenant as shown in the lease. When a change in a tenant's rent has been authorized, because of a change in family income or for other reasons, the adjustment of the tenants account shall be made on the basis of a new lease or such other formal instrument as is used for this purpose. Such a change in monthly rental is ordinarily made effective as of the first of a month; therefore, when the Tenants Rental Register sheet is prepared for the subsequent month the new rental should be entered in Columns (5) and (8) in the usual manner.

Column (6), Termination Date of Lease. This column is not to be filled in until the tenant vacates the dwelling unit. When the tenant moves out, the last date for which rent is to be charge shall be entered in this column on the Tenants Rental Register sheet for the month in which such date occurred.

Column (7), Balance of Account Brought Forward. Enter in this column, opposite the name of the tenant, the balance of the tenant's account, if any, as shown in Column (23) of the Tenants Rental Register for the preceding month. The aggregate of the totals of all amounts entered in this column shall agree with the balance of Account 1122, Accounts Receivable - Tenants, in the General Ledger, at the close of the preceding month. Credit balances shall be shown in red or in parentheses.

Column (8), Monthly Rent. Enter in this column, opposite the name of the tenant, the amount of monthly rent as shown in the lease for each tenant in possession whose lease is effective on the first day of the month. Retroactive rent charges, if any, shall also be entered in this column directly above the amount entered for monthly rent; a charge for retroactive rent should be supported by a "Miscellaneous Charge and Credit Ticket" (see paragraph 5 of Section 607.2). If a tenant moves in after the first of the month, no amount will be entered in this column for that month (see instructions for Column (9)).

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Column (9), Pro Rata Rent. Enter in this column, opposite the name of the tenant, the amount of the pro rata rent charge for tenants who move in after the first of the month as shown by the lease. "Pro rata rent" is the amount of rent charged the tenant from the effective date of the lease until the end of the month. The amount of the pro rata rent charge shall be determined by the Pro Rata Rent Schedule prepared in accordance with Section 607.1 of this Manual.

Column (10), Excess Utility Charges. Enter in this column, from the adjustment slip or miscellaneous charge and credit ticket, the amount of any charge to the tenant for excess utility consumption. Charges to tenants for excess utility consumption should be made as soon as the charges can be established. If charges are to be made to several tenants at one time, a list of such charges shall be prepared, showing the account number, name of tenant, the amount of the charge to each tenant, and the total charges to all tenants. A "Miscellaneous Charge and Credit Ticket" shall then be prepared for the total charges shown on the list, to which the list shall be attached. The list should be utilized as posting media for entering the charges to tenants accounts. After all charges have been posted to the Tenants Rental Register, the "Miscellaneous Charge and Credit Ticket," with the list attached, shall be filed in accordance with instructions in paragraph 5 of Section 607.2.

Column (11), Other Charges. Enter in this column, opposite the name of the tenant, the amount of miscellaneous charges to tenants, such as: charges for breakage and damage, key replacements, fumigation and exterminating services, fuses, penalties for delinquent payments, rental of equipment, and charges for use of community space, etc. A "Miscellaneous Charge and Credit Ticket" shall be prepared to record the description and amount of the charge to the tenant; after posting, the original of the "Miscellaneous Charge and Credit Ticket" shall be filed in accordance with instructions in paragraph 5 of Section 607.2.

Column (12), Unearned Rent. Enter in this column, opposite the name of the tenant, the amount of unearned rent allowed the tenant who moves during a rental period. The amount of unearned rent shall be computed from the last day to which rent is to be charged (see Column (6)) to the end of the month as shown on the Pro Rata Rent Schedule prepared in accordance with Section 607.1.

Column (13), Total Income. At the close of each month, after all charges and credits have been posted to tenants accounts, enter in this column, opposite the name of the tenant, the total of the amounts in Columns (8), (9), (10), and (11) less the total of amounts in Column (12). The total in this column represents the total charges to the tenant for the month for rental and miscellaneous items.

Column (14), Ref. No. Enter in this column, opposite the name of the tenant, the number of the Voucher Check by which a refund of unearned rent is made to a tenant. If the refund is made from petty cash, the number of the Voucher Check by which the Petty Cash Fund is reimbursed shall be shown in this column.

Column (15), Amount. Enter in this column, opposite the name of the tenant, the amount of rental refund paid to the tenant (see instructions in paragraph 7 of Section 607.2 relating to refunds to tenants).

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Column (16), Returned Checks. Enter in this column, opposite the name of the tenant, the amount of a tenant's check which has been returned unpaid by the bank (see paragraph 6 of Section 607.2). Other charges which do not affect income, such as legal costs chargeable to the tenant, may also be recorded in this column or, when the form is designed by the Local Authority an additional column may be provided for such charges.

Column (17), Total Charges. At the end of the month, after all charges have been posted, enter in this column opposite the name of the tenant the total of Columns (13), (15), and (16).

Column (18), Ref. No. Enter in this column, opposite the name of the tenant, the number of the cash receipt issued for the amount of collections shown in Column (19).

Column (19), Cash Collections. Enter in this column, opposite the name of the tenant, the amount of rental and other collection (except Security Deposits) collected from tenants as shown by the cash receipt, the number of which is shown in Column (18).

Column (20), Transfers From Security Deposits. Enter in this column, opposite the name of the tenant, the amount of a security deposit applied to the tenants account as shown by a Miscellaneous Charge and Credit Ticket (see paragraph 8 of Section 607.2).

Column (21), Transfers to Collection Losses. Enter in this column, opposite the name of the tenant, the amount of the tenants account which has been determined to be uncollectible, and written off as collection losses (see paragraph 9 of Section 607.2).

Column (22), Total Credits. At the end of the month, after all credits have been posted, enter in this column, opposite the name of the tenant, the total of Columns (19), (20), and (21).

Column (23), Balance of Account Carried Forward. At the close of the month enter in this column, opposite the name of the tenant, the balance due which is the difference equal to the totals of Columns (7) and (17), less the amount shown in Column (22). A credit balance shall be shown in red or in parentheses. Each individual amount shown in this column at the end of the month shall be shown in Column (7) on the Tenants Rental Register sheet for the succeeding month.

Column (24), Line No. Line numbers shall be the same as shown in Column 1.

Move-Ins After the First of the Month. If, after the first of the month, a tenant moves into a dwelling unit which has not been previously occupied during the month, the name of the tenant and lease information shall be entered in the space allotted to the dwelling unit on the Tenants Rental Register. However, if a tenant occupies a dwelling unit that has been previously occupied during the month, the dwelling

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unit number, the name of the tenant and the lease information shall be entered on the last sheet of the Tenants Rental Register on the line next following the last consecutive dwelling unit number. When the Tenants Rental Register is prepared for the succeeding month, however, if the tenant is still in possession of the dwelling unit on the first of the succeeding month, the name of the tenant, lease information, and account balance, if any, shall be listed in the space allotted to the dwelling unit which he occupies.

Former Tenants Accounts. When a tenant vacates a dwelling unit, and has a balance, either debit or credit, the account number, the name of the tenant, and the balance of the account shall be forwarded to the Tenants Rental Register for each succeeding month until the balance is paid, or transferred to Collection Losses. The accounts of former tenants shall be listed on the Tenants Rental Register for each succeeding month in account number sequence at the bottom of the last sheet, after listing the account numbers of all dwelling units in all projects and after allowing a sufficient number of lines for entering the names of tenants occupying dwelling units after the first of the month which have been previously occupied during the month.

Monthly Closing. At the close of each month, after all charges and credits have been posted, each amount column shall be totaled vertically and proved in the following manner: the aggregate of the totals of Columns (8), (9), (10) and (11) less the total of Column (12) shall equal the total of Column (13); the aggregate of the totals of Columns (13), (15), and (16) shall equal the total of Column (17); the aggregate of the totals of Columns (19), (20), and (21) shall equal the total of Column (22); and the aggregate of the totals of Columns (7) and (17), less the totals of Column (22), shall equal the total of Column (23).



Specimen Form of Miscellaneous Charge and Credit Ticket

No. _____		
ANY HOUSING AUTHORITY ANYTOWN, ANYSTATE		
MISCELLANEOUS CHARGE AND CREDIT TICKET		
Contract No. _____ Date _____, 19 ____		
Name of Tenant _____ Account No. _____		
EXPLANATION	CHARGE	CREDIT
Prepared by: _____ Approved by: _____		



## Specimen Form of Cash Receipt For Manual Use

# Housing Authority of Anytown, Anystate

(Project Number(s))

(A. C. Contract No.)

## C A S H R E C E I P T

\_\_\_\_\_, 19\_\_ Account No. \_\_\_\_\_

Name of Tenant \_\_\_\_\_

I T E M	Amount
Dwelling Rent	
Excess Utilities	
Other Charges	
Balance due, brought forward	
Total Due	
Amount Paid	
Balance Unpaid	
Security Deposit Paid	

No. 06105

Received By

Cash ☐ Check ☐

PUBLIC HOUSING ADMINISTRATION  
Housing and Home Finance Agency

2-12-59

Low-Rent Housing Manual

Transmittal No. 322

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Distribution: Local Authorities With Active Low-Rent Programs  
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INSERT: Supplement 1 to Section 605.1, Accounting for Operating Reserve,  
dated February 1959.

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Accounting for Operating Reserve

1. Maximum Operating Reserve. The maximum Operating Reserve as computed on Form PHA-2570, Financial Plan for a Management Contract, and approved by the Regional Director, shall be recorded in the books of account, in accordance with paragraph 2 below, as of the end of the fiscal year preceding the fiscal year for which Form PHA-2570 is submitted. For example, the maximum Operating Reserve that may be established at the close of the fiscal year ending March 31, 1959, subject to the provisions of paragraph 2 below with respect to the excess of Operating Receipts over Operating Expenditures, is the approved amount set forth on line 16 in Column (3) of Form PHA-2570 included in the annual budget submission for the fiscal year beginning April 1, 1959. However, if the maximum Operating Reserve authorized and established in accordance with previous policy is in excess of the amount approved on Form PHA-2570, the Local Authority may retain the maximum reserve authorized by such previous policy for a period not in excess of three years.

2. Adjusting the Operating Reserve

a. If at the close of any fiscal year the Operating Reserve is less than the approved amount shown on line 16 in Column (3) of Form PHA-2570, the Local Authority may increase its reserve within the limits of the approved maximum to the extent that Operating Receipts for such fiscal year exceed Operating Expenditures. The entry for recording the increase in Operating Reserve is as follows:

Debit: Account 7010, Provision for Operating Reserve - Net

Credit: Account 2820, Reserved Surplus - Operating Reserve

b. If at the close of any fiscal year the Operating Reserve is more than the maximum shown on line 16 in Column (3) of Form PHA-2570 as approved by the PHA in connection with the Operating Budget for the next fiscal year, the Local Authority shall, except as otherwise provided in paragraph 1 above, decrease its reserve to the approved maximum. The entry for recording the decrease in Operating Reserve is as follows:

Debit: Account 2820, Reserved Surplus - Operating Reserve

Credit: Account 7010, Provision for Operating Reserve - Net

c. A single Account 2820, Reserved Surplus - Operating Reserve, may be established and maintained collectively for all projects under the same Contract with the PHA, except that if there are one or more Non-Permanently

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Financed Projects 1/ under an Annual Contributions Contract, a separate Account 2820 shall be established for each such Non-Permanently Financed Project. Likewise, a single Account 7010, Provision for Operating Reserve - Net, may be used for establishing the Operating Reserve for all projects under the same Contract with the PHA, except that if there are one or more Non-Permanently Financed Projects 1/ under an Annual Contributions Contract, a separate Account 7010 shall be used for establishing the Operating Reserve for each such Non-Permanently Financed Project.

3. Use of Operating Reserve. The Operating Reserve is available to offset a deficiency in Residual Receipts resulting from Operating Expenditures exceeding Operating Receipts. The Operating Reserve shall not be used to cover the Initial Operating Deficit of any project. If the operations for any fiscal year result in a deficiency in Residual Receipts, the Operating Reserve shall be applied toward the elimination of such deficiency to the extent of the amount of Operating Reserve available. The entry for recording the application of the Operating Reserve toward the elimination of a deficiency in residual receipts is as follows:

Debit: Account 2820, Reserved Surplus - Operating Reserve

Credit: Account 7010, Provision for Operating Reserve - Net

1/ Separate accounts are not required for Non-Permanently Financed Projects under a consolidated form of Annual Contributions Contract. PL-412 Projects, formerly financed by Series "A" and "B" Bonds, which have been refinanced wholly by Permanent and/or Temporary Notes are to be considered as Permanently Financed Projects.

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PUBLIC HOUSING ADMINISTRATION  
Housing and Home Finance Agency

2-12-59

SMALL LOW-RENT PROGRAMS MANUAL-OPERATION

Transmittal No. 72

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REMOVE: Exhibit 1 to Section 8.1, Form PHA-460, Insurance Information, dated 9-2-52.

INSERT: Exhibit 1 to Section 8.1, Form PHA-460, Insurance Information, dated February 1959.

PHA-600 APRIL 1958  HOUSING AND HOME FINANCE AGENCY PUBLIC HOUSING ADMINISTRATION INSURANCE INFORMATION		OFFICE BUILDING NO. 42-1000-0 APPROXIMATE DURATION 5-10-60 PROJECT NAME PROJECT LOCATION SUBMITTED BY: (NAME AND TITLE) DATE		PROJECT NUMBER NO. OF DWELLING UNITS NO. OF STORIES																																									
LOCAL HOUSING AUTHORITY																																													
I. FIRE AND EXTENDED COVERAGE																																													
A. DESCRIBE ITEMS BELOW BY THICKNESS AND MATERIAL USED IN CONSTRUCTION  1. EXTERIOR WALLS:  <input type="checkbox"/> LOOS BOARDING <input type="checkbox"/> NON-BURNING  2. EXTERIOR PARTITIONS:  3. WALLS BETWEEN UNITS:  a. ARE FIREWALLS BUILT FROM GROUND?..... <input type="checkbox"/> YES <input type="checkbox"/> NO b. ARE THEY BUILT TO UNDERSIDE OF ROOF SHEATHING?..... <input type="checkbox"/> YES <input type="checkbox"/> NO c. NO. OF INCHES ABOVE ROOF d. DESCRIBE OPENINGS, IF ANY:  4. TOP CEILING:  5. FLOORING SYSTEM: a. FIRST FLOOR:  b. SECOND FLOOR:  c. THIRD FLOOR:  6. ROOF: <input type="checkbox"/> PITCHED <input type="checkbox"/> FLAT a. FLASHING MATERIAL:  b. SHEATHING:  c. COVERING:			B. CLASSIFY ALL BUILDINGS ACCORDING BOTH TO THE ARRANGEMENT OF STORIES AND THE NUMBER OF DWELLING UNITS. ENTER IN COLUMN 1 THE NUMBER OF BUILDINGS OF EACH OF THE TYPES. MARK THOSE WITHOUT BASEMENTS "B". MARK THOSE WITH GROUP HEATING PLANTS IN BASEMENT "BP". IN COLUMN 2 ENTER FOR EACH TYPE OF BUILDING LISTED IN COLUMN 1 THE NUMBER OF UNITS UNDER EACH STORY LEVEL. IN COLUMN 3 ENTER THE NUMBER OF UNITS BETWEEN FIRE WALLS FOR EACH TYPE OF BUILDING, SUCH AS 12-4-81.  <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">NO. OF BUILDINGS (1)</th> <th colspan="4">NO. OF UNITS IN BUILDING UNDER STORY LEVEL SPECIFIED IN 1</th> <th rowspan="2">NO. OF UNITS BETWEEN FIRE WALLS (3)</th> </tr> <tr> <th>1 STORY</th> <th>2 STORY</th> <th>3 STORY</th> <th>4 STORY</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>			NO. OF BUILDINGS (1)	NO. OF UNITS IN BUILDING UNDER STORY LEVEL SPECIFIED IN 1				NO. OF UNITS BETWEEN FIRE WALLS (3)	1 STORY	2 STORY	3 STORY	4 STORY																														
NO. OF BUILDINGS (1)	NO. OF UNITS IN BUILDING UNDER STORY LEVEL SPECIFIED IN 1				NO. OF UNITS BETWEEN FIRE WALLS (3)																																								
	1 STORY	2 STORY	3 STORY	4 STORY																																									
C. INFORMATION FOR RATING PURPOSES																																													
1. GIVE GREATEST DISTANCE OF ANY PROJECT BUILDING FROM A FIRE HYDRANT..... 2. DESCRIBE CITY FIRE DEPARTMENT <input type="checkbox"/> VOLUNTEER <input type="checkbox"/> PART PAID AND PART VOLUNTEER <input type="checkbox"/> FULL TIME 3. COMPUTATION OF INSURABLE VALUE. (SEE LATEST DEVELOPMENT COST BOOK) a. ARCHITECTS FEES (INCLUDE JOB OF PREP)..... \$ _____ b. STRUCTURES AND EQUIPMENT..... \$ _____ c. TOTAL OF 1 AND 2..... \$ _____ DEDUCT THE FOLLOWING: d. FOUNDATIONS (COST BELOW LEVEL OF GROUND, OR IF DEDUCTED, ESTIMATED COST BELOW LOWEST BASEMENT FLOOR)..... \$ _____ e. EXCAVATIONS (ESTIMATE COST)..... \$ _____ f. UNDERGROUND DOCKS: a. 25% OF COST OF PLUMBING..... \$ _____ b. 25% OF COST OF HEATING..... \$ _____ c. 25% OF COST OF ELECTRICAL..... \$ _____ INSURABLE VALUE \$ _____																																													
II. BOILER INSURANCE																																													
A. TYPE OF HEATING (CHECK ONE)  <input type="checkbox"/> CENTRAL HEATING PLANT <input type="checkbox"/> GROUP HEATING PLANTS <input type="checkbox"/> SPACE HEATERS B. TYPE OF BOILERS (CHECK ONE)  <input type="checkbox"/> HOT WATER <input type="checkbox"/> STEAM C. NO. OF BOILERS      D. PRESSURE      E. SQ. FT. HEATING SURFACE PER BOILER			F. TYPE OF FUEL (CHECK ONE)  <input type="checkbox"/> COAL <input type="checkbox"/> GAS <input type="checkbox"/> OIL G. APPROXIMATE VALUE OF HEATING PLANT (BUILDING AND EQUIPMENT) (IF SYSTEM IS COMPOSED OF GROUP HEATING PLANTS, GIVE APPROXIMATE VALUE OF LOWEST PLANT. IF PLANT IS LOCATED IN BASEMENT OF BUILDING, INCLUDE VALUE OF BUILDING AREA GROUP PLANT WOULD BE SUBJECT TO DAMAGE BY AN EXPLOSION.) \$ _____																																										

NOTE: This Exhibit supersedes Exhibit 1 to Section 8.1 dated 9-2-52.

III. TABULATION OF PROPOSALS RECEIVED								
A. FIRE AND EXTENDED COVERAGE (OR) EARTHQUAKE SEPARATELY IN SPACE AT BOTTOM OF FORM, IF NEEDED								
NAME OF COMPANY	AMOUNT OF COVERAGE \$	TERM	BASIS OF PROPOSAL			INITIAL PREMIUM \$	ESTIMATED DIVIDEND	NET PREMIUM
			CO-INSURANCE RESTRICTIONS (Yes or No)	AMOUNT OF INSURANCE CLAIM (Yes or No)	CO-INSURANCE CLAIM \$			

B. PUBLIC LIABILITY									
NAME OF COMPANY	FRONTAGE	VACANT	TOTAL AREA	NO. OF UNITS	UNIT RATE	TERM	INITIAL PREMIUM \$	ESTIMATED DIVIDEND	NET PREMIUM

1/ Here set forth the initial deposit or fixed premium for the term of the proposed policy. If no dividends are payable on the initial premium indicate by inserting word "None" under column "Estimated Dividend." If dividends are payable on the initial premium complete the columns entitled "Estimated Dividend" and "Net Premium." If additional space is needed to tabulate proposals received, set forth tabulations on separate sheets.

2/ The insurable value for the first term can be accurately computed from the Development Cost Budget upon completion of a project. For subsequent renewals the Regional Office Insurance-Taxation Officers will provide assistance in determining insurable value and amount of coverage.

PUBLIC HOUSING ADMINISTRATION  
HOUSING AND HOME FINANCE AGENCY

CHECKLIST OF PERIODIC FISCAL REPORTS AND DOCUMENTS  
REQUIRED FROM LOCAL AUTHORITIES AUTHORIZED TO  
OPERATE UNDER THE SMALL LOW-RENT PROGRAMS MANUAL

Form Number	Report	Frequency	Date of Submittal	Manual Reference
PHA-2509	Trial Balance	Quarterly during Preliminary Loan Period	To ensure receipt in PHA Central Office not later than 20th of month following end of quarter	25-4-6
2259	Statement of Development Costs--Preliminary Loan Period	Quarterly during Preliminary Loan Period	To ensure receipt in PHA Central Office not later than 20th of month following end of quarter	25-4-6
2510	Trial Balance	Quarterly during Development Period	To ensure receipt in PHA Central Office not later than 20th of month following end of quarter	25-5-11
2356	Statement of Initial Operating Deficit	A one-time report to be submitted at End of Initial Operating Period	To ensure receipt in PHA Central Office not later than 20th of month following End of Initial Operating Period	25-5-11
2510	Trial Balance	Quarterly until all projects under the Contract have reached EIOF; annually thereafter, at end of each Fiscal Year	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-6-6
2511	Statement of Income and Expenses and Operating Receipts and Expenditures	Annually at end of each Fiscal Year during Operations Period	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-6-6
2436	Analysis of Debt Service Fund (for Non-Permanently Financed PL-671 Projects)	Annually at end of each Fiscal Year during Operations Period	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-6-6
2440	Analysis of Fiscal Agent Funds	Annually at end of each Fiscal Year during Operations Period (for PL-412's financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds)	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-6-6
	Journal Voucher	Annually at end of each Fiscal Year during Operations Period	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-6-6
2357	Computation of Payments in Lieu of Taxes	Annually at end of each Fiscal Year during Operations Period	To ensure receipt in PHA Central Office not later than 20th of month following close of reporting period	25-11-1
2216	Public Voucher--Payment of Annual Contribution (Permanently Financed Projects)	Annually as of end of each Fiscal Year	Not later than 15 days prior to Annual Contribution Date	25-18-1

Prepared in Administrative Planning  
and Internal Audit Branch  
Public Housing Administration  
Washington 25, D. C.



# **PUBLIC HOUSING ADMINISTRATION**

HOUSING AND HOME FINANCE AGENCY

WASHINGTON 25, D. C.

CIRCULAR  
8-30-56

-----  
**TO: Holders of Small Low-Rent Programs Manual - Accounting**  
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**SUBJECT: Revisions in the Accounting Volume of the Small Low-Rent Programs Manual**

The revisions to the Accounting Volume of the Small Low-Rent Programs Manual which are being transmitted to you on Transmittal No. 16 contain numerous simplifications, the most important of which are the following: reduction in the number of reporting forms by four; elimination of depreciation accounting; elimination of the requirement for recording accrued utility expenses and the accrual of premiums on Workmen's Compensation and Public Liability Insurance; provision for review of former tenants accounts (for determining collectibility) not less often than once each year instead of quarterly; elimination of accrual of interest on investments; elimination of amortization of insurance premiums when the premium is \$200 or less; the combination of the Statement of Income and Expenses and the Statement of Operating Receipts and Expenditures into one form; and the elimination of the requirement for computing by the Local Authority of the Accruing Annual Contribution.

The Manual is being studied further in the interest of effecting additional simplifications. Suggestions toward this end should be sent to the PHA Comptroller.

  
Philip A. Sumner  
Acting Commissioner

PUBLIC HOUSING ADMINISTRATION  
Housing and Home Finance Agency

SMALL LOW-RENT PROGRAMS MANUAL

6-30-53

ACCOUNTING

Transmittal No. 1

-----

There are attached the Sections listed below for the Small Low-Rent Programs Manual-Accounting, all dated 6-26-53. These Sections, with their Exhibits, comprise a complete manual of the nonroutine accounting procedures for small low-rent housing programs, and may be used by Local Authorities authorized to use the Small Low-Rent Programs Manual-Operation. (The routine day-to-day accounting procedures may be found in Sections 9.1 through 9.15 of the Small Low-Rent Programs Manual-Operation.) The first element in the code number of these releases (25) is used to identify the Small Low-Rent Programs Manual-Accounting and will be used on all releases for this volume.

Section 25-0-1, Table of Contents

Section 25-1-1, Introduction to Accounting Procedures for Small Low-Rent Programs

Section 25-2-1, Definitions of Terms Pertinent to Accounting Procedures

Section 25-3-1, Classification of Accounts

Section 25-3-2, Chart of Accounts

Section 25-3-3, Definition of Accounts

Section 25-4-1, Introduction to Preliminary Loan Contract Accounting Procedures

Section 25-4-2, Chart of Accounts for Use in Connection With a Preliminary Loan Contract

Section 25-4-3, Books of Account and Records

Section 25-4-4, Accounting for Financing Transactions

Section 25-4-5, Recording Accounts Payable

Section 25-4-6, Financial Reporting

Section 25-5-1, Introduction to Annual Contributions Contract Accounting Procedures During the Development Period

Section 25-5-2, Chart of Accounts for Use During the Development Period Pursuant to the Annual Contributions Contract

Section 25-5-3, Books of Account and Records

Section 25-5-4, Opening the Annual Contributions Contract Books of Account

Section 25-5-5, Accounting for Architects Contracts

**SMALL LOW-RENT PROGRAMS MANUAL-ACCOUNTING, Transmittal No. 1 (Cont'd)**  
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- Section 25-5-6, Accounting for Construction Contracts**
- Section 25-5-7, Accounting for Performance Deposits**
- Section 25-5-8, Accounting for Site Net Income**
- Section 25-5-9, Accounting for Initial Operating Deficit**
- Section 25-5-10, Recording Accounts Payable and Accrued Liabilities**
- Section 25-5-11, Financial Reporting**
- Section 25-6-1, Introduction to Accounting Procedures During the Operations Period**
- Section 25-6-2, Continuance of Books of Accounts and Records Maintained During the Development Period**
- Section 25-6-3, Additional Accounting Procedures**
- Section 25-6-4, Surplus Adjustments**
- Section 25-6-5, Closing the Books**
- Section 25-6-6, Financial Reporting**
- Section 25-6-7, Budgetary Reporting**
- Section 25-7-1, Tenant Accounting**
- Section 25-8-1, Payroll and Leave Records**
- Section 25-9-1, Procurement**
- Section 25-10-1, Insurance**
- Section 25-11-1, Payments in Lieu of Taxes**
- Section 25-12-1, Accounting for Operating Reserve**
- Section 25-12-2, Accounting for Reserve for Property Betterments and Additions**
- Section 25-13-1, Undistributed Accounts**
- Section 25-14-1, Introduction to Property Accounting**
- Section 25-14-2, Property Ledger**
- Section 25-14-3, Equipment Record Cards**

**SMALL LOW-RENT PROGRAMS MANUAL-ACCOUNTING, Transmittal No. 1 (Cont'd)**

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**Section 25-14-4, Establishing Property Accounts for Land, Structures, and Equipment Acquired During the Development Period**

**Section 25-14-5, Property Acquisitions and Dispositions During the Operations Period**

**Section 25-14-6, Depreciation**

**Section 25-15-1, Accounting for Investments**

**Section 25-15-2, Investment Ledger**

**Section 25-16-1, Introduction to Financing Accounting Procedure for Projects Not Permanently Financed**

**Section 25-16-2, Preliminary Notes**

**Section 25-16-3, Advance Notes**

**Section 25-16-4, Temporary Notes**

**Section 25-16-5, Administrative Notes**

**Section 25-16-6, Permanent Financing**

**Section 25-17-1, Fiscal Agent Transactions**

**Section 25-18-1, Introduction to Annual Contribution Accounting Procedure**

**Section 25-18-2, Determining and Recording Annual Contributions Made Available for Projects Not Permanently Financed**

**Section 25-18-3, Determining and Recording Annual Contributions Made Available for Projects Permanently Financed**

**Section 25-19-1, Revolving Fund**

**Section 25-20-1, Record Preservation, Disposal**

**Section 25-21-1, Conversion Accounting Procedure**

Table of Contents

<u>Section</u>	<u>Date</u>	<u>Title</u>
25-0-1	Apr. 1959	Table of Contents
25-1-1	6 -26-53	Introduction to Accounting Procedures for Small Low-Rent Programs
25-2-1	6 -26-53	Definitions of Terms Pertinent to Accounting Procedures
25-3-1	Aug. 1956	Classification of Accounts
-2	pp. 1-2 12-3 -54 3-8 Aug. 1956 9-11 12-3 -54	Chart of Accounts
-3	Aug. 1956	Definitions of Accounts
25-4-1	Aug. 1956	Introduction to Preliminary Loan Contract Accounting Procedures
-2	Aug. 1956	Chart of Accounts for Use in Connection With a Preliminary Loan Contract
-3	pp. 1-4 Aug. 1956 5-8 6 -26-53 9-11 Aug. 1956 Ex. 1-5 6 -26-53 6 Aug. 1956 7 6 -26-53	Books of Account and Records
-4	Aug. 1956	Accounting for Financing Transactions
-5	6 -26-53	Recording Accounts Payable
-6	Aug. 1956 Ex. 1 Aug. 1956 2 6 -26-53	Financial Reporting
25-5-1	Aug. 1956	Introduction to Annual Contributions Contract Accounting Procedures During the Development Period

(Cont'd)

NOTE: This Table of Contents supersedes the Table of Contents dated September 1956. Releases marked with an asterisk were distributed within the PHA only.

25-0-1

## ACCOUNTING

<u>Section</u>	<u>Date</u>	<u>Title</u>
25-5-2	Aug. 1956	Chart of Accounts for Use During the Development Period Pursuant to the Annual Contributions Contract
-3	pp. 1-8 6 -26-53 9-13 Aug. 1956 Ex. 1-6 6 -26-53 7 Aug. 1956	Books of Account and Records
-4	6 -26-53	Opening the Annual Contributions Contract Books of Account
-5	6 -26-53	Accounting for Architects Contracts
-6	pp. 1-2 6 -26-53 3-4 12-15-54 5-6 3 -1 -55	Accounting for Construction Contracts
-7	6 -26-53	Accounting for Performance Deposits
-8	6 -26-53	Accounting for Site Net Income
-9	6 -26-53 Ex. 1 6 -26-53	Accounting for Initial Operating Deficit
-10	Aug. 1956	Recording Accounts Payable and Accrued Liabilities
-11	Aug. 1956 Ex. 1 Aug. 1956 2 12-15-54	Financial Reporting
25-6-1	Aug. 1956	Introduction to Accounting Procedures During the Operations Period
-2	Aug. 1956	Books of Account and Records
-3	Aug. 1956	Additional Accounting Procedures
-4	Aug. 1956	Prior Year Adjustments (Surplus Adjustments)
-5	Aug. 1956	Closing the Books
-6	pp. 1-2 Aug. 1956 3-4a May 1957 5-11 Aug. 1956 Ex. 1 Aug. 1956 2 Oct. 1956 3-4 Aug. 1956	Financial and Budgetary Reporting

(Cont'd)

<u>Section</u>	<u>Date</u>	<u>Title</u>
*25-6-6A	4 -15-55	Routing of Financial Reporting Documents
* -6B	May 1957	Submittal of Quarterly Statement of Income and Expenses and Operating Receipts and Expenditures Under Certain Circumstances
25-7-1 pp. 1-4 5	Aug. 1956 Oct. 1957	Tenant Accounting
25-8-1	6 -26-53	Payroll and Leave Records
25-9-1	6 -26-53	Procurement
25-10-1	Aug. 1956	Insurance
Ex. 1-2	Aug. 1956	
25-11-1 pp. 1-4 5-10	9 -29-54 Jan. 1958	Accounting for Payments in Lieu of Taxes
Ex. 1-2	Jan. 1958	
25-12-1	Oct. 1955	Accounting for Operating Reserve
Ex. 1	Oct. 1955	
-2	6 -26-53	Accounting for Reserve for Property Betterments and Additions
25-13-1	6 -26-53	Undistributed Accounts
25-14-1	Aug. 1956	Introduction to Property Accounting
-2	Aug. 1956	Property Accountability Records
Ex. 1-4	Aug. 1956	
-3	Aug. 1956	Property Acquisitions and Dispositions During the Operations Period
Ex. 1-5	Aug. 1956	
25-15-1	Aug. 1956	Accounting for Investments
25-16-1	Aug. 1956	Introduction to Financing Accounting Procedure
-2	6 -26-53	Preliminary Notes
-3	6 -26-53	Advance Notes
-4	6 -26-53	Temporary Notes

(Cont'd)

## SMALL LOW-RENT PROGRAMS MANUAL

HHFA

PHA

25-0-1

## ACCOUNTING

April 1959

<u>Section</u>	<u>Date</u>	<u>Title</u>
25-16-5	6 -26-53	Administrative Notes
-6	Aug.1956	Permanent Financing--New Housing Authority Bonds and Series "A" Notes
25-17-1	Aug.1956	Introduction to Fiscal Agent Transactions
-2	Aug.1956	Deposits With the Fiscal Agent
-3	Aug.1956	Disbursements and Transfers by the Fiscal Agent
25-18-1	Aug.1956	Accounting for PHA Annual Contributions
*25-18-1A	Sep.1956	Computation of Fixed Annual Contribution
Ex. 1	Sep.1956	
25-19-1	6 -26-53	Revolving Fund
25-21-1	6 -26-53	Conversion Accounting Procedure
Ex. 1	6 -26-53	
25-22-1	8 -4 -54	Accounting for Payments for Off-Site Utilities
601.1	Sep.1958	Introduction to Low-Rent Housing Accounting Procedures
602.1	Sep.1958	Books of Account and Accounting Records
Ex. 1-16	Sep.1958	
603.1	Sep.1958	Accounting Procedures for the Preliminary Loan Period
Ex. 1-2	Sep.1958	
604.1	Sep.1958	Accounting Procedures for the Development Period
Ex. 1-2	Sep.1958	
605.1	Sep.1958	Accounting Procedures for the Operations Period
.1 Sup. 1	Feb.1959	Accounting for Operating Reserve
606.1	Sep.1958	Introduction to Financial and Budgetary Reporting Procedures
.2	Sep.1958	Financial Reporting
Ex. 1-5	Sep.1958	

(Cont'd)



<u>Section</u>	<u>Date</u>	<u>Title</u>
606.3	Sep.1958	Budgetary Reporting During the Operations Period
607.1	Sep.1958	Accounting for Transactions With Tenants (Ledger Method)
Ex. 1-11	Sep.1958	
.2	Sep.1958	Accounting for Transactions With Tenants (Rental Register Method)
Ex. 1-4	Sep.1958	
608.1	Dec.1958	Accounting for Off-Site Utilities

NOTE: TWO SETS OF ACCOUNTING PROCEDURES ARE LISTED IN THIS TABLE OF CONTENTS, ONE BEGINNING ON PAGE 1 AND THE OTHER ON PAGE 4. THE FIRST SET IS FOR USE BY LOCAL AUTHORITIES WHICH ARE NOT OPERATING UNDER A MANAGEMENT BUDGET SUBMITTED PURSUANT TO SECTION 401.1 DATED MAY 1958. THE SECOND SET IS FOR USE BY LOCAL AUTHORITIES WHICH ARE OPERATING UNDER A MANAGEMENT BUDGET SUBMITTED PURSUANT TO SECTION 401.1 DATED MAY 1958.

Introduction to Accounting Procedures for Small Low-Rent Programs

1. General. The accompanying sections of the Small Low-Rent Programs Manual - Accounting differ from the manual for larger programs principally in the requirements for the maintenance of required operating income and operating expense accounts, in requirements for day-to-day accounting to permit the keeping of essential records by personnel who may not necessarily be qualified to maintain complete accounting records, and a modification of some other requirements, which will produce the minimum of financial and management data considered necessary for the effective management and control of the projects.
2. Applicability of the Small Low-Rent Programs Manual - Accounting. This Small Low-Rent Programs Manual may be used by Local Authorities authorized to use the Small Low-Rent Programs Manual - Operations pursuant to Section 1.1, paragraph 1, of such Manual.
3. Required Records. A complete and accurate set of books of account and records as prescribed by the PHA shall be maintained for recording the transactions applicable to all of the projects under any one contract. Where the projects of a Local Authority are under two or more contracts, separate sets of books of account must be maintained for all of the projects under each such contract. For further information for separation of accounts see Section 9.15 of the Small Low-Rent Programs Manual - Operation.
4. PHA Assistance to Local Authorities. While this Manual is intended to furnish the basic information for the installation of essential records and the maintenance of required accounts the PHA will furnish assistance to Local Authorities, if needed, in installing accounting systems and procedures and training employees in the maintenance of accounting records. To obtain such assistance the Local Authority should communicate with the Field Accountant Supervisor for the area in which the Local Authority is located.

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SMALL LOW-RENT PROGRAMS MANUAL

PHA

6-26-53

ACCOUNTING

25-2-1

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Definitions of Terms Pertinent to Accounting Procedures

Section 602.1 of the Low-Rent Housing Manual contains definitions of defined terms used in contracts and procedures but has been omitted from this Manual. Local Authorities interested in adding such definitions to this Manual may obtain a copy by directing their request to the:

Director, Office Services Branch  
Public Housing Administration  
Washington 25, D. C.

CLASSIFICATION OF ACCOUNTS

1000 - 1900	Assets
2000 - 2900	Liabilities and Surplus
3000 - 3900	Operating Income
4000 - 4900	Operating Expense
5100 -	Remitted Expenses
5200 - 5900	Other Income Credits and Charges
6000 - 6900	Surplus Credits and Charges
7000 - 7400	Provision for Reserves
7500 - 7900	Operating Expenditures for Property

The account groups and classifications of Assets, Liabilities and Surplus, Operating Income, and Operating Expense are subdivided into the following major account groups:

<u>1000 - 1900</u>	<u>Assets</u>
1100	Current Assets, Fiscal Agent Funds, and Investments
1200	Deferred Charges
1400	Land, Structures, and Equipment
1500	Payments for Off-Site Utilities
1800	Uncompleted Contracts
<u>2000 - 2900</u>	<u>Liabilities and Surplus</u>
2100	Current Liabilities
2200	Deferred Credits
2300	Fixed Liabilities
2400	Contract Awards
2600	Undistributed Credits
2700	Current Year Surplus or Deficit
2800	Surplus
<u>3000 - 3900</u>	<u>Operating Income</u>
3100	Dwelling Rental
3300	Nondwelling Rental
3500	Other Project Income
3600	Interest - General Fund Investments
<u>4000 - 4900</u>	<u>Operating Expense</u>
4100	Management
4300	Utilities
4400	Operating Services, and Repairs, Maintenance, and Replacements
4700	General Expense

NOTE: This Section supersedes Section 25-3-1 dated 6-26-53. It has been revised to conform with the revised Chart of Accounts.

Uncompleted Contracts

1800 Uncompleted Contracts

LIABILITIES AND SURPLUS

Accounts Payable

2111 Vendors and Contractors  
2112 Contract Retentions  
2113 Performance Deposits  
2114 Tenants Security Deposits  
2117.1 Income Tax Withholdings  
2117.2 Employee Savings Bond Deductions  
2117.3 Pension Fund Deductions and Contributions  
2117.4 Federal Insurance Contributions Act Deductions and  
Contributions  
2117.5 State Unemployment Insurance Tax Deductions and  
Contributions  
2118.1 Residual Receipts - PHA 1/  
2118.3 Disposition Proceeds - PHA 1/  
2118.6 Sundry - PHA  
2119 Sundry

(Cont'd)

1/ Applicable to projects conveyed for low-rent use pursuant to the Housing Act of 1950.

NOTE: These pages supersede the corresponding pages of Section 25-3-2 dated 12-3-54. Accounts 2620, Allowance for Depreciation; 5010, Depreciation; and 8010, PHA Annual Contributions, have been eliminated; and Account 6120, Gain or Loss From Disposition of Personal Property, has been added.

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Notes Payable

- 2121 Preliminary Notes - PHA
- 2122 Advance Notes - PHA
- 2123 Administrative Notes - PHA
- 2126 Temporary Notes - Non-PHA
- 2129 Sundry Notes

Accrued Liabilities

- 2131 Interest Payable - PHA
- 2132 Interest Payable - Non-PHA
- 2133 Interest Payable - Bonds
- 2137 Payments in Lieu of Taxes
- 2139 Sundry

Deferred Credits

- 2240 Tenants Prepaid Rents
- 2290 Sundry

Fixed Liabilities

- 2311 Permanent Notes Payable
- 2321 Series "A" Notes and Bonds - Issued
- 2322 Series "A" Notes and Bonds - Retired
- 2331 Series "B" Notes and Bonds - Issued
- 2332 Series "B" Notes and Bonds - Retired
- 2341 Bonds - Issued
- 2342 Bonds - Retired

(Cont'd)

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Contract Awards

2400 Contract Awards

Undistributed Credits

2670 Unamortized Administration Contract - PHA 1/

2680 Collections Applicable to Off-Site Utilities

Current Year Surplus or Deficit

2700 Current Year Surplus or Deficit

Surplus

2810 Unreserved Surplus

2820 Reserved Surplus - Operating Reserve

2830 Reserved Surplus - Reserve for Property Betterments and Additions

2840 Cumulative PHA Contributions

2850 Cumulative Donations

OPERATING INCOME

Dwelling Rental

3115 Dwelling Rental and Excess Utilities

Nondwelling Rental

3390 Nondwelling Rental

Other Project Income

3595 Other Project Income

(Cont'd)

1/ Applicable to former Federally owned PWA, Public War Housing, and Farm Labor Camp projects conveyed to Local Authorities for low-rent use.

## SMALL LOW-RENT PROGRAMS MANUAL

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## ACCOUNTING

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Interest - General Fund Investments

3610 Interest on General Fund Investments

OPERATING EXPENSEManagement

4115 Salaries  
4160 Miscellaneous Authority Expense  
4190 Other Management Expenses

Utilities

4310 Water  
4320 Electricity  
4330 Gas  
4340 Fuel and Heating Supplies  
4350 Heating Labor  
4390 Sundry Utilities

Operating Services, and Repairs, Maintenance, and Replacements

4496 Labor  
4497 Materials  
4498 Contract Work

General Expense

4710 Insurance  
4720 Payments in Lieu of Taxes  
4740 Contributions to Retirement Funds

(Cont'd)



4770 Collection Losses  
4795 Other Project Expense

REMITTED EXPENSES

5110 Remitted Payments in Lieu of Taxes  
5111 Remitted Utility Charges

OTHER INCOME CREDITS AND CHARGES

5210 Amortization of Premiums on Notes and Bonds  
5220 Bond Purchase Discounts  
5230 Interest on Fiscal Agent Fund Investments  
5240 Interest on Payments for Off-Site Utilities  
5610 Interest on Bonds and Notes Payable  
5620 Interest on Administrative Notes Payable  
5630 Casualty Losses - Restoration Costs (Noncapitalized)  
5690 Sundry Interest  
5710 Bond Redemption Premiums

SURPLUS CREDITS AND CHARGES

6010 Prior Year Adjustments - Affecting Residual Receipts  
6020 Prior Year Adjustments - Not Affecting Residual Receipts  
6110 Gain or Loss From Disposition of Real Property  
6120 Gain or Loss From Disposition of Personal Property

OPERATING EXPENDITURES - ESTABLISHMENT OF RESERVES

7010 Provision for Operating Reserve - Net  
7020 Provision for Betterments and Additions - Net

(Cont'd)

OPERATING EXPENDITURES FOR PROPERTY

7515	Replacement of Equipment
7530	Receipts From Equipment Not Replaced
7545	Property Betterments and Additions
7560	Reconstruction and Restoration of Damaged Property
7580	Proceeds From Disposition of Property
7590	Operating Expenditures for Property - Contra

LAND, STRUCTURES, AND EQUIPMENT  
SUBSIDIARY ACCOUNTS TO ACCOUNT 1400

Indirect Development Costs

1405 Indirect Development Costs

Overhead

1410.1 Non-Technical Salaries and Wages  
1410.2 Technical Salaries and Wages  
1410.4 Legal Expense - Overhead  
1410.5 Travel - Overhead  
1410.9 Retirement Contributions - Overhead  
1410.16 Miscellaneous Authority Expense  
1410.18 Equipment Expended  
1410.19 Sundry Overhead

Interest Expense - Net

1420.1 Interest to PHA  
1420.2 Interest on Notes - Non-PHA  
1420.3 Interest on Bonds  
1420.7 Interest - Income from Investments

Initial Operating Deficit

1425 Initial Operating Deficit

Planning

1430.1 Architectural and Engineering Fees

(Cont'd)

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1430.2	Consultant Fees
1430.6	Permit Fees
1430.7	Inspection Costs
1430.8	Fee for PHA Services
1430.9	Housing Surveys
1430.19	Sundry Planning Costs

Site Acquisition

1440	Site Acquisition
1440.1	Property Purchases
1440.2	Condemnation Deposits
1440.3	Excess Property
1440.4	Surveys and Maps
1440.5	Appraisals
1440.6	Title Information
1440.8	Legal Costs - Site
1440.10	Option Negotiations
1440.11	Option Deposits
1440.12	Current Tax Settlements
1440.13	Tenant Relocation
1440.19	Sundry Site Costs
1440.20	Site Net Income

Site Improvement

1450	Site Improvement
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(Cont'd)

Dwelling Structures

1460 Dwelling Structures

Dwelling Equipment

1465 Dwelling Equipment (Expendable and Nonexpendable)

1465.1 Dwelling Equipment - Nonexpendable

1465.2 Dwelling Equipment - Expendable

Nondwelling Structures

1470 Nondwelling Structures

Nondwelling Equipment

1475 Nondwelling Equipment (Expendable and Nonexpendable)

1475.1 Office Furniture and Equipment

1475.2 Maintenance Equipment

1475.3 Community Space Equipment

1475.7 Automotive Equipment

1475.9 Expendable Equipment

Work in Process

1480 Contract Work in Process

DEFINITIONS OF ACCOUNTS

ASSETS

- 1111 Cash - General Fund. The debit balance of this account represents the amount of General Fund cash on deposit or to be deposited with banks for the development and operation of the project in accordance with the terms of the Contract with the PHA.
- 1114 Cash - Security Deposit Fund. The debit balance of this account represents the unapplied or unrefunded security deposits received from tenants and deposited to this account. Where local laws or ordinances do not require segregation of these funds, they may be deposited in the General Fund.
- 1115 Cash - Preliminary Loan Fund. The debit balance of this account represents the amount of Preliminary Loan cash on deposit or to be deposited with banks for preliminary planning and surveys pursuant to the terms of the Preliminary Loan Contract.
- 1117 Cash - Petty Cash Fund. The debit balance of this account represents the amount of cash set aside, not in excess of the amount authorized by Local Authority resolution, as an imprest fund for the purpose of paying minor expenses and for making change. This fund may also be used for making refunds to tenants of \$10 or less.
- 1122 Accounts Receivable - Tenants. The balance of this account represents the net of the debit and credit balances of the individual tenant accounts, including retroactive rent charges, and tenant indebtedness evidenced by notes receivable. For reporting purposes, the sum of the individual debit balances and the sum of the individual credit balances of tenant accounts shall be reported as a footnote to the Trial Balance prepared pursuant to Section 25-6-6 of this Manual.
- 1124 Accounts Receivable - PHA Annual Contributions. The debit balance of this account represents the amount of annual contributions due from the PHA as determined in accordance with the terms of the contract with the PHA.
- 1129 Accounts Receivable - Sundry. The debit balance of this account represents sundry receivable items not chargeable to other accounts.

(Cont'd)

NOTE: This Section supersedes Section 25-3-3 dated 12-3-54. Three Accounts (2620, 5010, and 8010) have been eliminated and one Account (6120) added, in accordance with the Chart of Accounts (Section 25-3-2). Other changes have been made throughout.

- 1144 Accrued Interest Receivable - General Fund Investments. The debit balance of this account represents the amount of accrued interest paid on securities purchased from the General Fund and/or the Preliminary Loan Fund, which will be collected by the Local Authority on the first interest payment date following the date of purchase.
- 1151 Fiscal Agent Funds - Debt Service Fund. The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent for the payment of interest and principal of obligations of Permanently Financed Projects, and the accumulated Bond Service Carry-Over, pursuant to the Contract with the PHA.
- 1151.1 Fiscal Agent Funds - Rental Debt Service Account. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent for any debt service requirements in excess of the Fixed Annual Contribution.
- 1151.2 Fiscal Agent Funds - Annual Contributions Reduction Account. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent available for reduction of annual contributions.
- 1151.3 Fiscal Agent Funds - Excess Lands Account. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent as proceeds from sale of excess lands in accordance with the Contract for Loan and Annual Contributions.
- 1151.4 Fiscal Agent Funds - Series "A" Bond Fund. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent for the payment of interest on and principal of Series "A" Bonds.
- 1151.5 Fiscal Agent Funds - Series "B" Bond Fund. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent for the payment of interest on and principal of Series "B" Bonds.
- 1151.6 Fiscal Agent Funds - Series "A" Reserve Fund. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent as a reserve available for transfer to the Series "A" Bond Fund in the event of a default in a subsequent year.

(Cont'd)

1/ Applicable only to locally owned PL-412 Projects which are financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds.

- 1151.7      Fiscal Agent Funds - General Bond Reserve Fund. 1/ The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent as a reserve available for transfer to the Series "A" and "B" Bond Funds in accordance with the provisions of the Bond Resolution.
- 1152      Fiscal Agent Funds - Advance Amortization Fund. The debit balance of this account represents the amount of funds on deposit with the Fiscal Agent for advance retirement of debt, pursuant to the Contract with the PHA.
- 1153      Fiscal Agent Funds - Investments. The debit balance of this account represents the cost of securities (including premiums, brokerage, or other fees) purchased by the Fiscal Agent from the Annual Contributions Reduction Account, Series "A" Reserve Fund, or the Advance Amortization Fund. The account may be subdivided for investments from the Annual Contributions Reduction Account and the Series "A" Reserve Fund.
- 1154      Fiscal Agent Funds - Accrued Interest Receivable - Investments. The debit balance of this account represents the amount of accrued interest paid on securities purchased by the Fiscal Agent from the Annual Contributions Reduction Account, Series "A" Reserve Fund, or the Advance Amortization Fund, which will be collected by the Fiscal Agent on the first interest payment date following the date of purchase. This account may be subdivided for recording interest paid on investments from the Annual Contributions Reduction Account and Series "A" Reserve Fund.
- 1171      Investments - General Fund. The debit balance of this account represents the cost of securities (including premiums, brokerage, or other fees) purchased from the General Fund and/or Preliminary Loan Fund. It shall also include the amount of time or savings deposit accounts with banks or other institutions, and the interest credited to such accounts.
- 1181      Trust Fund - Debt Service. 2/ The debit balance of this account represents the amount of funds on deposit in a trust fund available for the payment of interest and principal on outstanding Notes.

(Cont'd)

1/ Applicable only to locally owned PL-412 Projects which are financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds.

2/ Applicable to locally owned Nonpermanently Financed PL-671 projects only.



- 1211 Deferred Charges - Prepaid Insurance. The debit balance of this account represents the unexpired portion of stock and mutual company insurance premiums. The unexpired portion of mutual company premiums shall be based on the difference between the amount of deposit premiums and the estimated amount of returnable premiums.
- This account shall be used only when the total premium with respect to an individual policy (as specified in the policy) is more than \$200, and the life of the policy covers a period of more than one year (see Section 25-10-1).
- 1212 Deferred Charges - Insurance Deposits. The debit balance of this account represents the estimated amount of dividends or returnable premiums due upon the expiration date of mutual company policies.
- This account shall be used only when the total premium with respect to a mutual company policy (as specified in the policy) is more than \$200, and the life of the policy covers a period of more than one year (see Section 25-10-1).
- 1290 Deferred Charges - Sundry. The debit balance of this account represents the amount of prepaid expenses not specifically chargeable to other accounts, including the cost of materials held in stockpiles, storerooms, or warehouses for issuance to the projects as needed.
- 1400 Land, Structures, and Equipment. This account represents the cost of the land, structures, and equipment comprising the projects under any one contract. This account shall include the value of donations in kind and work paid for from cash donations. All acquisitions subsequent to the original development of the project (except expendable equipment), regardless of the time and manner of acquisition, shall be charged to this account. This account shall be credited with the original cost (or, in the case of donated property, the original value thereof) of nonexpendable assets sold, transferred, or destroyed. The definitions of the subsidiary accounts to Account 1400 will be found immediately following the definitions of the General Ledger Accounts.
- 1500 Payments for Off-Site Utilities. This account shall be charged with the amount of payments to a local governing body (or taxing body) or to a public utility company in connection with off-site utilities included in Development Cost. (See Section 25-22-1 of this Manual.
- 1800 Uncompleted Contracts. The debit balance of this account represents the amount of the uncompleted portion of development and management contracts (contra to Account 2400) as shown in the Contract Register.

(Cont'd)

LIABILITIES AND SURPLUS

- 2111      Accounts Payable - Vendors and Contractors. The credit balance of this account represents amounts payable on open accounts and contract billings. Contract retentions and indebtedness evidenced by a formal instrument such as a note, etc., shall not be included in this account.
- 2112      Accounts Payable - Contract Retentions. The credit balance of this account represents the amount withheld from contractor's billings, pending acceptance of the work and final settlement therefor.
- 2113      Accounts Payable - Performance Deposits. The credit balance of this account represents the amount of deposits placed with the Local Authority and deposited in the General Fund pending refund or other disposition. There shall be included items such as earnest money, good faith deposits by contractors and bond purchasers, deposits on blueprints, etc. Tenant Security Deposits shall not be included in this account (see Account 2114).
- 2114      Accounts Payable - Tenant Security Deposits. The credit balance of this account represents the amount of deposits which are held for tenants and are to be returned on the termination of their leases after deducting therefrom rent due and charges for property damages for which they are held responsible.
- 2117.1    Accounts Payable - Income Tax Withholdings. The credit balance of this account represents the amount of payroll deductions for income of payroll taxes which have not been paid to the Internal Revenue Service or other tax collecting body.
- 2117.2    Accounts Payable - Employee Savings Bond Deductions. The credit balance of this account represents the liability to employees arising from payroll deductions for the purchase of U. S. Savings Bonds.
- 2117.3    Accounts Payable - Pension Fund Deductions and Contributions. The credit balance of this account represents the amount of employee payroll deductions and employer contributions for any retirement plan, other than Social Security, which have not been paid to the insurer.
- 2117.4    Accounts Payable - Federal Insurance Contributions Act Deductions and Contributions. The credit balance of this account represents the amount of employee payroll deductions and employer contributions for the purpose indicated which have not been disbursed.

(Cont'd)

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- 2117.5 Accounts Payable - State Unemployment Insurance Tax Deductions and Contributions. The credit balance of this account represents the amount of employee payroll deductions and employer contributions for the purpose indicated which have not been disbursed.
- 2118.1 Accounts Payable - Residual Receipts - PHA. 1/ This account shall be credited with the amount of Residual Receipts accrued from the operation of former Federally owned FWA, Public War Housing, and Farm Labor Camp projects conveyed for low-rent use.
- 2118.3 Accounts Payable - Disposition Proceeds - PHA. 1/ For former Federally owned FWA, Public War Housing, and Farm Labor Camp projects conveyed for low-rent use, this account shall be credited with the proceeds from the disposition of nonexpendable equipment which is not to be replaced.
- 2118.6 Accounts Payable - Sundry - PHA. This account shall be credited with amounts due the PHA for which no other account has been specifically provided.
- 2119 Accounts Payable - Sundry. The credit balance of this account represents sundry payable items not allocable to other accounts.
- 2121 Notes Payable - Preliminary Notes - PHA. The credit balance of this account represents the amount of outstanding Preliminary Notes payable to the PHA pursuant to the Preliminary Loan Contract.
- 2122 Notes Payable - Advance Notes - PHA. The credit balance of this account represents the amount of outstanding Advance Notes payable to the PHA pursuant to the Annual Contributions Contract.
- 2123 Notes Payable - Administrative Notes - PHA. The credit balance of this account represents the amount of outstanding Administrative Notes payable to the PHA.
- 2126 Notes Payable - Temporary Notes - Non-PHA. The credit balance of this account represents the amount of outstanding Temporary Notes (secured by a Requisition Agreement under which the PHA agrees to purchase escrow notes, if necessary) upon which funds have been loaned to the Local Authority by others than the PHA.
- 2129 Notes Payable - Sundry Notes. The credit balance of this account represents the amount of outstanding notes not allocable to other specific accounts.

(Cont'd)

1/ Applicable only to projects conveyed for low-rent use pursuant to the Housing Act of 1950.

- 2131      Accrued Liabilities - Interest Payable - PHA. The credit balance of this account represents all accrued interest payable to the PHA, including accrued interest on Series "B" Bonds.
- 2132      Accrued Liabilities - Interest Payable - Non-PHA. The credit balance of this account represents the accrued interest on notes payable to others than the PHA. The accrued interest received on the sale of Temporary or Series "A" Notes shall be credited to this account.
- 2133      Accrued Liabilities - Interest Payable - Bonds. The credit balance of this account represents accrued interest payable on Bonds, except accrued interest on Series "B" Bonds held by the PHA which shall be credited to Account 2131. The accrued interest received on the sale of Bonds shall be credited to this account.
- 2137      Accrued Liabilities - Payments in Lieu of Taxes. The credit balance of this account represents the amount of accrued expenses for payments in lieu of taxes.
- 2139      Accrued Liabilities - Sundry. The credit balance of this account represents the amount of accrued liabilities not allocable to other specific liability accounts and similar items.
- 2240      Deferred Credits - Tenants Prepaid Rents. This credit account is used only by PHA auditors and will consist of the total of individual credit balances of tenants accounts recorded in Account 1122. Such credit balances need not be recorded in the books of the Local Authority.
- 2290      Deferred Credits - Sundry. The credit balance of this account represents sundry receipts which cannot be immediately identified or applied to a specific account.
- 2311      Permanent Notes Payable. The credit balance of this account represents the unpaid balance of Permanent Notes issued.
- 2321      Series "A" Notes and Bonds - Issued. The credit balance of this account represents the face amount of Series "A" Notes or Series "A" Bonds issued.
- 2322      Series "A" Notes and Bonds - Retired. The debit balance of this account represents the face amount of Series "A" Notes or Series "A" Bonds retired.
- 2331      Series "B" Notes and Bonds - Issued. The credit balance of this account represents the face amount of Series "B" Notes or Series "B" Bonds issued.

(Cont'd)

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- 2332 Series "B" Notes and Bonds - Retired. The debit balance of this account represents the face amount of Series "B" Notes or Series "B" Bonds retired.
- 2341 Bonds - Issued. The credit balance of this account represents the face amount of New Housing Authority Bonds issued.
- 2342 Bonds - Retired. The debit balance of this account represents the face amount of New Housing Authority Bonds retired.
- 2400 Contract Awards. The credit balance of this account represents the amount of the uncompleted portion of development and management contracts (contra to Account 1800) and shall be supported by a Contract Register.
- 2670 Undistributed Credits - Unamortized Administration Contract - PHA. 1/  
This account shall be credited, and Account 1400, Land, Structures, and Equipment, shall be debited with the net book value (acquisition cost, less cumulative depreciation to date of conveyance) of all land, structures, and equipment of projects conveyed to a Local Authority under an Administration Contract, as furnished by the PHA as of the date of conveyance.
- This account shall be debited and Account 2840, Cumulative PHA Contributions, shall be credited at the end of each fiscal year for an amount which will fully amortize the cost of the project during the term of the Administration Contract. The amount of annual amortization shall be obtained by dividing the balance in this account at the beginning of the fiscal year by the remaining number of years covered by the Administration Contract. The first amortization, regardless of the length of the first fiscal year, will be equal to 1/40 of the balance in this account at the beginning of such fiscal year; successive amortization will be equal to 1/39, 1/38, etc.
- This account shall also be debited with the proceeds derived from the sale of property which is not replaced, but it shall not be debited with the amount of Residual Receipts paid to the PHA.
- 2680 Undistributed Credits - Collections Applicable to Off-Site Utilities.  
This account is provided for the purpose of accumulating during each fiscal year the amount of cash received from a local governing body (or taxing body) or from a public utility company as reimbursement of payments for off-site utilities or other facilities included in the Development Cost of the project. Such collections represent  
(Cont'd)

1/ Applicable to former federally owned FWA, Public War Housing, and Farm Labor Camp projects conveyed to Local Authorities for low-rent use.

Operating Receipts. This account shall be credited with all such collections during the fiscal year. At the end of each fiscal year this account shall be debited (and Account 1510 shall be credited) with the aggregate collections during the fiscal year: Except that, if the end of the fiscal year occurs on or prior to the End of the Initial Operating Period, the balance in this account shall not be closed into Account 1510 until the end of the fiscal year following the beginning of the full Operations Period (see Section 25-22-1).

2700 Current Year Surplus or Deficit. This account shall be used as a clearance account to which the balances of all nominal accounts (except Accounts 7010, 7020, and those in the 7500 group) are transferred at the end of each fiscal year. The credit balance in Account 1425, Initial Operating Deficit, if any, shall be transferred to this account at the End of the Initial Operating period. After these entries have been made, the net balance shall be closed into Account 2810, Unreserved Surplus.

2810 Unreserved Surplus. The balance of this account represents the portion of surplus derived from operations of the projects which has not been transferred to the Operating Reserve or to the Reserve for Property Betterments and Additions. The total of Accounts 2810, 2820, and 2830 will represent the cumulative results of operations of all projects under the Contract with the PHA.

2820 Reserved Surplus - Operating Reserve. This account shall be credited (and Account 7010 debited with the amounts reserved from Operating Receipts to cover future operating deficits. If there is a deficiency in Residual Receipts at the end of any fiscal year this account shall be debited (and Account 7010 credited) with the amount of such deficit to the extent of the credit balance in this account. The credit balance in this account represents the amount of unapplied funds reserved for future operating deficits (see Section 25-12-1).

2830 Reserved Surplus - Reserve for Property Betterments and Additions. This account shall be credited (and Account 7020 debited) with amounts reserved from Operating Receipts to provide for future Property Betterments and Additions (see Account 7545) which cannot be financed from the Operating Receipts available in one fiscal year. Such reserves may be established only with PHA approval and only for specific Betterments or specific Additions which have been approved as to purpose and estimated cost by the PHA (see Section 4.4 if Small Low-Rent Programs Manual - Operation). As a specific Betterment or Addition is paid for, this account shall be debited and Account 7020 shall be credited, by Journal Voucher, with the amounts of such expenditures. When the Betterments or Additions for which the reserve was established have been completed, the amount of funds reserved in excess of the cost of the Betterment or Addition shall be debited to this account and credited to Account 7020. The credit balance in this account represents the amount of unexpended funds reserved for Property Betterments or Additions not yet completed. (Cont'd)

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- 2840 Cumulative PHA Contributions. The credit balance of this account represents the cumulative Annual Contributions made available by the PHA pursuant to the Contract with the PHA. For former Federally owned PWA, Public War Housing, and Farm Labor Camp projects conveyed to Local Authorities for low-rent use, the credit balance in this account represents the cumulative annual amortization of the Un-amortized Administration Contract, less the cumulative Residual Receipts from operations.
- 2850 Cumulative Donations. The credit balance of this account represents cash donated and the reasonable value as determined by the Local Authority with the approval of the PHA of property donated to the project. An analysis of this account shall be maintained to show the project to which the donations are applicable.

OPERATING INCOME

- 3115 Dwelling Rental and Excess Utilities. This account shall be credited monthly with rental income, including normal and excess utilities, charged to all tenants of dwelling units rented for dwelling purposes. It shall also be credited with the amount of retroactive dwelling rent charged to tenants upon reexamination.
- 3390 Nondwelling Rental. This account shall be credited monthly with rental income, including charges for utilities and equipment, billed to lessees of nondwelling facilities and dwelling units rented for nondwelling purposes. This account shall not be credited with charges to other projects for Central Office management space and maintenance space (see Account 3595).
- 3595 Other Project Income. This account shall be credited with income from the operation of projects which cannot be otherwise classified such as penalties for delinquent payments, rental of equipment, all receipts from telephone pay stations, charges to other projects for the use of Central Office management and maintenance space, charges for use of community spaces, and commissions and profits from vending machines (except when such vending machines are operated by tenant groups), and with the gross charges to tenants for commodities and services other than excess utilities and those included as part of the rental charge. Such commodities and services include charges for breadage and damage, key replacements, fumigations and exterminating services, fuses, etc. The cost of such items shall be charged to the same expense account as if a part of operating costs.

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3610      Interest on General Fund Investments. This account shall be credited with interest received on securities purchased from the General Fund. It shall also be credited with interest on time or savings deposits with banks or other institutions at such time as interest is credited to the account of the Local Authority. The accrued interest paid on purchases of securities shall not be charged to this account, but to Account 1144.

The gain or loss on the sale of securities (representing the difference between (1) the total cost of the securities sold, exclusive of accrued interest at date of purchase, and (2) the net amount received from the sale of the securities, including accrued interest at date of sale), shall be recorded in this account.

Interest received from investment of trust funds, such as tenants security deposits, shall be credited to this account unless local laws require such interest to be paid to tenants.

Prior to the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost, interest on investments made from the General Fund, or the gain or loss on the sale of such securities, shall not be recorded in this account, but to Account 11420.7, Interest - Income From Investments.

Interest received from investments after the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost but prior to the End of the Initial Operating Period shall be credited to Account 2290, Deferred Credits - Sundry, and then transferred to this account at the beginning of the full Operations Period.

#### OPERATING EXPENSE

4115      Salaries. This account shall be charged with salaries of personnel engaged in the performance of administrative functions directly related to the project, such as management supervision, tenant selection, rental and leasing, handling tenant complaints and service requests, collections, budgeting, accounting and reporting, procurement, and stenographic and clerical services.

4160      Miscellaneous Authority Expense. This account shall be charged with items of Miscellaneous Authority Expense as defined in Section 2.3 of the Small Low-Rent Programs Manual - Operation.

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- 4190 Other Management Expenses. This account shall be charged with all other management expenses for which no specific account is provided, such as fees for accounting and legal services in connection with the operation of the project, cost of advertising for bids on prospective purchases of materials, supplies, equipment, etc., court costs, fiscal agent fees, collection agent fees, and similar fees not charged to tenants, stationery and other office supplies, postage, etc.
- 4310 Water. This account shall be charged with the cost of water for all purposes, except that any portion of such cost which is applied as reimbursement to the Local Authority for payments for off-site utilities shall be charged to Account 5111.
- 4320 Electricity. This account shall be charged with the cost of electricity for all purposes.
- 4330 Gas. This account shall be charged with the cost of gas for all purposes. When liquefied gas is supplied to tenants and included in rent, this account shall be charged with the cost of such gas.
- 4340 Fuel and Heating Supplies. This account shall be charged with the cost of coal, fuel oil, steam purchased, and any other fuels (except electricity and gas), and miscellaneous heating supplies used in connection with project operation of plants for the heating of space or water supplied to tenants as a part of rent.
- 4350 Heating Labor. This account shall be charged with the cost of labor in connection with project operation of equipment or plants for the heating of space or water. The cost of moving ashes from central or group plants to pickup points, and removing ashes from the site shall be charged to this account.
- 4390 Sundry Utilities. This account shall be charged with the cost of utilities, for which other accounts are not specifically provided, such as sewage charges: except that, any portion of such charges which is applied as reimbursement to the Local Authority of payments for off-site utilities shall be charged to Account 5111.
- 4496 Labor - Operating Services and RM&R. 1/ This account shall be charged with all salaries and wages of personnel engaged in the

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- 1/ Replacements as included in the term Repairs, Maintenance, and Replacements includes only (1) replacement of structural elements due to normal wear and tear and (2) all replacements of expendable equipment. It does not include (1) any replacement of nonexpendable equipment, (2) extraordinary replacements of structural elements which involve substantial betterments, (3) any property additions, or (4) any replacements in connection with the reconstruction and restoration of damaged property. For further details see definitions of Accounts 5630 and 7515 to 7560, inclusive.

performance of Operating Services (such as rubbish and garbage collection, its removal from the site, and extermination of rodents and household pests), in connection with furnishing of utilities (other than heating labor) and in the RM&R of grounds, structures, heating and ventilating systems, ranges and refrigerators, automotive equipment, and other movable equipment. It shall also be charged with labor costs of operating and maintaining automotive equipment such as greasing, washing, polishing (when performed by project personnel). No proration of management salaries shall be made on account of supervision of these services.

4497

Materials - Operating Services and RM&R. 1/ This account shall be charged with the cost of all supplies, materials, and expendable equipment used in connection with Operating Services (such as rubbish and garbage collection, its removal from the site, and extermination of rodents, termites, and insect pests), and RM&R of grounds, structures, plumbing and gas systems, electrical systems, heating and ventilating systems, ranges and refrigerators, automotive equipment and other movable equipment, including gasoline, oil, grease, batteries, tires and tubes, licenses, etc., therefor.

4498

Contract Work - Operating Services and RM&R. 1/ This account shall be charged with contract cost of Operating Services, i.e. services not performed by project employees (such as rubbish and garbage collection, its removal from the site, and extermination of rodents, termites, and insect pests), and RM&R of grounds, structures, plumbing and gas systems, electrical systems, heating and ventilating systems, ranges and refrigerators, automotive equipment, and other movable equipment. This account shall also be charged with travel expense incurred by maintenance employees in attending maintenance training clinics sponsored jointly by the PHA and the Federal-Local Relations Committee of NAHRO, and maintenance meetings conducted by manufacturers on the servicing and repairing of refrigerators, ranges, etc. The amounts paid to employees for use of privately owned automobiles on official business (exclusive of convention travel) shall be charged to this account. The amount paid to employees for use of privately owned automobiles for travel to NAHRO meetings or conventions, or to meetings and conventions of State housing authority associations shall be charged to Account 4160. (Cont'd)

1/ Replacements as included in the term Repairs, Maintenance, and Replacements includes only (1) replacement of structural elements due to normal wear and tear and (2) all replacements of expendable equipment. It does not include (1) any replacement of nonexpendable equipment, (2) extraordinary replacements of structural elements which involve substantial betterments, (3) any property additions, or (4) any replacements in connection with the reconstruction and restoration of damaged property. For further details see definitions of Accounts 5630 and 7515 to 7560, inclusive.

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- 4710 Insurance. This account shall be charged with the cost of all insurance and fidelity bond premiums (see Section 25-10-1) applicable to the Operation Period.
- 4720 Payments in Lieu of Taxes. This account shall be charged with all payments in lieu of taxes accruing to a municipality or other local taxing body, except any portion applicable as reimbursement to the Local Authority in connection with off-site utilities which should be charged to Account 5110.
- 4740 Contributions to Retirement Funds. This account shall be charged with contributions by the Local Authority to pension and retirement plans for the benefit of employees (as approved by the PHA, such as Federal Insurance Contributions Act, State or other local public retirement plans, or a private retirement plan. This account shall also be charged with administrative expenses paid to the State or other public agency in connection with a retirement plan, if such payment is required by State law, and with Trustee's fees paid in connection with a private retirement plan, if such payment is required under the Retirement Plan Contract.
- Deductions from compensation of employees for pension and retirement plans shall not be charged to this account, but shall be considered as part of their gross earnings.
- 4770 Collection Losses. This account shall be charged with the actual amount of past-due accounts receivable which are determined to be uncollectible after all means to collect them have been exhausted. Collections made on accounts previously charged off shall be credited to this account.
- 4795 Other Project Expense. This account shall be charged with operating expenses, such as unemployment insurance taxes, LHA contributions to employee health and welfare funds, terminal leave payments, and supplemental community services, for which accounts are not specifically provided. It shall also be charged with all costs arising from personal injury to persons and damages to property other than that of the Local Authority. Unaccountable differences in inventories of supplies, materials, and expendable equipment shall be charged or credited to this account.

REMITTED EXPENSES

- 5110 Remitted Payments in Lieu of Taxes. This account shall be charged (and Account 1510 credited) with the amount of payments in lieu of taxes applied as reimbursement of payments for off-site utilities included in the Development Cost of the project, pursuant to the terms and conditions of the Cooperation Agreement. Cash received as reimbursement of such payments shall be treated as described in Account 2680.

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- 5111 Remitted Utility Charges. This account shall be charged (and Account 1510 credited) with the amount of utility connection or other service charges applied as reimbursement of payments for off-site utilities or other facilities included in the Development Cost of the project, pursuant to the terms and conditions of the Cooperation Agreement with a local governing body (or taxing body), or the terms and conditions of a contract with a public utility company.

OTHER INCOME CREDITS AND CHARGES

- 5210 Amortization of Premiums on Notes and Bonds. This account shall be credited with the entire premium on Temporary Notes issued after the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost. The entire premium on Temporary Notes issued prior to such later date shall be credited to Account 1420.2.

This account shall be credited with the entire premium on Bonds and Series Notes issued and no part of such premium shall be credited to Account 1420.2.

- 5220 Bond Purchase Discounts. This account shall be credited with all discounts on bonds of the Local Authority purchased or redeemed in advance of maturity.

- 5230 Interest on Fiscal Agent Fund Investments. This account shall be credited with interest received on securities purchased by the Fiscal Agent from funds in the Annual Contributions Reduction Account, Series "A" Reserve Fund, or the Advance Amortization Fund. The accrued interest paid on purchases of securities shall not be charged to this account, but to Account 1154.

The gain or loss on the sale of securities (representing the difference between (1) the total cost of the securities sold, exclusive of accrued interest at date of purchase, and (2) the net amount received from the sale of the securities, including accrued interest at date of sale) shall be recorded in this account.

Before the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost, interest received on securities purchased with Advance Amortization Funds, or the gain or loss on the sale of such securities, shall not be recorded in this account, but to Account 1420.7, Interest - Income from Investments.

- 5240 Interest on Payments for Off-Site Utilities. This account shall be credited (and Account 1510 debited) with the amount of interest earned on payments made to a local governing body (or taxing body)

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or to a public utility company in connection with off-site utilities included in the Development Cost of the projects (see Section 25-22-1).

- 5610 Interest on Bonds and Notes Payable. This account shall be charged after the Date of Full Availability, with interest accruing on outstanding Bonds, Advance Notes, Temporary Notes, Series "A" and "B" Notes, and Permanent Notes Payable, and on all other notes except Administrative and Sundry Notes Payable. If the Annual Contributions Contract provides that interest shall be charged to Development Cost to Date of Full Availability, or to the date the project is Permanently Financed, whichever occurs later, the accrued interest after such later date shall be charged to this account.

This account shall not be charged with interest on that portion of monies borrowed for the development of the project which is in excess of the latest Established Minimum Development Cost of the project when a waiver of Section 406 "B" of the Annual Contributions Contract has been executed to permit such interest to be considered as an Operating Expenditure (see Account 5690).

- 5620 Interest on Administrative Notes Payable. This account shall be charged with interest accruing on Administrative Notes Payable to the PHA.

- 5630 Casualty Losses - Restoration Costs (Noncapitalized). This account shall be charged with all costs of the restoration of property, such as costs of restoration of site improvements, structures, or equipment (but not replacement of equipment) damaged by fire, tornado, earthquake, hailstorm, or other casualty, in all cases where it is considered that the book value of the project has not been materially affected by such loss and subsequent restoration (see Section 25-14-3).

The cost of restoration of property occasioned by casualty losses, in cases where it is considered that the book value of the project has been materially affected by such loss and subsequent restoration, shall not be charged to this account but shall be charged to Account 7560, Reconstruction and Restoration of Damaged Property, in accordance with Section 25-14-3 of this Manual.

This account shall be credited with the proceeds of claims against insurers or others, arising from damage to property, in an amount not in excess of the restoration costs charged to this account. Proceeds of claims in excess of the restoration costs shall be credited to Account 3595, Other Project Income.

In borderline cases, when there is a question whether the damage to and subsequent restoration of property results in a change

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in the book value of the project, preference shall be given to considering that no change has occurred and to recording the transaction in this account.

5690 Sundry Interest. This account shall be charged with interest on outstanding obligations not chargeable to accounts subsidiary to Account 1400, Land, Structures, and Equipment, or to other interest accounts.

This account shall also be charged with interest on that portion of monies borrowed for the development of the project which is in excess of the amount of the latest Established Minimum Development Cost of the project when a waiver of Section 406 (B) of the Annual Contributions Contract has been executed to permit such interest to be considered as an Operating Expenditure.

5710 Bond Redemption Premiums. This account shall be charged with all premiums paid on bonds of the Local Authority purchased or redeemed in advance of maturity.

#### SURPLUS CREDITS AND CHARGES

6010 Prior Year Adjustments - Affecting Residual Receipts. Adjustments of \$100 or more each, affecting income or expense accounts which are also Operating Receipts or Operating Expenditures (accounts in the 3000 or 4000 group and Accounts 5620, 5630, and 5690) applicable to a prior fiscal year, shall be recorded in this account. Adjustments of less than \$100 each, although applicable to income and expense of a prior fiscal year, shall be recorded in the appropriate income or expense accounts of the current fiscal year.

Prior year adjustments affecting Accounts 7010, 7020, and those in the 7500 group of accounts (Accounts 7515 to 7580), shall not be recorded in this account or in Account 6020, but shall be treated as current year transactions.

Adjustments made by the PHA, regardless of amount, upon review of the annual financial and budgetary reports prior to the payment of the Accruing Annual Contribution, shall not be recorded in this account, but in the appropriate surplus accounts in accordance with Section 25-6-4.

This account shall not be used for recording adjustments of income and expense items affecting the Initial Operating Period. Such adjustments shall be recorded in Account 1425. (See Section 25-6-4 of this Manual.)

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6020 Prior Year Adjustments - Not Affecting Residual Receipts. Adjustments of \$100 or more each, affecting income and expense accounts which are not Operating Receipts or Operating Expenditures (Accounts 5110, 5111, 5210, 5220, 5230, 5240, 5610 and 5710) applicable to a prior fiscal year, shall be recorded in this account. Adjustments of less than \$100 each, although applicable to income and expense of a prior fiscal year, shall be recorded in the appropriate income or expense accounts of the current fiscal year.

Adjustments made by the PHA, regardless of amount, upon review of the annual financial reports prior to the payment of the Accruing Annual Contribution, shall not be recorded in this account, but in Account 2810. Unreserved Surplus (see Section 25-6-4).

6110 Gain or Loss From Disposition of Real Property. This account shall be used to record the gain or loss arising from the disposition of land or other real property. The amount to be recorded as a gain or loss will be the difference between the acquisition cost of the property disposed of and the proceeds derived from disposition.

6120 Gain or Loss From Disposition of Personal Property. This account shall be used to record the gain or loss arising from the disposition of personal property classified as nonexpendable equipment. The amount to be recorded as a gain or loss will be the difference between the acquisition cost of the item disposed of and the proceeds derived from disposition.

OPERATING EXPENDITURES - ESTABLISHMENT  
OF RESERVES

7010 Provision for Operating Reserve - Net. This account shall be charged with amounts reserved for future deficiencies in Residual Receipts in accordance with the procedure in Section 25-12-1 of this Manual. It shall be credited with the amounts transferred from Account 2820, Reserved Surplus- Operating Reserve, because of the application of these reserve funds toward the elimination of a deficiency in Residual Receipts due to Operating Expenditures exceeding Operating Receipts. A debit balance in this account represents an Operating Expenditure; a credit balance represents a negative Operating Expenditure. At the close of the fiscal year the balance in the account shall be transferred to Account 2810, Unreserved Surplus.

7020 Provision for Betterments and Additions - Net. This account shall be charged with the amounts reserved (as provided in definition of Account 2830) to provide for future Property Betterments or future Property Additions. It shall be credited with the amount of funds used for such Betterments or Additions and with the unused balance of funds reserved as determined upon completion of the purpose for which the funds were reserved. A debit balance

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in this account represents an Operating Expenditure; a credit balance represents a negative Operating Expenditure. At the close of the fiscal year the balance in the account shall be transferred to Account 2310, Unreserved Surplus.

OPERATING EXPENDITURES FOR PROPERTY

7515 Replacement of Equipment. 1/ When nonexpendable equipment (including ranges and refrigerators) because of normal wear and tear, are sold or traded in and are replaced with substantially the same kind, the actual cost of replacement shall be charged to this account (and credited to Account 7590) at the time such costs are charged to Account 1400, Land, Structures, and Equipment. After recording the cost of the replacement the amount of the proceeds or trade-in allowance obtained from the old equipment, which will have been credited to Account 7580 pending determination to replace, shall be credited to this account (and debited to Account 7580). (This account shall not be credited with proceeds of equipment not replaced, nor with the proceeds of equipment if the replacement thereof constitutes a Property Betterment.) A debit balance in this account represents an Operating Expenditure.

7530 Receipts From Equipment Not Replaced. 1/ Except for former Federally owned PWA, Public War Housing, and Farm Labor Camp projects conveyed to Local Authorities for low-rent use, this account shall be credited with the proceeds from the disposition of non-expendable equipment not replaced. A credit balance represents a negative Operating Expenditure.

The proceeds from disposition of nonexpendable equipment not replaced of a former Federally owned PWA, Public War Housing, and Farm Labor Camp project conveyed to Local Authorities for low-rent use shall be credited to Account 2118.3, Accounts Payable - Disposition Proceeds - PHA.

7545 Property Betterments and Additions. 1/ This account shall be charged with all costs incurred in connection with property betterments and additions which are paid from Operating Receipts (see Section 4.4 of the Small Low-Rent Programs Manual - Operation).  
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1/ The group of accounts Operating Expenditures for Property, Accounts 7515 to 7590 inclusive, are provided for the purpose of accumulating, throughout a fiscal year, the amounts of net Operating Receipts or net Operating Expenditures arising from the acquisition and disposition of property. The aggregate debit and aggregate credit balances of this group of accounts will offset one another and will not be reflected on the balance sheets. Examples of the use of the accounts are in Section 25-14-3.



The charge to this account (and the contra credit to Account 7590) shall be made at the time such costs are recorded in Account 1400, Land, Structures, and Equipment. Property Betterments and Additions are defined as follows:

1. Property Betterments consist of extraordinary replacement which involve substantial betterments of structural elements or of nonexpendable equipment. Property Betterments include such items as replacement of manually fired heating boilers by stoker-fired boilers, replacement of flat roofs by pitched roofs, replacement of gravel roads by concrete roads, or replacement of ice boxes by mechanical refrigerators. Replacement of structural elements due to normal wear and tear, such as replacement of boilers, roofs, or roadways, which have served their useful life, by items of substantially the same type, will not be charged to this account but to the appropriate RIVER account in the "1400" group. Replacements of nonexpendable equipment due to ordinary wear and tear, by items of substantially the same type, will be recorded in Account 7515.
2. Property Additions represent additional land, structures, and nonexpendable equipment which are paid from Operating Receipts. Minor additions to real property involving a total expenditure of less than \$100 and expenditures for expendable equipment regardless of total cost, shall not be considered Property Additions, but shall be charged to the appropriate expense accounts.

This account shall be credited with all salvage proceeds from structural elements and proceeds or trade-in allowance for non-expendable equipment at the time the replacement costs are charged to this account. If replacement costs are not charged to this account, salvage proceeds shall not be credited to this account. Such proceeds shall be credited to the account to which replacement costs are charged. The debit balance in this account represents an Operating Expenditure.

7560

Reconstruction and Restoration of Damaged Property. 1/ When property which has been damaged or destroyed is reconstructed, restored, or replaced and such loss and subsequent reconstruction, restoration, or replacement is considered to have affected materially the book value of the project, this account shall be charged (and Account 7590 credited) with costs of reconstruction or restoration at the time such costs are charged to Account 1400, Land, Structures, and Equipment (see Section 25-14-3). The costs of reconstruction or restoration of property occasioned by casualty losses, in all cases

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1/ See footnote on page 19.

where it is considered that the book value of the project has not been materially affected by such loss and subsequent reconstruction or restoration, shall not be charged to this account, but shall be charged to Account 5630, Casualty losses - Restoration Cost (Non-capitalized).

This account shall be credited with the proceeds of claims against insurers or others in connection with damaged or destroyed property when reconstruction, restoration, or replacement costs are charged to this account.

A debit balance in this account will represent an Operating Expenditure; a credit balance will represent a negative Operating Expenditure.

If the Local Authority, with the approval of the PHA, determines that all or any part of any damage to or destruction of a project shall not be reconstructed, restored, replaced, or repaired, the proceeds of any claims against insurers or others arising from such damage or destruction to the extent not used for reconstruction, restoration, replacement, or repair shall be applied in accordance with the procedure in Section 25-14-3.

7580

Proceeds From Disposition of Property. 1/ This is a memorandum account in which to record all proceeds from disposition of property pending the determination as to the application of such proceeds. This account shall be credited (and Account 7590 debited) with:

1. Cash and trade-in allowance from the disposition of (a) ranges and refrigerators, and (b) all other nonexpendable dwelling and nondwelling equipment whether replaced or not;
2. Cash proceeds of salvage and sale of structural elements disposed of in connection with Property Betterments;
3. Cash proceeds from insurance or other casualty claims, including proceeds from salvage, in connection with property damaged or destroyed, if such damage or destruction of property resulted in a material change in the book value of the project (see Section 25-14-3).
4. Cash proceeds from sales of real property, including land and structures, less all costs in connection with such sales.

This account shall be debited (and accounts credited as indicated) with:

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1/ See footnote on page 19.

5. The amounts described in 1 above, if routine replacements is made, at the time the cost of replacement is recorded; or if replacement is not made, at the time the decision is made not to replace (the same amount shall be credited to Account 7515 if routine replacement is made). If routine replacement is not made, the same amount shall be credited to Account 7530, except in the case of former Federally owned PWA, Public War Housing, or Farm Labor Camp projects conveyed for low-rent use. Proceeds from disposition of property of a former Federally owned PWA, Public War Housing, or Farm Labor Camp project conveyed for low-rent use shall be debited to Account 7580 and credited to Account 7590, and debited to Account 2670 and credited to Account 2118.3, Accounts Payable - Disposition Proceeds - PHA;
6. The amounts described in 1 and 2 above if a Property Betterment is made, at the time the costs of the Betterments are recorded (the same amount will be credited to Account 7545);
7. The amounts described in 3 above, if reconstruction, restoration, or replacement is made, at the time such costs are recorded (the same amount shall be credited to Account 7560). If all or a portion of the damaged property is not replaced, the amount of the proceeds applicable to the property not replaced shall be debited to this account (and credited to Account 7590) when:
- a. The proceeds of claims with respect to damaged property not replaced of a PL-171 project is deposited in the Advance Amortization Fund;
  - b. The proceeds of claims with respect to damaged property not replaced of a PL-671 project is deposited in the Trust Fund - Debt Service;
  - c. An amount equal to the proceeds of claims with respect to damaged property not replaced of a former Federally owned PWA, Public War Housing, or Farm Labor Camp project conveyed to a Local Authority for low-rent use is established in Account 2118.3 for payment to the PHA

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8. The amounts described in 4 above when all proceeds and costs of sale have been recorded (the same amount shall be credited to Account 7590). At the same time:
- a. The net proceeds from sale of real property of a PL-171 project shall be deposited in the Advance Amortization Fund;
  - b. The net proceeds from sale of real property of a PL-412 project shall be deposited in the Excess Lands Account;
  - c. The net proceeds from sale of real property of a PL-671 project shall be deposited in the Trust Fund - Debt Service;
  - d. The net proceeds from sale of real property of a former Federally owned PWA, Public War Housing, or Farm Labor Camp project conveyed to a Local Authority for low-rent use are credited to Account 2118.3 for remittance to the PHA.

At the end of the fiscal year the credit balance in this account will be the amount of cash in the General Fund available for replacement of equipment, reserved for reconstruction and restoration, or eventually to be (1) deposited in the Advance Amortization Fund, in the case of a PL-171 project, (2) deposited in the Excess Lands Account, in the case of a PL-412 project, (3) deposited in the Trust Fund - Debt Service, in the case of a PL-671 project, or (4) remitted to the PHA, in the case of a former Federally owned PWA, Public War Housing, or Farm Labor Camp project conveyed to a Local Authority for low-rent use. The balance of such funds shall be shown as a footnote on the Trial Balance.

7590

Operating Expenditures for Property - Contra. 1/ This memorandum account will be debited or credited as an offsetting entry to every credit or debit entry made to any other one of this group of accounts (Operating Expenditures for Property - Accounts 7515 to 7580). The debit or credit balance in this account will be equal at all times to the net amount of the

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1/ See footnote on page 19.

credit or debit balances in the other accounts in the group. At the end of the fiscal year the balances in Accounts 7515 to 7560 will be closed out against Account 7590 by means of a Journal Voucher.

SUBSIDIARY ACCOUNTS TO  
ACCOUNT 1400, LAND, STRUCTURES, AND EQUIPMENT

1405

Indirect Development Costs. This account is to be established in the Property Ledger only. As of the End of the Initial Operating Period this account shall be debited with the aggregate amount of indirect development costs in Overhead, Accounts 1410.1 to 1410.19, Interest Expense - Net, Accounts 1420.1 to 1420.7, Initial Operating Deficit, Account 1425 (if final balance is a debit), and Planning Accounts 1430.1 to 1430.19. When this account is established in the Property Ledger at the End of the Initial Operating Period, the subsidiary Land, Structures, and Equipment Accounts in the Development Cost Analysis Register (or Development Cost Ledger) shall not be credited but shall remain as recorded.

Any additional indirect development costs incurred after the Property Ledger is established as of the End of the Initial Operating Period shall be charged to Accounts 1410.1 to 1430.19, as applicable, in the Development Cost Analysis Register (or Development Cost Ledger) in the usual manner. At the end of each month the aggregate amount of such additional costs shall also be recorded in Account 1405 in the Property Ledger.

1410.1

Non-Technical Salaries and Wages. This account shall be charged with the gross salaries and wages, or applicable portions thereof, earned by officials and employees engaged in non-technical work, including, but not limited to, the executive director, accountants, stenographers, typists, calculating machine operators, file clerks, switchboard operators, and office janitors.

1410.2

Technical Salaries and Wages. This account shall be charged with the gross salaries and wages, or applicable portions thereof, earned by employees engaged in technical work, including, but not limited to, architects, engineers and draftsmen, and clerks, typists, or stenographers assigned to such employees. This account shall not be charged with the cost

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of inspection performed by Local Authority employees during construction; such amounts shall be charged to Account 1430.7. Should the entire architectural and engineering work be done by employees of the Local Authority, the costs shall be charged to Account 1430.1.

1410.4     Legal Expense - Overhead. This account shall be charged with attorneys' fees and expenses, or applicable portions thereof, for general legal advice, assistance, and litigation in connection with the development of a project. This account shall also be charged with the cost of obtaining the opinion of counsel in connection with financing the project and legal and arbitration fees and expenses resulting from construction contract disputes. This account shall not be charged with any of the three following types of cost:

1. Legal fees and expenses awarded by a court to the owner of property acquired by condemnation; such amounts shall be charged to Account 1410.1.
2. Legal fees in connection with title information; such amounts shall be charged to Account 1410.6.
3. Fees for other legal services and expenses in connection with site acquisition; such amounts shall be charged to Account 1410.8.

1410.5     Travel - Overhead. This account shall be charged with travel expenses of officials, agents, and employees on official business of the Local Authority, including automobile hire or mileage allowance, taxi fare, and the operating costs of motor vehicles. This account shall not be charged with either of the two following types of cost:

1. Certain travel expenses which are chargeable to Account 1410.16.
2. Travel expenses of architects and engineers of their authorized agents which are reimbursable to them under their contracts; such amounts shall be charged to Account 1430.1.

1410.9     Retirement Contributions - Overhead. This account shall be charged with the pro rata share of employer contributions to any retirement plan for employees, on the same basis as is used in distributing the compensation of participating employees to more than one project.

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- 1410.16     Miscellaneous Authority Expense. This account shall be charged up to the End of the Initial Operating Period with the pro rata share of the cost of items of Miscellaneous Authority Expense as defined in Section 2.3 of the Small Low-Rent Programs Manual - Operation.
- 1410.18     Equipment Expended. This account shall be charged immediately, when the transaction occurs, with the difference between the acquisition cost and the proceeds from disposition of personal property during the period in which proceeds from the sale of personal property are credited to Development Cost of the project. When the physical inventory of equipment is taken as of the End of the Initial Operating Period, this account shall also be charged with the acquisition cost of equipment which has been lost, stolen, destroyed, abandoned, expended, etc. (see Section 25-14-2).
- 1410.19     Sundry Overhead. This account shall be charged with the pro rata share of general expenses such as office rent, communications, services, stationery, supplies, printing, insurance, advertising for bids, etc., including, but not limited to the following:
1. Rental of office space and cost of minor alterations; rental of office furniture and equipment; utilities services; and janitorial supplies. This account shall not be charged with purchase of office furniture and equipment; such purchases shall be charged to Account 1475.
  2. Official telephone and telegraph charges, commercial messenger service, and postage.
  3. Stationery, office supplies, appliances of an expendable nature, express and freight charges not identified with and charged to the same account as the article shipped.
  4. Printing of forms, bonds, and other documents. This account shall not be charged with costs of any blueprints, duplicating of specifications, or other printing concerned with planning; such costs shall be charged to Account 1430.19.
  5. Insurance premiums paid for workmen's compensation; automobile liability; public liability; fire insurance on furniture and fixtures; and fidelity bonds.
  6. Advertising costs in connection with procuring bids for demolition, construction, landscaping, and other contracts for development work, and in

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connection with the sale of short-term loan notes and the initial issue of bonds.

7. Other overhead costs not allocable to specific accounts.

This account shall also be charged with the cost of preparing Parts I and II of the Development Program when such work is not performed by Local Authority personnel.

- 1420.1      Interest to PHA. This account shall be charged to the date of Full Availability with interest accruing on notes payable to the PHA. After the Date of Full Availability such accrued interest shall be charged to Account 5610.

If the Annual Contributions Contract provides that interest shall be charged to Development Cost to the Date of Full Availability or Permanent Financing, whichever occurs later, the accrued interest to the later date shall be charged to this account.

- 1420.2      Interest on Notes - Non-PHA. This account shall be charged to the Date of Full Availability with interest accruing on Notes held by others than the PHA. After the Date of Full Availability such accrued interest shall be charged to Account 5610. The accrued interest received on the sale of Notes shall be credited to Account 2132. Premiums received on Temporary Notes sold prior to the Date of Full Availability shall be credited to this account. After the Date of Full Availability such premiums shall be credited to Account 5210. Premiums received on Series "A" Notes shall not be credited to this account, but shall be credited to Account 5210.

If the Annual Contributions Contract provides that interest shall be charged to Development Cost to the Date of Full Availability or Permanent Financing, whichever occurs later, the accrued interest to such later date shall be charged and premiums on Temporary Notes issued prior to the later date shall be credited to this account.

- 1420.3      Interest on Bonds. This account shall be charged to the Date of Full Availability with interest accruing on Bonds. After the Date of Full Availability accrued interest shall be charged to Account 5610. The accrued interest received on the sale of Bonds shall be credited to Account 2133.

If the Annual Contributions Contract provides that interest shall be charged to Development Cost to the Date of Full Availability

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or Permanent Financing, whichever occurs later, the accrued interest shall be charged to this account to such later date.

1420.7

Interest - Income From Investments. This account shall be credited with interest received, up to the Date of Full Availability, on securities purchased with excess monies constituting part of a Preliminary Loan Fund, General Fund, and the Advance Amortization Fund. It shall also be credited with interest on time or savings deposits with banks or other institutions at such time as interest is credited to the account of the Local Authority. The accrued interest paid on purchases of securities shall not be charged to this account, but to Account 1144, or Account 1154, as applicable.

The gain or loss on the sale of securities (representing the difference between (1) the total cost of the securities sold, exclusive of accrued interest at date of purchase, and (2) the net amount received from the sale of the securities, including accrued interest at date of sale) shall be recorded in this account up to the Date of Full Availability.

If the Annual Contributions Contract provides that interest shall be charged to Development Cost to the Date of Full Availability or Permanent Financing, whichever occurs later, interest received on investments and gain or loss on the sale of securities to the later date shall be recorded in this account. Interest received from General Fund Investments from such later date to the End of the Initial Operating Period shall be credited to Account 2290, Deferred Credits - Sundry, and then closed into Account 3610, Interest on General Fund Investments, at the beginning of the Operations Period. Interest received from investments made from the Advance Amortization Fund from the later date shall be credited to Account 5230.

1425

Initial Operating Deficit. This account shall be charged with the cost of tenant selection, management, operation, and repairs, maintenance, and replacements, and shall be credited with all project operating income accruing to the End of the Initial Operating Period. A credit balance in this account after accrual of expense and income through the last day of the Initial Operating Period constitutes an Operating Receipt and shall be transferred to Account 2700. If operations during the Initial Operating Period result in a deficit such debit balance shall not be transferred but shall remain in this account as a proper charge to Development Cost.

This account shall not be credited with income or charged with expense resulting from the rental of structures existing on the site at the date of acquisition or from the rental of land for parking lots and other purposes; such income shall be recorded

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in Account 1440.20. Miscellaneous Authority Expense shall be charged to Account 1410.16 during the Development Period instead of Account 4160.

Ordinarily if the operations during the Initial Operating Period result in a credit balance the amount thereof will be applied as a reduction of the Annual Contribution by a transfer of funds to the Debt Service Fund. However, it is possible that some capital expenditures, such as replacement of equipment may have been made from Operating Receipts. It is also possible that there will be some Operating Receipts during the Initial Operating Period which are not credits to Account 1425, such as cash receipts in connection with off-site utilities. Such capital expenditures and such Operating Receipts must be taken into consideration in determining the amount of Residual Receipts to be transferred to the Debt Service Fund or the amount of any Initial Operating Deficit to be included in Development Cost. Capital expenditures and Operating Receipts of this kind will not affect the balance of Account 1425 to be treated as a part of cost of Land, Structures, and Equipment, if a debit; or to be treated as Current Year Surplus, if a credit.

An analysis of Account 1425 must be kept. The operating income accounts, with the exception of Account 3610, Interest on General Fund Investments, prescribed for use during the Operations Period, shall be maintained. The operating expense accounts prescribed for use during the Operations Period (Sections 25-6), or the following subsidiary accounts, 4100, 4300, 4400 and 4700, which represent a summarization of the operating expense account shall be maintained.

4100 - Management Expense - includes all project and Central Office expense incurred in carrying out overall direction, control and administrative functions, such as salaries of personnel engaged in general management supervision, tenant selection, rental and leasing, handling tenant complaints and service requests, accounting, procurement, and stenographic and clerical services; expenditures for legal, fiscal, and other fees, books of account, printed forms, stationery and other office supplies, postage, communication services, messenger services, armored car service, rent of office space, travel, and incidental express, freight, and drayage not identified with and charged to the same account as the article shipped, and similar items. Miscellaneous Authority Expense during the Development Period shall be charged to Account 1410.16.

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4300 - Utilities - includes the cost of all utility services such as water, electricity, gas, fuel and heating supplies, and cost of labor in connection with project operation of equipment or plants for heating of space or water, or plants for water supply, liquefied gas, or sewage disposal. If all or any part of the cost of any service furnished by a local governing body (or taxing body), or by a public utility company during the Initial Operating Period is to be applied as reimbursement of payments for off-site utilities, the amount to be applied shall be recorded by a debit to Account 5111 and a credit to Account 1510, in accordance with Section 25-22-1 of this Manual.

4400 - Operating Services and Repairs, Maintenance, and Replacements - includes cost of labor, supplies, materials, expendable equipment, and contract costs, used in performing janitorial and exterminating services, and for repairs, maintenance, and replacements in connection with site improvements, grounds, structures, and equipment, including gasoline, oil, and other operating costs for vehicles. It also includes cost of snow removal from sidewalks, rubbish and garbage collection, and all costs for watchmen services in connection with occupied portions of the project.

4700 - General Expense - includes operating expenses not applicable to other specific accounts, such as insurance, payments in lieu of taxes (if not prohibited by the terms of the Cooperation Agreement), contributions to retirement funds, collection losses, and similar items. If all or a part of the payments in lieu of taxes applicable to the Initial Operating Period are to be applied as reimbursement of payments for off-site utilities, the amount to be applied shall be recorded by a debit to Account 5110 and a credit to Account 1510 in accordance with Section 25-22-1 of this Manual.

1430.1

Architectural and Engineering Fees. This account shall be charged with all amounts paid for architectural and engineering work performed under lump-sum or fixed-fee-plus-reimbursable-cost contracts, including all amounts reimbursable to the architect except reimbursable costs of inspection. Should the entire architectural and engineering work be done by employees

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of the Local Authority, the costs thereof shall be charged to this account. This account shall not be charged with any amounts reimbursable to an architect for the costs of inspection, for costs of preparing Parts I and II of the Development Programs, or any costs incurred by the Local Authority for inspection performed by its employees. Such costs of inspection shall be charged to Account 1430.7; and such costs of preparing Parts I and II shall be charged to Account 1410.19.

- 1430.2     Consultant Fees. This account shall be charged with any planning consultant fees and reimbursable expenses incurred by the architect for special services not paid for by him under the terms of his contract.
- 1430.6     Permit Fees. This account shall be charged with any building permit fees or similar fees which are paid by the Local Authority.
- 1430.7     Inspection Costs. This account shall be charged with any amounts reimbursable to an architect for the cost of inspection under the terms of his contract. This account shall also be charged with all costs incurred by the Local Authority for inspection performed by its employees, including the salary of the clerk of the works, the costs of tests of materials, and the costs of services and facilities provided for the PHA representatives at the site.
- 1430.8     Fee for PHA Services. This account shall be charged with the fees billed by the PHA for services pursuant to provisions of Section 122 of the Annual Contributions Contract (see Section 216.20 of the Low-Rent Housing Manual).
- 1430.9     Housing Surveys. This account shall be charged with all costs approved by the PHA for housing surveys, including costs of printing reports.
- 1430.19    Sundry Planning Costs. This account shall be charged with the costs incurred for borings and soil test pits, models, miscellaneous blueprints, photostats, photographs, and other planning costs not allocable to specific accounts. This account shall be credited with monies received by the Local Authority from the sale of blueprints. This account shall not be charged with the cost of blueprints or specifications furnished by the architect (whether such costs are or are not reimbursable to the architect under his contract); such amounts shall be charged to Account 1430.1
- 1440       Site Acquisition. This account is to be established in the Property Ledger only. As of the End of the Initial Operating Period this account shall be debited with the aggregate amount of site acquisition costs contained in the subsidiary Accounts 1440.1 to 1440.20, inclusive except Account 1440.3, Excess Property, which shall be established as a separate account. When this account is established

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in the Property Ledger as of the End of the Initial Operating Period, the subsidiary Land, Structures, and Equipment accounts in the Development Cost Analysis Register (or Development Cost Ledger) shall not be credited but shall remain as recorded.

Any additional site acquisition costs incurred after the Property Ledger is established at the End of the Initial Operating Period shall be charged to Accounts 1440.1 to 1440.20, inclusive (except Account 1440.3), in the Development Cost Analysis Register (or Development Cost Ledger) in the usual manner. At the end of each month the aggregate of such additional costs shall also be recorded in Account 1440 in the Property Ledger.

## 1440.1

Property Purchases. This account shall be charged with all amounts paid for land and existing improvements, including any amounts disbursed for prior-year taxes and deducted from the purchase price, and amounts disbursed for current taxes prorated to the date of acquisition. The proportionate share of current taxes applicable to the period after the date of acquisition shall not be charged to this account, but shall be charged to Account 1440.12, Current Tax Settlements. Account 1440.1 shall also be charged with all amounts paid for property acquired by condemnation, including all amounts awarded by the court in connection therewith. This account shall be charged with the reasonable value (as determined by the Local Authority, with the approval of the PHA) of property donated. A memorandum notation shall be made on the ledger sheet for this account to show the area of land acquired and disposed of and the remainder.

This account shall also be charged with a nominal amount of \$1.00 for the total area acquired by the vacation of streets, roads, and alleys; and shall be credited with \$1.00 for the total area dedicated for streets, roads, and alleys, and \$1.00 for each dedication for any other purpose, making appropriate notations of the area of land in such transactions. Offsetting debits and credits to the entries recording the acquisition or disposition of property by dedication shall be made to this account.

This account (or Account 1440) shall also be credited and Account 1440.3 debited with an amount equal to an equitable allocation of the cost of any land, together with structures remaining thereon, which is determined at any time to be excess to the needs of the project. This account shall also be credited with any amounts received from the sale of structures for off-site use. The value of salvage of demolished structures shall be credited to Account 1450.

## 1440.2

Condemnation Deposits. This account shall be charged with the amount of any deposits placed with a court pending completion of condemnation proceedings. At such time as an award is made on any parcel, the amount of the deposit applied on the purchase price

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thereof shall be transferred to Account 1440.1. This account shall be credited (and the applicable account in the 1440 group debited) with the amount of any fees, court costs, etc., which are paid from the deposit made with the court. This account shall also be credited for the amount of any deposit, or portion thereof, returned by the court. At the conclusion of all condemnation proceedings no amount should remain in this account except court awards, if any, in connection with properties which are not finally acquired.

- 1440.3 Excess Property. This account shall be charged, and Account 1440.1 (or Account 1440) shall be credited, with an amount equal to an equitable allocation of the cost of any land, and structures remaining thereon, which is determined at any time to be excess to the needs of the project. The proceeds of the sale of such property, if sold prior to Permanent Financing, shall be credited to this account and considered to be the value of such property to be credited to Account 1440.1 which shall be adjusted accordingly. If such property is sold after Permanent Financing, this account shall be credited with the amount of allocated cost originally charged to it; and the difference between such cost and the proceeds of the sale shall represent a gain or loss and be credited or debited to Account 6110. The allocated cost of any such property shall be credited to this account when such property is transferred to another project.
- 1440.4 Surveys and Maps. This account shall be charged with the cost of boundary, property line, topographical, and utility surveys, including maps and perimeter descriptions; the cost of monuments and landmarks; and the cost of all blueprints and photostats furnished by the surveyor.
- 1440.5 Appraisals. This account shall be charged with the cost, if any, of securing estimated costs of property, and with the cost of appraisals of land and improvements, including any appraisals ordered by the Local Authority for condemnation proceedings. This account shall not be charged with any expert witness fees awarded by a court to the owner of property acquired by condemnation; such costs shall be charged to Account 1440.1.
- 1440.6 Title Information. This account shall be charged with all costs of title information, including legal fees, abstracts, title certificates, title guarantee policies, and other costs in connection therewith.
- 1440.8 Legal Costs - Site. This account shall be charged with all legal costs incurred by the Local Authority in connection with site acquisition, except for title information (see Account 1440.6). This account shall include legal and court costs of the Local Authority in connection with condemnation and eviction proceedings, process service fees, and similar costs. This account shall not be charged with any legal fees and expenses awarded by a court to the owner of property acquired by condemnation; such amounts shall be charged to Account 1440.1.

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- ✓ 1440.10 Option Negotiations. This account shall be charged with fees or salaries paid for negotiating the purchase of property or options to purchase property. This account shall also be charged with the nominal consideration, if any, paid for options. Amounts paid for options other than a nominal consideration of \$1.00 shall be charged to Account 1440.11.
- 1440.11 Option Deposits. This account shall be charged with amounts paid for options other than a nominal consideration of \$1.00 to bind agreements to purchase properties. Upon the acquisition of such properties, the option deposits, which must be applied on the purchase price, shall be transferred to Account 1440.1. Only option deposits for properties not acquired shall remain in this account.
- 1440.12 Current Tax Settlements. This account shall be charged with the proportionate share of current taxes applicable to the period after the date of acquisition.
- 1440.13 Tenant Relocation. This account shall be charged with all expenses, if any, incident to the relocation of site occupants, pursuant to the Annual Contributions Contract.
- 1440.19 Sundry Site Costs. This account shall be charged with recording fees, stamp taxes, and any other costs of site acquisition not allocable to specific accounts.
- 1440.20 Site Net Income. This account shall be credited with income, to the End of the Initial Operating Period, from the rental of structures existing on the site at the time of acquisition and from the rental of land for parking lots or other purposes. This account shall be charged with all expenses to the End of the Initial Operating Period in connection with rental and maintenance of such existing structures and land.
- 1450 Site Improvement. This account shall be charged with all costs incurred by the Local Authority for demolition and site improvements, including the cost of off-site utilities, if any. This account shall be credited with the proceeds received from the sale of scrap and salvage resulting from demolition and clearing of the site, and with the amount of reimbursement to be made by the local governing body in connection with the cost of off-site utilities (see Section 25-22-1) included in the development cost of the project.

The charges to this account may cover portions of the Main Construction Contract or related contracts which will be determined and distributed to this account at the time of issuance of the Actual Development Cost Certificate (see Section 25-5-6). Other costs which are not included under a contract shall be charged directly to this account when incurred.

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The principal charges to this account will include, but is not limited to, the following:

Demolition. The cost of demolishing and clearing existing structures and other improvements, disconnecting utilities, and clearing the site.

Grading. The cost of stripping top soil, and the cutting, filling backfilling, and grading necessary to bring the entire area outside of the buildings to the sub-grade levels of paved, surfaced, and planted area.

Sanitary Sewers. The cost of sanitary sewers, including the cost of normal excavation, backfilling, piping, manholes, cleanouts, sewage pumping, and disposal facilities, etc. This account shall also include the cost of branches and connections up to but outside of building walls, and the cost of carrying such branches and connections through buildings en route to other buildings, but excluding the cost of connections to the buildings through which such branches pass.

Storm Sewers. The cost of storm sewers, including normal excavation and backfill, piping, manholes, street catch basins, and inlets, yard catch basins and inlets, cleanouts, etc.

Water Distribution System. The cost of the water distribution systems, including normal excavation and backfill, piping, valves and boxes, hydrants, curb cocks and boxes, yard drinking fountains, manholes, master meter installation, etc. Individual meters shall not be charged to this account, but shall be charged to Account 1460, Dwelling Structures.

Gas Distribution System. The cost of gas distribution systems, including normal excavation and backfill, piping, valves and boxes, curb cocks, and boxes, drip pots, regulators, master meter installations, etc. Individual meters shall not be charged to this account but shall be charged to Account 1460, Dwelling Structures.

Electric Distribution System. The cost of electric distribution systems, including normal excavation, backfill, overhead lines and poles, underground lines, transformers, transformer vaults, yard lights, master meter installations, etc. This account shall also include the cost of branches and connections up to but outside of building walls, and the cost of carrying such branches and connections through buildings en route to other buildings, but excluding the cost of connections to the buildings through which such branches pass. Individual meters shall not be charged to this

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account, but shall be charged to Account 1460, Dwelling Structures. This account shall also include any costs of street lighting and fire and police alarm systems.

Allowance for Abnormal Sub-Soil Conditions. The cost of abnormal excavation resulting from unusual sub-soil conditions, such as rock, muck, water, quicksand, etc., over and above the cost for normal rough grading and excavation work.

Excess Dwelling and Nondwelling Foundations. The cost of excess foundation work in connection with buildings, utilities, and other site improvements where the unusual character of the sub-soil or site topography requires piling, caissons, underpinnings, or very unusual depth of footings. The term "very unusual depth of footings" is not applicable to conditions ordinarily encountered, such as old basements, cesspools, and the like, and insecure pockets of earth of moderate extent, but is applicable only where such conditions are clearly of an extraordinary extent. (The cost of normal excavations and foundations for structures shall be charged to Account 1460, Dwelling Structures, in the case of dwelling structures, or to Account 1470, Nondwelling Structures, in the case of nondwelling structures.) Pile caps and beams supporting structures between pile clusters or caissons shall be considered as normal foundations, but the piles and caissons in place shall be considered excess dwelling or nondwelling foundations.

#### Paved Areas

1. Streets. The cost of streets and alleys, including the cost of sub-grading, paving, curbs, curb and gutters, etc.
2. Walks. The cost of walks.
3. Other. The cost of construction driveways, parking areas, playgrounds, and other similar surfaced areas.

Finished Grading, Lawns, and Planting. The cost of sub-grade preparation, top soiling, seeding, sodding, and planting.

Miscellaneous. The cost of building retaining walls and bulkheads, structural playgrounds (such as spraypools), fences, garbage stations, and appurtenances, and the cost of benches, clothespoles when permanently installed. All nonexpendable items distinguished from structural playground equipment, benches, clothespoles, flag poles. 5.3, Community Space

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1460

Dwelling Structures. This account shall be charged with the cost of dwelling structures as more specifically defined in the following paragraphs.

The principal charges to this account will cover portions of the Main Construction Contract and related contracts which will be determined and distributed to this account at the time of issuance of the Actual Development Cost Certificate (see Section 25-5-6). Other costs which are not included under a contract shall be charged directly to this account when incurred.

The principal charges to this account will include, but is not limited to, the following:

General. The cost of normal excavation and backfill, normal foundations and other structural costs of dwelling buildings and spaces, including incinerators, laundry facilities, closet spaces, halls, corridors, entrance lobbys, equipment spaces, perambulator and other basement tenant storage spaces, etc. Also, the cost of fixed cabinets, cupboards, shelving and other built in facilities.

Plumbing. The cost of all interior plumbing, gas, and domestic hot and cold water installations within dwelling building walls, viz. piping, fixtures, bathroom accessories, domestic hot water heaters, circulating pumps, etc. Individual gas and water meters should also be charged to this account.

Heating. The cost of all heating installations within dwelling building walls or in groups or central plants, viz. piping, ducts, radiators, vents, grills, fans, fixed heating units and all accessories, except individual space heaters (i.e. space heating equipment not connected to ducts or pipes for distribution of heat which shall be charged to Account 1465, Dwelling Equipment). If a central heating plant is provided, include the entire cost of plant structure, equipment, heating mains, domestic hot water mains and pipe tunnels. The cost of pipe tunnels carrying several types of utility lines shall be prorated in the same proportion as the cost of the lines carried. Thus, the portion of the cost of a pipe tunnel (carrying both a cold water line and a heating line serving dwelling units only) applicable to the cost of the cold water line would be included in Account 1450, Site Improvement (Water Distribution System) and the portion of tunnel cost applicable to the heating line would be included in Account 1460, Dwelling Structures.

Electrical. The cost of interior dwelling electrical installations (from service drops), viz. conduits, wiring devices, boxes, receptacles, master meter, switches, finished electrical hardware, circuit breakers, lights, fixtures, and all other appurtenances. Individual electric meters shall also be included in this account.

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Elevators. The cost of elevators and related equipment.

1465 Dwelling Equipment - (Expendable and Nonexpendable). This account shall be charged with the cost of all ranges, refrigerators, individual space heaters (see also Account 1460), shades, screens, and other similar equipment.

The principal charges to this account will generally result from special equipment contracts, but may also arise from portions of the Main Construction Contract and related contracts; when included in the Main Construction Contract or related contracts that do not specify exact cost these charges will be determined on the basis of engineering allocations (see Section 25-5-6).

The definitions of expendable and nonexpendable equipment for purposes of capitalization are given in Section 25-14-1.

This account shall be closed as of the End of the Initial Operating Period (end of Development Period) by transferring all charges to Accounts 1465.1, Dwelling Equipment - Nonexpendable; 1465.2, Dwelling Equipment - Expendable; and 1410.18, Equipment Expended, as disclosed by a physical inventory taken at that time in accordance with Section 25-14-2. Account 1465.1 shall be charged or credited with subsequent acquisitions and dispositions of nonexpendable dwelling equipment during the operations period.

If the Local Authority prefers, subsidiary Accounts 1465.1, Dwelling Equipment - Nonexpendable, and 1465.2, Dwelling Equipment - Expendable, may be charged directly upon the acquisition of dwelling equipment. If this is done, all that remains to be done when the physical inventory of equipment is taken as of the End of the Initial Operating Period is to charge Account 1410.18 with the acquisition cost of equipment which has been lost, stolen, abandoned, destroyed, or expended.

1465.1 Dwelling Equipment - Nonexpendable. This account shall be charged with the cost of all nonexpendable dwelling equipment.

1465.2 Dwelling Equipment - Expendable. This account shall be charged with the cost of all expendable dwelling equipment shown in the physical inventory taken as of the End of the Initial Operating Period (see Section 25-14-2). This account shall also be charged with the acquisition cost of expendable dwelling equipment purchased subsequent to the End of the Initial Operating Period from funds provided for the development of the project; however, the cost of equipment purchased from Operating Receipts shall be charged to the appropriate RM&R account. The proceeds from disposition of expendable equipment shall be credited to Account 3595, Other Project Income.

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Nondwelling Structures. This account shall be charged with the cost of nondwelling construction, including administration, maintenance and community buildings and spaces, as more specifically defined in the following paragraphs.

The principal charges to this account will cover portions of the Main Construction Contract and related contracts; these charges will be determined and distributed to this account at the time of issuance of the Actual Development Cost Certificate (see Section 25-5-6). Minor costs of nondwelling construction shall be charged directly to this account when incurred.

Generally, the Main Construction Contract and related contracts will include charges to be distributed to this account for the following:

Administration Building or Spaces. The cost of structures, plumbing heating, ventilating, and electrical installation for administration buildings and spaces.

Maintenance Building or Spaces. The cost of structures, plumbing, heating, ventilating, and electrical installation for maintenance buildings and spaces.

Community Buildings or Spaces. The Cost of structures, plumbing, heating, ventilating, and electrical installation for all buildings and spaces used for health, educational, and recreational purposes.

1475

Nondwelling Equipment - (Expendable and Nonexpendable). This account shall be charged with the cost of all movable nondwelling equipment including equipment for administration, maintenance, community buildings and spaces, both expendable and nonexpendable, acquired during the Development Period.

The principal charges to this account will generally result from special purchases, but may also arise from portions of the Main Construction Contract or related contracts; when included in the Main Construction Contract or related contracts that do not specify exact cost these charges will be determined on the basis of engineering allocations (see Section 25-5-6).

The definitions of expendable and nonexpendable equipment for the purpose of capitalization are in Section 25-14-1.

Equipment purchased for a specific project and located thereon shall be charged to such project. The cost of central office equipment and central maintenance equipment purchased for the use of two or more projects may be equitably prorated to such projects.

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This account shall be closed as of the End of the Initial Operating Period (end of Development Period) by transferring all charges to Account 1475.1, Office Furniture and Equipment; 1475.2, Maintenance Equipment; 1475.3, Community Space Equipment; 1475.7, Automotive Equipment; 1475.9, Expendable Equipment; and 1410.18, Equipment Expended, as disclosed by a physical inventory taken at that time in accordance with Section 25-14-2. Accounts 1475.1 to 1475.7, inclusive, shall be charged or credited with subsequent acquisitions and dispositions of nonexpendable nondwelling equipment during the Operations Period, as indicated below.

If the Local Authority prefers, subsidiary Accounts 1475.1, Office Furniture and Equipment; 1475.2, Maintenance Equipment; 1475.3, Community Space Equipment; 1475.7, Automotive Equipment; and 1475.9, Expendable Equipment, may be charged directly upon the acquisition of nondwelling equipment. If this is done, all that remains to be done when the physical inventory of equipment is taken as of the End of the Initial Operating Period is to charge Account 1410.18 with the acquisition cost of equipment which has been lost, stolen, abandoned, destroyed, or expended.

- 1475.1**     Office Furniture and Equipment. This account shall be charged with the cost of nonexpendable office furniture and equipment.
- 1475.2**     Maintenance Equipment. This account shall be charged with the cost of nonexpendable maintenance equipment.
- 1475.3**     Community Space Equipment. This account shall be charged with the cost of all nonexpendable playground equipment and movable benches, clothespoles, flagpoles, etc. Structural playground facilities (as distinguished from playground equipment) and benches, clothespoles, flagpoles, etc., when permanently installed (as distinguished from similar items which are themselves movable even though set in sockets which are permanently installed), shall be charged to Account 1450. This Account 1475.3 shall also be charged with the cost of equipment for community health, educational, and recreational purposes in indoor or outdoor spaces.
- 1475.7**     Automotive Equipment. This account shall be charged with the cost of automobiles, trucks, snow plows, tractors, and other automotive equipment, including automotive equipment used for maintenance purposes.
- 1475.9**     Expendable Equipment. This account shall be charged with the cost of all expendable nondwelling equipment shown in the physical inventory taken as of the End of the Initial Operating Period (see Section 25-14-2). This account shall also be charged with the acquisition cost of expendable nondwelling equipment purchased subsequent to the End of the Initial Operating Period from funds

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provided for the development of the project; however, the cost of equipment purchased from Operating Receipts shall be charged to the appropriate expense account. The proceeds from disposition of expendable equipment shall be credited to Account 3595, Other Project Income.

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Contract Work in Process. This account shall be charged with all approved contract billings on the Main Construction Contract or other construction contracts where the total cost is chargeable to two or more of the construction and equipment accounts (Account 1450 through 1475). If more than one contract is involved, this account may be subdivided to show payments by contract.

Contracts for other than construction and equipment, such as contracts for architectural and engineering services, shall not be charged to this account.

Contracts for construction and equipment, the total cost of which is chargeable to only one of the construction and equipment accounts, shall be charged directly to such account and not to this account.

The balance in this account shall be distributed to the appropriate subsidiary Land, Structures, and Equipment accounts in the Development Cost Analysis Register (or Development Cost Ledger) at the time the Actual Development Cost Certificate is issued (see Section 301.3 of the Low-Rent Housing Manual) in accordance with the detail recorded in the Contract Register.

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Introduction to Preliminary Loan Contract Accounting Procedures

1. General. Immediately upon receipt of the first advance made by the PHA under a Preliminary Loan Contract, the Local Authority shall establish a set of books of account for the purpose of recording all transactions relating to the preliminary surveys and planning of units under such contract. The Preliminary Loan Contract books of account shall be maintained throughout the life of the Preliminary Loan Contract, which will be until such time as all the units under the contract have been placed under an Annual Contributions Contract and funds have been advanced thereunder for all costs incurred during the Preliminary Loan Period. As soon as the first advance loan under the Annual Contributions Contract becomes available, a new set of books of account shall be established for the project or projects under the Annual Contributions Contract, and all costs incurred during the Preliminary Loan Period with respect to such project or projects shall be transferred from the Preliminary Loan Contract books of account to the Annual Contributions Contract books of account in accordance with Section 25-5-1 of this Manual.
2. Segregating Costs of Preliminary Surveys and Planning. A Preliminary Loan Contract may cover two or more Program Reservations. In such cases, it will be necessary to establish a separate Development Cost Ledger for recording the costs chargeable to each such Program Reservation. In many cases, surveys and planning may provide for two or more projects under a single Program Reservation; if so, all bills and invoices for survey and planning costs should be marked to show the site to which such costs are applicable, so that proper distribution may be made by project when such project or projects are placed under an Annual Contributions Contract. The instructions for establishing and maintaining the Development Cost Ledger are set forth in Section 25-4-3.
3. Chart and Definitions of Accounts. The accounts to be used for recording transactions under a Preliminary Loan Contract are prescribed in Section 25-4-2. The definitions of the accounts prescribed are in Section 25-3-3.
4. Books of Account and Records. A description of the books of account and records considered to be the minimum required under a Preliminary Loan Contract, including pertinent instructions for their use, is set forth in Section 25-4-3. The specimen forms which appear as Exhibits to Section 25-4-3 may be modified by the Local Authority provided all the information required by the PHA can be readily obtained. These forms have been designed so that they may be used or adapted to use during the Development and Operations Periods. Standard stock forms should be used wherever possible.

(Cont'd)

NOTE: This Section supersedes Section 25-4-1 dated 6-26-53. It has been revised to clarify the instructions with regard to the segregation of preliminary planning and survey costs by Program Reservation.

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5. Accounting Instructions. Specific instructions for (a) recording financing transactions, (b) recording accounts payable, and (c) preparation of financial reports are in Sections 25-4-4, 25-4-5, and 25-4-6, respectively. The Preliminary Loan Contract provides that no part of the funds made available to the Local Authority by the PHA shall, without prior approval by the PHA, be used to make payments for materials or services purchased or contracted for by the Local Authority before the date of the Preliminary Loan Contract. Although the PHA does not prescribe the accounting procedures for recording such transactions before the date of the Preliminary Loan Contract, Local Authorities should keep accurate records and supporting documents of all expenditures so they can be properly recorded if and when approved by the PHA.



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Chart of Accounts for Use in Connection With a Preliminary Loan Contract

1. General. This Section sets forth the account numbers and titles which are to be maintained by the Local Authority for recording transactions pursuant to a Preliminary Loan Contract. The definitions of the accounts are in Section 25-3-3. If additional accounts are needed, they shall be selected from the Chart of Accounts provided in Section 25-3-2.
2. General Ledger Accounts. The following asset, liability, and surplus accounts shall be maintained in the General Ledger:

ASSETS

1115	Cash - Preliminary Loan Fund
1117	Petty Cash Fund
1129	Accounts Receivable - Sundry
1144	Accrued Interest Receivable - General Fund Investments
1171	Investments - General Fund
1400	Land, Structures, and Equipment
1800	Uncompleted Contracts

LIABILITIES AND SURPLUS

2111	Accounts Payable - Vendors and Contractors
2117.1	Accounts Payable - Income Tax Withholdings
2117.2	Accounts Payable - Employee Savings Bond Deductions
2117.3	Accounts Payable - Pension Fund Deductions and Contributions
2117.4	Accounts Payable - Federal Insurance Act Deductions and Contributions
2117.5	Accounts Payable - State Unemployment Insurance Tax Deductions and Contributions

(Cont'd)

NOTE: This Section supersedes Section 25-4-2 dated 6-26-53. It has been revised to conform the account titles with the revised Chart of Accounts and to add the additional accounts required to record investment transactions during the Preliminary Loan Period.

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- 2119     Accounts Payable - Sundry
  - 2121     Notes Payable - Preliminary Notes - PHA
  - 2129     Notes Payable - Sundry Notes
  - 2131     Accrued Liabilities - Interest Payable - PHA
  - 2132     Accrued Liabilities - Interest Payable - Non-PHA
  - 2139     Accrued Liabilities - Sundry
  - 2400     Contract Awards
  - 2850     Surplus - Cumulative Donations

3. Subsidiary Accounts to Account 1400, Land, Structures, and Equipment. A Development Cost Ledger, which is a subsidiary ledger to General Ledger Account 1400, Land, Structures, and Equipment, shall be established and maintained in accordance with the instructions in Section 25-4-3. The subsidiary account numbers and titles required for recording costs incurred during the Preliminary Loan Period are as follows:

Overhead

- 1410.1   Non-Technical Salaries and Wages
- 1410.2   Technical Salaries and Wages
- 1410.4   Legal Expense - Overhead
- 1410.5   Travel - Overhead
- 1410.9   Retirement Contributions - Overhead
- 1410.16   Miscellaneous Authority Expense
- 1410.19   Sundry Overhead

Interest Expense

- 1420.1   Interest to PHA
- 1420.2   Interest on Notes - Non-PHA
- 1420.7   Interest - Income From Investments

(Cont'd)

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Planning

- 1430.1 Architectural and Engineering Fees
- 1430.2 Consultant Fees
- 1430.9 Housing Surveys
- 1430.19 Sundry Planning Costs

Site Acquisition

- 1440.4 Surveys and Maps
- 1440.5 Appraisals
- 1440.6 Title Information
- 1440.8 Legal Costs - Site
- 1440.10 Option Negotiations
- 1440.19 Sundry Site Costs

Nondwelling Equipment

- 1475.1 Nondwelling Equipment - Office Furniture and Equipment
- 1475.9 Nondwelling Equipment - Expendable

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Books of Account and Records

1. General. The Local Authority must maintain complete and accurate books of account and records to account for funds advanced pursuant to a Preliminary Loan Contract. Minimum requirements are described in paragraphs 2 to 12 below containing instructions for their use.
2. General Ledger
  - a. General. A loose-leaf General Ledger shall be maintained by the Local Authority to control, record, and classify all financial transactions occurring under a Preliminary Loan Contract. Postings to the General Ledger shall be made from the Combined Cash Journal and Journal Vouchers.
  - b. Exhibit 1. Specimen forms of General Ledger sheets showing examples of recorded transactions, appear as Exhibit 1, and either kind may be used. The heading of each ledger sheet shall have spaces provided for showing the type of contract under which funds are provided by the PHA (Preliminary Loan Contract or Annual Contributions Contract), the contract number, account title, account number, and page number.
  - c. Instructions Applicable to General Ledger. A separate ledger sheet shall be established for each General Ledger Account prescribed in Section 25-4-2 of this Manual. When there are two or more Program Reservations under a single Preliminary Loan Contract, a separate ledger account for Account 1400, Land, Structures, and Equipment shall be established for each Program Reservation, and the Program Reservation Number should be shown in the space provided for "Project Number." A brief description of the entry may be made in the space provided and reference to the source of entry must be shown in the reference column. A trial balance of the General Ledger shall be taken and proven monthly.
3. Combined Cash Journal
  - a. General. A Combined Cash Journal shall be maintained to record funds received by the Local Authority pursuant to a Preliminary Loan Contract, and for recording all cash disbursements from the Preliminary Loan Fund. Disbursements, other than from petty cash, shall be made by voucher check as explained in paragraph 6 below.
  - b. Exhibit 2. A specimen form of Combined Cash Journal Sheet, adaptable for use during the life of the project and showing examples of recorded transactions during the Preliminary Loan Period, appears as Exhibit 2.

(Cont'd)

NOTE: These pages supersede the corresponding pages of Section 25-4-3 dated 6-26-53. Paragraphs 2 and 4 have been revised to require a separate Development Cost Ledger and a separate Account 1400, Land, Structures and Equipment, for each Program Reservation under a single Preliminary Loan Contract.

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The heading of the form shall show the title "Combined Cash Journal." Spaces shall be provided for the page number, the type of contract, and the contract number.

c. Maintenance of Combined Cash Journal. Columns (7), (8), (9), (10), (11), (16), and (17) ordinarily will not be used during the Preliminary Loan Period.

Column (1), Date.

Column (2), Description. For receipts of cash, enter the name of the person, firm, or agency from whom received; for cash disbursements, enter the name of the person, firm, or agency to whom the voucher check is issued.

Column (3), Check Number. Enter in consecutive order the serial number of each voucher check drawn against the bank account(s). Numbers of voided checks must be entered with appropriate notations.

Column (4), Preliminary Loan Fund - Receipts. On the first day of each month enter in this column the amount of cash on hand and on deposit as shown by Account 1115, Cash - Preliminary Loan Fund, in the General Ledger, as of the close of the preceding month. The balance on hand shall also be shown in columns (6) and (21); Account 1115 shall be shown in column (18) on the same line. Cash receipts from all sources shall be entered in column (4) and contra entries made in columns (15) and (21), as appropriate; the entry in column (15) shall be shown in red or in parentheses. The numbers of the accounts affected shall be shown in columns (14) and (18) for all entries in columns (15) and (21). The amounts of checks returned unpaid shall be entered as negative items. At the close of each month the total of column (4) (for the month) shall be debited to Account 1115, Cash - Preliminary Loan Fund, in the General Ledger.

Column (5), Preliminary Loan Fund - Disbursements. Enter in this column, opposite the voucher check number, the face amount of each check issued, and with appropriate identification, the amounts of bank debit memoranda for bank charges, etc. Contra entries shall be made in columns (12), (13), (15), and (20), as appropriate. The numbers of the accounts affected shall be shown in column (14) for all entries in column (15) and in column (18) for all entries in column (20). At the close of each month, the total of column (5) (for the month) shall be credited to Account 1115, Cash - Preliminary Loan Fund, in the General Ledger.

Column (6), Balance. After entering each receipt or disbursement of cash the balance remaining on hand and on deposit shall be shown in this column.

Column (12), Contract Awards - Debit.

(Cont'd)

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Column (13), Uncompleted Contracts - Credit. Enter in these columns only amounts representing payments on contracts recorded in Column (15). Individual postings for all amounts in these columns shall be made from the voucher check copies to the appropriate contract record in the Contract Register. At the close of each month the total of column (12) (for the month) shall be debited to Account 2400, Contract Awards, and the total of column (13) (for the month) shall be credited to Account 1800, Uncompleted Contracts, in the General Ledger.

Column (14), Land, Structures, and Equipment - Account Number. Enter in this column the numbers of the accounts to which amounts shown in column (15) are to be debited.

Column (15), Land, Structures, and Equipment - Debit. Enter in this column, opposite the account number shown in column (14), amounts to be debited to Account 1400, Land, Structures, and Equipment. Credits to Land, Structures, and Equipment shall be entered in this column in red or in parentheses. At the close of each month the total of this column (for the month) shall be debited to Account 1400, Land, Structures, and Equipment, in the General Ledger. At the close of each month, the amounts entered in column (15) shall be summarized by the account numbers shown in column (14); the summary shall be shown immediately after the total of column (15). The summarized total of each account shall be posted as a single entry to the appropriate subsidiary development cost account in the Development Cost Ledger.

Column (18), General Ledger - Account Number. Enter in this column the numbers of the accounts to which amounts shown in columns (20) and (21) are to be debited and credited, respectively.

Column (19), Posting Check Column.

Column (20), General Ledger - Debit. Enter in this column amounts to be debited to General Ledger Accounts shown in column (18). Amounts entered in this column shall be posted as debits to the appropriate General Ledger Accounts.

Column (21), General Ledger - Credits. Enter in this column amounts to be credited to General Ledger Accounts shown in column (18). Amounts entered in this column shall be posted individually as credits to the appropriate General Ledger Accounts.

d. Monthly Closing. At the close of each month the entries in each amount column shall be totaled. It shall be determined that the sum of the totals of all debit columns equals the sum of the totals of all credit columns. The total of the summarized accounts shown after the total of column (15) shall equal the total of column (15). The sheet shall then be ruled with double lines.

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#### 4. Development Cost Ledger

a. General. A Development Cost Ledger shall be maintained for recording costs chargeable to Account 1400, Land, Structures, and Equipment. A separate Development Cost Ledger sheet shall be established for each of the subsidiary accounts to Account 1400 as prescribed in Section 25-4-2. When there are two or more Program Reservations under a single Preliminary Loan Contract, a separate Development Cost Ledger shall be maintained for each such Program Reservation. The Development Cost Ledger may be maintained in the same binder with the General Ledger by using dividers labeled "General Ledger" and "Cost Ledger," if preferred.

b. Exhibit 3. Specimen forms of Development Cost Ledger sheets, showing examples of recorded transactions, are shown as Exhibit 3 to this Section. The form in the upper part of the Exhibit is designed for use when there is only one Program Reservation under the Preliminary Loan Contract; the form in the lower part of the Exhibit is designed for use when there are two or more Program Reservations under a single Preliminary Loan Contract. Spaces shall be provided for the page number and the contract number.

c. Maintenance of Development Cost Ledger (Single Project Type). Postings to this ledger shall be made from the summarized totals shown for column (15) of the Combined Cash Journals and from journal vouchers.

Column (1), Date.

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Column (2). Description. Enter a brief but definite description when pertinent.

Column (3). Reference. Enter reference to source of entry such as Combined Cash Journal page number or journal voucher number.

Column (4). Debit. Enter in this column the amount of the debit to the applicable Land, Structures, and Equipment subsidiary cost accounts as shown by a journal voucher or by the summarization of accounts in the Combined Cash Journal.

Column (5). Credit. Enter in this column the amount of the credit to the applicable Land, Structures, and Equipment subsidiary cost accounts as shown by a journal voucher or by the summarization of accounts in the Combined Cash Journal.

Column (6). Balance. Enter in this column the balance of the account after each posting. The total of the balances of all accounts at the close of each month shall agree with the balance of Account 1400 in the General Ledger. If the specimen form shown in the lower part of Exhibit 3 is used the instructions for the maintenance of the ledger is the same except that the amount applicable to each Project shall be shown in columns (7), (8), and (9); credits to the account shall be shown in red ink or parentheses in the appropriate Project column. The aggregate of the totals of columns (7), (8) and (9) shall always equal the balance of the account shown in column (6).

d. Monthly Closing. The Development Cost Ledger shall not be closed until the Land, Structures, and Equipment Accounts have been transferred to the accounting records maintained pursuant to an Annual Contributions Contract; however, at the close of each month, after all postings have been made, the total of the individual account balances must agree with the balance in Account 1400, Land, Structures, and Equipment in the General Ledger.

## 5. Contract Register

a. General. A Contract Register shall be maintained to record all formally executed contracts and change orders, and payments thereon, pursuant to a Preliminary Loan Contract.

b. Exhibit 4. A specimen form of Contract Register sheet, showing examples of recorded transactions appears as Exhibit 4. A separate sheet shall be maintained for each contract awarded.

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25-4-3

The heading of the form shall read: "Contract Register." Spaces shall be provided to show the type of contract (with the PHA) and the estimated number. Spaces shall also be provided for the page number to be numbered consecutively beginning with page one for each contract awarded. Room of contractor, the contract number assigned by the local authority, the contract date, required completion date, type of contract awarded, and Project number.

a. Maintenance of Contract Register. When a contract has been formally executed or change order issued, an immediate determination shall be made as to the proper cost account distribution, which shall be recorded on the Local Authority's file copy of the contract or change order, and in the Contract Register. A journal voucher shall also be prepared to record such contracts and change orders in Account 1800, Uncompleted Contracts, and Account 2400, Contract Awards, in the General Ledger.

Column (1). Date.

**Column (2). Description.** Enter a brief description of the document or transaction being recorded.

**Column (3). Reference.** Enter in this column, as a cross reference, the numbers of the journal vouchers prepared to record contracts and change orders in the General Ledger and the numbers of voucher checks by which payments are made.

Column (4). Contract and Change Orders. Enter in this column the amounts of the contract and change orders. Change order decreases shall be entered as negative items.

Columns (5) to (11). Insert in the headings of these columns the account numbers of the cost accounts to which the contract and change orders apply and enter on the lines in the appropriate columns the distribution of the total amount entered in column (4).

Column (12), Contract Payments. Enter in this column the amounts of payments on contracts as shown on the voucher check copies.

**Column (13). Contract Retentions (2112).** Enter in this column the amounts of contract payments withheld as shown on the voucher check copies. (This account is in the chart of accounts for the Development Period or Account 2112).

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Column (14). Approved Contract Billings. Enter in this column the approved gross amount of bills for work performed under contract as shown on voucher check copies. Amounts entered in this column should equal the combined total of amounts recorded in columns (12) and (13).

Column (15). Contract Awards (2400) Balance. Enter in this column the contract balance representing the total contract including approved change orders less approved contract billings to date.

d. Monthly Closing. At the close of each month, after all entries have been made, the cumulative total for each column shall be recorded in that column. Accuracy of the columnar totals shall be proved as follows:

The total of column (4) should equal the aggregate of the totals of columns (5) to (11).

The total of column (4) minus the total of column (14) should equal the total of column (15).

The aggregate of the totals of columns (12) and (13) should equal the total of column (14).

The aggregate of the cumulative totals of column (13) for all contracts should equal the balance in Account 2112, Accounts Payable - Contract Retentions, in the General Ledger (this account is in the chart of accounts for the development period and should be used if needed). The aggregate of the cumulative totals of column (15) for all contracts should equal the balance in Account 2400, Contract Awards, in the General Ledger.

## 6. Voucher Checks

a. General. Disbursements from Preliminary Loan Funds on deposit shall be made by means of voucher checks.

b. Exhibit 5. Specimen forms of voucher check and voucher check copy, with space provided for accounting distribution, showing an example of a transaction, appear as Exhibit 5. The voucher check (original) shall be in the form of an ordinary bank check, with the official name of the Local Authority and its location imprinted, and shall be perforated for detachment from the lower portion by the payee. The portion of the voucher check below the perforation shall contain space for

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showing the dates, descriptions, and amounts of items for which payment is being made. The voucher check copy has additional space at the bottom for the accounting distribution. It also has spaces for the signature of the person certifying to the correctness of the voucher and for the signature of the person approving it for payment.

c. Instructions for Use of Voucher Checks and Voucher Check Copies

(1) Numbering. Voucher checks shall be prenumbered and used in numerical sequence. Voucher check copies shall bear the same numbers as the voucher checks. Voided voucher checks and copies must not be destroyed, but shall be recorded in the Combined Cash Journal and then filed with the paid checks and completed voucher check copies.

(2) Issuing. Checks in payment of services rendered and/or materials furnished shall not be issued until all supporting documents have been properly verified, assembled and approved for payment. Supporting documents include invoices, purchase orders, receiving and inspection reports, travel expense reports, payrolls, etc. Checks shall then be written, making carbon imprints on the voucher check copies. The accounting distribution shall be shown in the space provided. Signature indicating receipt and verification of services and/or materials need not be shown on the voucher check copies if the required certification is shown on the supporting documents. After approval for payment is shown on the voucher check copy, the disbursement should be recorded in the Combined Cash Journal. The checks should then be signed by the authorized officials and issued to the payees.

(3) Filing. The checks, paid and canceled by the bank, shall be retained in numerical sequence with the bank statement until audited by the PHA. Voucher check copies, with properly verified and certified supporting documents firmly attached, shall be filed in numerical sequence.

7. Petty Cash Vouchers

a. General. Disbursements from the Petty Cash Fund shall be supported by petty cash vouchers.

b. Exhibit 6. A specimen form of petty cash voucher appears as Exhibit 6.

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c. Instructions for Use of Petty Cash Vouchers

(1) Petty Cash Vouchers shall be prenumbered at the time of printing and used in numerical sequence. Since every voucher must be accounted for, voided Petty Cash Vouchers must not be destroyed but shall be fastened in a separate file folder and retained as a permanent record.

(2) Disbursements from the Petty Cash Fund shall be limited to the payment of minor expenses such as postage and incidental supplies for which payment by Voucher Check is not practicable. A Petty Cash Voucher shall be issued for each disbursement made from the Petty Cash Fund and shall be supported by a receipted invoice, when obtainable. The number of the Petty Cash Voucher shall be transcribed on the supporting invoice. When a receipted invoice is not available, the items purchased shall be listed on the Petty Cash Voucher, and the voucher signed by the Executive Director, unless it is signed by the vendor. The voucher shall be prepared in ink (or typed), and the amount shall be written in addition to expressing it in figures, i.e. "Received Eight and 95/100----- Dollars \$8.95."

(3) The Petty Cash Fund shall be reimbursed as of the last day of each calendar quarter, and it may be reimbursed during the quarter as often as needed. The date and number of the Voucher Check reimbursing the Petty Cash Fund shall be inscribed on each Petty Cash Voucher and receipted invoice.

8. Journal Vouchers

a. General. Journal vouchers shall be prepared to record transactions and information, such as interest accruals, for postings to the records which are not made from the Combined Cash Journal.

b. Exhibit 7. A specimen form of Journal Voucher, showing an example of one of the types of transactions for which it is used, appears as Exhibit 7. In addition to the spaces ordinarily provided on a form of this kind, space should be provided to show the type of contact with the PHA and the Contract number.

c. Instructions for Use of Journal Vouchers. Journal Vouchers shall be numbered consecutively and approved by the Local Authority Accountant. Journal Vouchers shall not be used for any cash transactions. Each Journal Voucher shall include a complete explanation of the entries and references to the sources of information, such as the minutes or resolution of the Local Authority. After posting, they should be filed in numerical sequence with supporting documents and work sheets firmly attached or adequately referenced and filed.

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NOTE: These pages supersede pages 9 through 12 of Section 25-4-3 dated 6-26-53. The instructions in paragraph 7 for the use of Petty Cash Vouchers and in paragraph 11 for travel expense records have been revised.

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9. Purchase Orders. If Purchase Orders are used by the Local Authority, the Local Authority Accountant shall receive a copy of each Purchase Order issued for the purchase of materials, supplies, equipment, and services other than those obtained under contracts or through the use of the Petty Cash Fund. Where a copy of the Purchase Order is also used as a "receiving report," showing the quantity and description of items received, it shall be sent to the Local Authority Accountant, after it has been signed by the authorized receiving agent, to be assembled in support of the vendor's invoice. Further details relating to procurement are in Section 6.2 of the Small Low-Rent Programs Manual - Operation.
10. Payroll and Leave Records. The Local Authority shall maintain payroll and leave records in keeping with its needs as determined by its size, complexity of operations, and personnel policies, to provide an adequate record of payroll deductions such as income taxes, F.I.C.A. taxes, unemployment taxes, bond deductions, pension fund deductions, etc. The records shall be maintained in a form that will permit ready determination of the appropriate accounts to be charged with the gross amounts earned. Further details relating to payroll and leave records are in Section 9.11 of the Small Low-Rent Programs Manual - Operation.
11. Travel Expense Records
- a. General. Travel expense records shall be maintained in accordance with travel regulations established by the Local Authority. The Local Authority resolution, in establishing such regulations, shall set forth the type of expenses which are recoverable, per diem rates, or the maximum amounts recoverable if recovery is made on an actual expense basis, and mileage allowances when private automobiles are used, and shall state how and by whom travel shall be authorized. Reimbursable travel expenses shall be limited to those essential to the transaction of Local Authority business.
- b. Report of Travel. A travel expense report shall be prepared, signed, and submitted to the Local Authority by the person seeking reimbursement for travel expense. Such report shall show the travel performed and the period covered, and shall set forth in detail the expenses for which reimbursement is being requested. When recovery of expenses is being requested on an actual expense basis, receipted bills shall be furnished whenever such bills are customarily received. When reimbursement for use of a private automobile is requested on a mileage basis, the expense report shall show the points of travel origin and destination, and mileage meter readings shall be furnished. The travel expense report shall be checked for conformity with the Local Authority travel regulations and with the specific travel authorization for the travel performed and be approved by a designated official of the Local Authority prior to payment.

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12. Bank Account Reconciliation

a. General. The bank or banks with which Preliminary Loan Funds have been deposited should furnish a statement of the bank account, as of the last day of each month, with canceled checks paid during the month. The balance shown on the statement shall be reconciled with the balance shown on the books of account of the Local Authority.

b. Instructions for Reconciling Bank Account

(1) The balance shown on the bank statement shall be reconciled with the balance of Account 1115, Cash - Preliminary Loan Fund, using the Combined Cash Journal for ascertaining the transactions pertinent to the reconciliation. Any difference between the balance shown on the bank statement and the balance in the General Ledger (Account 1115) will usually be the result of outstanding checks and deposits not yet credited by the bank. However, there may be other items which must be considered in the reconciliation.

(2) The verification of the bank account balance shall include a careful examination of the canceled checks as to amounts and endorsements. Checks which remain outstanding for more than a reasonable time should be investigated.

(3) The bank account reconciliation shall be filed with the bank statement and should be in a form similar to the following:

Reconciliation of Account With  
Any Bank, Anytown, Anystate  
As of December 31, 1951

Balance per bank statement 12/31/51	\$10,000.00
Deduct - Outstanding Checks:	
<u>Date</u>	<u>Check Number</u>
12/3/51	42
12/10/51	45
12/28/51	48
<u>Payee</u>	<u>Amount</u>
John Doe	\$ 300.00
Samuel Brown	400.00
George Smith	<u>700.00</u>
	<u>1,400.00</u>
	\$ 8,600.00
Add: Deposit 12/31/51 credited by bank, 1/3/52	<u>1,300.00</u>
General Ledger Balance 12/31/51 - Account 1115 - Cash - Preliminary Loan Fund	<u>\$ 9,900.00</u>

## Specimen Forms of General Ledger Sheets

[illegible][illegible]





Specimen Forms of Development Cost Ledger Sheets

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE Page No. 1

Account Title Architectural & Engineering Fees Account No. 1430.1

Preliminary & Final Contract No. Any-21 Project No. 19-A

Date	Description	Ref.	Debit	Credit	Balance
1952					
2-1-50		21-1	1000.00		1000.00
(1)	(2)	(3)	(4)	(5)	(6)

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE Page No. 1

Account Title Architectural & Engineering Fees Account No. 1430.1

Preliminary & Final Contract No. Any-21 Project Nos. 19-A, B, C

Date	Description	Ref.	Debit	Credit	Balance	Project Distribution		
						19-A	19-B	19-C
1952								
2-1-50		21-1	1000.00		1000.00	300.00	500.00	200.00
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)



Specimen Forms of Voucher Check and Voucher Check Copy

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE		Check No. <u>1</u>	
<u>Preliminary Loan</u> CONTRACT NO. <u>Any-21</u> Date <u>November 30 1950</u>			
Pay to the Order Of <u>John Doe</u> \$ <u>1,000.00</u>		1	
<u>One thousand and 00/100</u> DOLLARS		50	
TO: ANYBANK ANYTOWN, ANYSTATE			
<u>James C. Smith</u> Executive Director <u>George A. Hyman</u> Secretary			
Date	Description	Amount	
11-30-50	First Payment-Architectural Contract #1	\$ 1000 00	
		00	
COPY			
Accounting Distribution			
Account No.	Combined Cash Journal	✓	Amount
1400	Land, Structures, and Equipment		\$ 1000 00
2400	Contract Awards		1000 00
1800	Uncompleted Contracts		(1000 00)
TOTAL			\$ 1000 00
Proj. No.	Acct. No.	Subsidiary Ledger(s)	✓ Amount
	1430-1	Architectural and Engineering Fees (Record in Contract Register and Development Cost Analysis Register)	\$ 1000 00
POSTED BY: <u>S.E.</u>		TOTAL	\$ 1000 00
Services, Quantities, Prices and Extensions Checked By: <u>John H. Brown</u>		Approved for Payment By: <u>R.C. Amos</u>	

On voucher check copy, signature spaces shall be omitted and the word nonnegotiable shall be printed beneath name of bank.

Specimen Form of Petty Cash Voucher

PETTY CASH VOUCHER		
Date _____ 19 ____ No. <u>175</u>		
Received _____ Dollars \$ _____		
For _____		
PROJ. NO.	ACCOUNT	AMOUNT
Rec'd. By: _____		
Paid By: _____		

NOTE: This Exhibit supersedes Exhibit 6 to Section 25-4-3 dated 6-26-53. The Petty Cash Voucher has been revised.

Specimen Form of Journal Voucher

JOURNAL VOUCHER				
<u>Preliminary Loan</u>		Contract No. <u>ANY-21</u>	J.V. No. <u>50-1</u> Date <u>Nov. 21</u> 19 <u>50</u>	
GENERAL LEDGER				
Account No.	Name of Account and Explanation	✓	Debit	Credit
1800	Uncompleted Contracts	✓	10,000.00	
2400	Contract Awards	✓		10,000.00
	To set up Architectural Contract No. 1 - John Doe, Architect, dated Nov. 21, 1950			
	TOTAL		10,000.00	10,000.00
SUBSIDIARY LEDGER(S)				
	The above contract is applicable to the following Land, Structures, and Equipment account  Project ANY-50-1 Account 1430.1 \$10,000.00  (Record in Contract Register and in General Ledger.)			
	Posted By: <u>S. Crog.</u>	TOTAL		
Prepared by: <u>John H. Brown</u>		Approved by: <u>K. C. Ames</u>		

Accounting for Financing Transactions

1. General. Instructions relating to the accounting for notes payable and interest thereon are set forth in this Section.
2. Recording Preliminary Loan Notes Payable to the PHA. No entry is required at the time the Preliminary Loan Note is transmitted to the PHA; however, the advance or advances made by the PHA on such note shall be recorded in the Combined Cash Journal on receipt of the check as follows:

Debit: Account 1115, Cash - Preliminary Loan Fund

Credit: Account 2121, Notes Payable - Preliminary Loan Notes - PHA

3. Recording Notes Payable to Others Than the PHA. The proceeds from notes payable to others than the PHA shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1115, Cash - Preliminary Loan Fund

Credit: Account 2129, Notes Payable - Sundry Notes

4. Computing and Recording Interest on Notes Payable. Interest on notes payable shall be computed and recorded as follows:
  - a. Interest on Preliminary Loan Notes begins with the date of check, which is also the date of the note. The day on which the note is paid should not be included in the interest computation. The interest is based on a 360-day year, allowing 30 days for each month. Thus, for a note dated January 28, 1956, and paid on March 15, 1956, the number of days for which to compute interest is 3 days for January (28th, 29th, and 30th), 30 days for February, and 14 days for March. The daily interest factor is determined by multiplying the principal amount of the note by the interest rate, and dividing the product by 360. Carry the quotient to six decimals; if the sixth decimal is four or less, drop it; if five or more, increase the fifth decimal by one, and then drop the sixth decimal. Multiply the daily interest factor by the number of days in the period to determine the amount of interest accrued.

(Cont'd)

NOTE: This Section supersedes Section 25-4-4, dated 6-26-53. It has been revised to provide for (1) recording accrued interest on notes payable at the end of each quarter instead of at the end of each month, and (2) clarification of instructions for recording refund and repayment of advances and payment of accrued interest on Preliminary Loan Notes.

- b. Interest accrued on Preliminary Loan Notes shall be recorded quarterly by Journal Voucher as follows:

Debit: Account 1420.1, Interest to PHA

Credit: Account 2131, Accrued Liabilities - Interest Payable - PHA

- c. Interest on notes payable to others than the PHA shall be computed on the basis of the terms specified in the notes and recorded by Journal Voucher as follows:

Debit: Account 1420.2, Interest on Notes - Non-PHA

Credit: Account 2132, Accrued Liabilities - Interest Payable - Non-PHA

5. Determination of Amount of Principal and Interest Payments Due on Preliminary Loan Notes

a. When an Annual Contributions Contract is executed for the first project or projects, the Local Authority shall, from the first monies advanced pursuant to such Contract, apply to the payment of principal and interest of the Preliminary Loan Note an amount equal to the sum of (1) the total interest due on the Preliminary Loan Note from the date of the advance(s) to the date of payment, (2) the full cost of all preliminary housing surveys made by the Local Authority, and (3) all costs of planning applicable to such project or projects which have been paid from funds advanced under the Preliminary Loan Contract.

b. If an Annual Contributions Contract is executed for additional projects, the Local Authority shall, from the first monies advanced pursuant to such Contract, apply to the payment of principal and interest of the Preliminary Loan Note an amount equal to the sum of (1) the total interest due from the last interest payment date to date of payment, and (2) all costs of planning applicable to such additional projects which have been paid from funds advanced under the Preliminary Loan Contract.

c. After all units under a Preliminary Loan Contract have been placed under an Annual Contributions Contract, any balance remaining on the Preliminary Loan Note, plus unpaid interest to date of payment, should be paid promptly to the PHA.

6. Recording Payments of Principal and Interest on Preliminary Loan Notes

a. Usually, the amount of principal and interest due on Preliminary Loan Notes will be deducted by the PHA from the first advance made under an

(Cont'd)

Annual Contributions Contract. In such cases, the payment of principal and interest shall be recorded by Journal Voucher as follows:

Debit: Account 2121, Notes Payable - Preliminary Notes - PHA

Debit: Account 2131, Accrued Liabilities - Interest Payable - PHA

Credit: Account 1400, Land, Structures, and Equipment

The foregoing entry is predicated on the assumption that all cash had been disbursed and all other accounts had been collected or liquidated, except the Land, Structures, and Equipment accounts which will be transferred to the books for the Development Period. In some cases, it may be necessary to utilize Account 1129, Accounts Receivable - Sundry, as a clearing account in order to record adequately the transfer of account balances from the Preliminary Loan Contract books of account to the Annual Contributions Contract books of account. (Simultaneously with recording of the foregoing entry, or modified entries, as the circumstances may require, entries will also be made in the books of account for the Development Period to record the cash advance received under the Annual Contributions Contract, the transfer of the Land, Structures, and Equipment accounts, and the issuance of a note payable to the PHA.)

b. Sometimes the first advance under an Annual Contributions Contract will be made in full, and the check will be deposited in the General Fund to be opened for use in the Development Period. In such cases it will be necessary for the Local Authority to transfer funds from the General Fund to the Preliminary Loan Fund so that the Preliminary Loan Fund can pay its loan obligations to the PHA. The transfer of funds from the General Fund to the Preliminary Loan Fund shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1115, Cash - Preliminary Loan Fund

Credit: Account 1129, Accounts Receivable - Sundry

The credit to Account 1129 will be off-set by one or more debit entries in the same account when the planning and survey costs are transferred from the Preliminary Loan Contract books of account to the Annual Contributions Contract books of account (see Section 25-5-4). The voucher check issued to the PHA in payment of principal and interest due on the Preliminary Loan Note shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2121, Notes Payable - Preliminary Loan Notes - PHA

Debit: Account 2131, Accrued Liabilities - Interest Payable - PHA

Credit: Account 1115, Cash - Preliminary Loan Fund

(Cont'd)



7. Recording "Refund" of Monies Borrowed Under a Preliminary Loan Note. When a Program Reservation is suspended or canceled, the PHA will request a refund of the unexpended balance of advances made under the Preliminary Loan Contract. The check issued to the PHA for such unexpended balance shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2121, Notes Payable - Preliminary Loan Notes - PHA  
(For amount applied to the payment of principal on the note)

Debit: Account 2131, Accrued Liabilities - Interest Payable - PHA  
(For amount of interest due to date of payment)

Credit: Account 1115, Cash - Preliminary Loan Fund

8. Identification of Payment Made to the PHA. Checks sent to the PHA in partial or full payment of an advance(s) made under a Preliminary Loan Note shall state whether the remittance is a "repayment" or a "refund."

A "repayment" is a remittance to the PHA for application on a Preliminary Loan Note because all or a portion of the units under Program Reservation have been placed under an Annual Contributions Contract.

A "refund" is a remittance to the PHA for application on a Preliminary Loan Note because the Program Reservation has been suspended or canceled.

9. Recording Payment of Principal and Interest on Notes Payable to Others Than the PHA. Voucher checks issued for the payment of interest on and principal of notes payable to others than the PHA shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2129, Notes Payable - Sundry Notes

Debit: Account 2132, Accrued Liabilities - Interest Payable - Non-PHA

Credit: Account 1115, Cash - Preliminary Loan Fund

Recording Accounts Payable

1. General. Instructions are set forth in this Section for recording bills and invoices for services rendered and/or materials furnished which are unpaid and have not been recorded as liabilities at the close of each quarter.

2. Accounts Payable

- a. At the close of each quarter two journal vouchers shall be prepared charging the appropriate Land, Structures, and Equipment Accounts and crediting Account 2111, Accounts Payable - Vendors and Contractors, with the total amount of the unpaid bills and invoices which have not been recorded as liabilities. One journal voucher shall be prepared to include all such bills and invoices not based on formally executed contracts. The other journal voucher shall be prepared to include all such bills for services and materials furnished under formally executed contracts. Each journal voucher shall be supported by a listing which shall show the name of the vendor or contractor, a description of the services rendered and/or materials furnished or the contract number, and the amount of each unrecorded bill or invoice.

- b. The journal voucher for unrecorded bills and invoices not based on formally executed contracts shall show the following entries to be made in the General Ledger:

Debit: Account 1400 - Land, Structures, and Equipment

Credit: Account 2111 - Accounts Payable - Vendors and  
Contractors

The entries to be made to the individual accounts in the Development Cost Ledger shall be shown on the journal voucher under the heading "Subsidiary Ledger(s)".

- c. The journal voucher for unrecorded bills and invoices based on formally executed contracts shall show the following entries to be made in the General Ledger:

Debit: Account 1400 - Land, Structures, and Equipment

Credit: Account 2111 - Accounts Payable - Vendors and  
Contractors

Debit: Account 2400 - Contract Awards

Credit: Account 1800 - Uncompleted Contracts

(Cont'd)

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The entries to be made to the individual Property Accounts in the Development Cost Ledger shall be shown on the journal voucher under the heading "Subsidiary Ledger(s)".

d. The above entries may be reversed at the beginning of the next month and, when payment of the bills and invoices is made, the respective charges to the applicable cost accounts will be made. The entry recording the account payable items may be allowed to stand, if this method is preferred, and when payment for the items is made the charge will be to Account 2111 instead of to the Property Accounts.

e. Detail entries from journal vouchers for unrecorded bills, based on formally executed contracts, need not be recorded in the Contract Register where the Local Authority elects to reverse the entries at the beginning of the next month. It will, however, be necessary to use the total of such bills to reconcile the balance in Account 2400 - Contract Awards, with the aggregate of contract awards balances shown in column (15) of the Contract Register.

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Financial Reporting

1. General. Pursuant to the Preliminary Loan Contract, the Local Authority must submit periodic reports and statements as required by the PHA. Accordingly, the Local Authority shall submit quarterly financial statements to the PHA consisting of a "Trial Balance" and "Statement of Development Costs - Preliminary Loan Period." The statements shall be prepared as of the last day of March, June, September, and December. The original and one copy of the statements shall be dispatched in time to reach the PHA Central Office not later than the 20th of the month following the close of the quarter for which the report is prepared, and shall be addressed as follows:

Comptroller,  
Public Housing Administration,  
Washington 25, D. C.

2. Exhibits. Form PHA-2509, Trial Balance, and Form PHA-2259, Statement of Development Costs - Preliminary Loan Period, appear as Exhibits 1 and 2. The accounts listed on these Exhibits are those normally used during the Preliminary Loan Period. Additional accounts may be added by the Local Authority as required. These forms may be obtained from the PHA upon request, addressed as follows:

Director, Property and Services Branch,  
Public Housing Administration,  
Washington 25, D. C.

3. Preparing Trial Balance (Exhibit 1). At the close of each quarter, after recording all unpaid bills and invoices in accordance with the instructions in Section 25-4-5, a Trial Balance shall be taken of the General Ledger and the Development Cost Ledger. After it is determined that the General Ledger is in balance, and the costs recorded in the Development Cost Ledger are in agreement with the General Ledger control account (Account 1400, Land, Structures, and Equipment), the balances shown on the General Ledger Trial Balance shall be reported on Form PHA-2509 in the appropriate spaces. The completed Trial Balance shall be signed by the person preparing the report and by the Officer of the Local Authority who has been delegated authority to sign financial reports.
4. Preparing Statement of Development Costs - Preliminary Loan Period (Exhibit 2). The cumulative totals of the subsidiary land, structures, and equipment accounts (accounts in the 1400 group), as shown in the Development Cost Ledger, shall be reported on Form PHA-2259 in the appropriate spaces. If there are two or more Program Reservations under a single Preliminary Loan Contract, a separate Form PHA-2259 shall be prepared for each such Program

(Cont'd)

NOTE: This Section supersedes Section 25-4-6 dated February 1956. It has been rewritten to provide for the submission of a Trial Balance of the General Ledger instead of a Balance Sheet.

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Reservation. The total shown on line "1400 - Land, Structures, and Equipment" must be in agreement with the amount reported on the Trial Balance for Account 1400. The amount or value of donations, if any, should be shown in the space provided (Account 2850) and the difference between this amount and the total "Land, Structures, and Equipment" should be shown on the line "Development Cost." The completed statement shall be signed by the person preparing the statement and by the Officer of the Local Authority who has been delegated authority to sign financial reports.

PHA-2509 August 1956			
_____ (Name of Local Authority)			
_____ (Location)			
<u>TRIAL BALANCE</u>			
_____ (Date)			
Program Reservation No.		Preliminary Loan Contract No.	
Account Number	Account Title	Account Balances	
		Debit	Credit
	<u>CASH</u>		
1115	Preliminary Loan Fund	\$.....	\$.....
1117	Petty Cash Fund	.....	.....
	<u>ACCOUNTS RECEIVABLE</u>		
1129	Sundry	.....	.....
	<u>LAND, STRUCTURES, AND EQUIPMENT</u>		
1100	Land, Structures, and Equipment	.....	.....
	<u>UNCOMPLETED CONTRACTS</u>		
1800	Uncompleted Contracts	.....	.....
	<u>ACCOUNTS PAYABLE</u>		
2111	Vendors and Contractors	.....	.....
2117.1	Income Tax Withholdings	.....	.....
2117.2	Employee Savings Bonds Deductions	.....	.....
2117.3	Pension Fund Deductions and Contributions	.....	.....
2117.4	F.I.C.A. Deductions and Contributions	.....	.....
2117.5	State Unemployment Insurance Tax	.....	.....
	Deductions and Contributions	.....	.....
2119	Sundry	.....	.....
	<u>NOTES PAYABLE</u>		
2121	Preliminary Notes - PHA	.....	.....
2129	Sundry Notes	.....	.....
	<u>ACCRUED LIABILITIES</u>		
2131	Interest Payable - PHA	.....	.....
2132	Interest Payable - Non-PHA	.....	.....
2139	Sundry	.....	.....
	<u>CONTRACT AWARDS</u>		
2100	Contract Awards	.....	.....
	<u>SURPLUS</u>		
2850	Cumulative Donations	.....	.....
	Totals	\$ _____	\$ _____
Prepared By:		Approved By:	
Name _____		Name _____	
Title _____ Date _____		Title _____ Date _____	

NOTE: This Exhibit supersedes Exhibit 1 to Section 25-4-6 dated 6-26-53.  
Form PHA-2509 is now being used instead of Form PHA-2353, Balance Sheet.

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Introduction to Annual Contributions Contract Accounting Procedures During the Development Period

1. General

a. Upon receipt of the first advance made by the PHA under the Annual Contributions Contract, the Local Authority shall establish a set of books of account for the purpose of recording the costs of developing the project or projects authorized under the Contract. The costs of preliminary surveys and planning of such project or projects incurred under a Preliminary Loan Contract shall be transferred from the Preliminary Loan Contract books of account to the books of account established for the Annual Contributions Contract.

b. In the event the Preliminary Loan Contract covers projects not included under the Annual Contributions Contract, the portion of the cost of the planning applicable to the projects not included in the Annual Contributions Contract shall remain on the Preliminary Loan Contract books of account until such time as an Annual Contributions Contract is executed covering such projects.

c. In many cases the Annual Contributions Contract will cover more than one project. In such cases the books of account shall be maintained so that the costs of Land, Structures, and Equipment applicable to each project can be readily determined.

2. Chart and Definitions of Account. The accounts to be used during the Development Period pursuant to the Annual Contributions Contract are prescribed in Section 25-5-2 and defined in Section 25-3-3 of this Manual. The General Ledger accounts prescribed are deemed adequate for recording all transactions during the Development Period, and a complete chart of Land, Structures, and Equipment accounts is provided. In the interest of brevity, the Land, Structures, and Equipment accounts are sometimes referred to herein as "Property" accounts.
3. Books of Account, Accounting Records, etc. The books of account and records considered to be the minimum required during the Development Period under an Annual Contributions Contract, are described in Section 25-5-3 with pertinent instructions. Modified forms, particularly

(Cont'd)

NOTE: This Section supersedes Section 25-5-1 dated 6-26-53. Paragraph 1a has been revised to provide that the books of account for the Development Period shall be established upon receipt of the first advance under the Annual Contributions Contract instead of when the contract is executed. In paragraph 2 reference to Section 25-5-3 has been corrected to Section 25-3-3.

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stock forms, in place of the specimen forms which appear as Exhibits to Section 25-5-3 may be used, provided all the information required by the PHA can readily be obtained therefrom.

4. Accounting Instructions and Preparation of Financial Reports. Accounting instructions are provided in Manual Sections 25-5-4 to 25-5-11, inclusive, for recording transactions occurring during the Development Period and for preparing quarterly financial statements for submission to the PHA.
5. Accounting for Financing Transactions. The Local Authority obtains funds under the Annual Contributions Contract for developing the project or projects through the sale of Advance Notes, Temporary Notes, Permanent Notes, Series Notes, and Bonds. Accounting requirements relating to the sale and liquidation of Notes and Bonds and the recording and payment of interest thereon during the Development Period are included in Sections 25-16 of this Manual.
6. Accounting for General Fund Investments. The Annual Contributions Contract provides that if the Local Authority has money on deposit in its General Fund in excess of its prudently estimated needs for ninety days, such excess monies shall be invested in investment securities selected by the Local Authority and approved by the PHA. Such securities shall be purchased, held, and disposed of from time to time by the Depository of the General Fund under the terms of the General Depository Agreement. Accounting requirements relating to the purchase and disposition of General Fund Investments during the Development Period and the recording of interest earned thereon are included in Section 25-15-1 of this Manual.



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Chart of Accounts for Use During the Development Period Pursuant to the  
Annual Contributions Contract

1. General. There are set forth in this Section appropriate account numbers and titles with respect to the accounts which shall be maintained by the Local Authority during the Development Period in connection with the expenditure of funds made available under an Annual Contributions Contract. A separate set of books of account shall be maintained for each Annual Contributions Contract.
2. General Ledger Accounts. The following asset, liability, and surplus accounts shall be established in the General Ledger as needed. If additional accounts are required they shall be selected from the complete Chart of Accounts in Section 25-3-2 of this Manual.

ASSETS

1111	Cash - General Fund
1114	Cash - Security Deposit Fund
1117	Petty Cash Fund
1122	Accounts Receivable - Tenants
1124	Accounts Receivable - PHA Annual Contributions
1129	Accounts Receivable - Sundry
1144	Accrued Interest Receivable - General Fund Investments
1151	Fiscal Agent Funds - Debt Service Fund
1152	Fiscal Agent Funds - Advance Amortization Fund
1153	Fiscal Agent Funds - Investments
1154	Fiscal Agent Funds - Accrued Interest Receivable - Investments
1171	Investments - General Fund
1211	Deferred Charges - Prepaid Insurance

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NOTE: This Section supersedes Section 25-5-2 dated 6-26-53. It has been revised to conform with the revised Chart of Accounts set forth in Section 25-3-2. Other minor changes have been made throughout the Section.

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1212	Deferred Charges - Insurance Deposits
1290	Deferred Charges - Sundry
1400	Land, Structures, and Equipment
1510	Payments for Off-Site Utilities
1800	Uncompleted Contracts

LIABILITIES AND SURPLUS

2111	Accounts Payable - Vendors and Contractors
2112	Accounts Payable - Contract Retentions
2113	Accounts Payable - Performance Deposits
2114	Accounts Payable - Tenants Security Deposits
2117.1	Accounts Payable - Income Tax Withholdings
2117.2	Accounts Payable - Employee Savings Bond Deductions
2117.3	Accounts Payable - Pension Fund Deductions and Contributions
2117.4	Accounts Payable - Federal Insurance Contributions Act Deductions and Contributions
2117.5	Accounts Payable - State Unemployment Insurance Tax Deductions and Contributions
2118.6	Accounts Payable - Sundry - PHA
2119	Accounts Payable - Sundry
2122	Notes Payable - Advance Notes - PHA
2126	Notes Payable - Temporary Notes - Non-PHA
2129	Notes Payable - Sundry Notes
2131	Accrued Liabilities - Interest Payable - PHA
2132	Accrued Liabilities - Interest Payable - Non-PHA

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2133	Accrued Liabilities - Interest Payable - Bonds
2137	Accrued Liabilities - Payments in Lieu of Taxes
2139	Accrued Liabilities - Sundry
2290	Deferred Credits - Sundry
2311	Permanent Notes Payable
2321	Series "A" Notes and Bonds - Issued
2322	Series "A" Notes and Bonds - Retired
2331	Series "B" Notes and Bonds - Issued
2332	Series "B" Notes and Bonds - Retired
2341	Bonds - Issued
2342	Bonds - Retired
2400	Contract Awards
2700	Current Year Surplus or Deficit
2810	Surplus - Unreserved Surplus
2840	Surplus - Cumulative PHA Contributions
2850	Surplus - Cumulative Donations

3. Land, Structures, and Equipment Accounts

a. In addition to the General Ledger Accounts listed above, a Development Cost Ledger shall be established as a subsidiary ledger to Account 1400, Land, Structures, and Equipment. If there is more than one project under an Annual Contributions Contract, a separate Development Cost Ledger shall be established for each project. A separate Account 1400 may be maintained in the General Ledger for each project, if desired, or a single Account 1400 may be maintained for all of the projects.

b. The Development Cost Ledger shall contain the following subsidiary accounts to Account 1400, Land, Structures, and Equipment:

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Overhead

- 1410.1 Nontechnical Salaries and Wages
- 1410.2 Technical Salaries and Wages
- 1410.4 Legal Expense - Overhead
- 1410.5 Travel - Overhead
- 1410.9 Retirement Contributions - Overhead
- 1410.16 Miscellaneous Authority Expense
- 1410.18 Equipment Expended
- 1410.19 Sundry Overhead

Interest Expense - Net

- 1420.1 Interest to PHA
- 1420.2 Interest on Notes - Non-PHA
- 1420.3 Interest on Bonds
- 1420.7 Interest - Income From Investments

Initial Operating Deficit

- 1425 Initial Operating Deficit

Planning

- 1430.1 Architectural and Engineering Fees
- 1430.2 Consultant Fees
- 1430.6 Permit Fees
- 1430.7 Inspection Costs
- 1430.8 Fee for PHA Services
- 1430.9 Housing Surveys
- 1430.19 Sundry Planning Costs

(Cont'd)

Site Acquisition

1440.1	Property Purchases
1440.2	Condemnation Deposits
1440.3	Excess Property
1440.4	Surveys and Maps
1440.5	Appraisals
1440.6	Title Information
1440.8	Legal Costs - Site
1440.10	Option Negotiations
1440.11	Option Deposits
1440.12	Current Tax Settlements
1440.13	Tenant Relocation
1440.19	Sundry Site Costs
1440.20	Site Net Income

Site Improvement

1450	Site Improvement
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Dwelling Structures

1460	Dwelling Structures
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Dwelling Equipment

1465	Dwelling Equipment - (Expendable and Nonexpendable)
1465.1	Dwelling Equipment - Nonexpendable
1465.2	Dwelling Equipment - Expendable

Nondwelling Structures

1470	Nondwelling Structures
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Nondwelling Equipment

- 1475      Nondwelling Equipment - (Expendable and Nonexpendable)
- 1475.1    Office Furniture and Equipment
- 1475.2    Maintenance Equipment
- 1475.3    Community Space Equipment
- 1475.7    Automotive Equipment
- 1475.9    Expendable Equipment

Work in Process

- 1480      Contract Work in Process

Books of Account and Records

1. General. The Local Authority must maintain complete and accurate books of account and records to control, record, and classify all financial transactions occurring under an Annual Contributions Contract. Minimum requirements are described in paragraphs 2 to 13 of this Section containing instructions for their use. Modified forms, in place of the specimen forms which appear as Exhibits to this Section, may be used provided all the information required by the PHA can be obtained therefrom.
2. General Ledger
  - a. General. A looseleaf General Ledger shall be maintained by the Local Authority to control, record, and classify all financial transactions occurring during the Development Period under an Annual Contributions Contract. Postings to the General Ledger shall be made from the books of original entry, viz: Combined Cash Journal, and from Journal Vouchers.
  - b. Exhibit. Two specimen forms of General Ledger sheets, showing examples of recorded transactions, appear as Exhibit 1; either kind may be used. The heading of each ledger sheet shall have spaces provided for showing the Annual Contributions Contract number, account title, account number, and page number.
  - c. Instructions Applicable to General Ledger. A separate ledger sheet shall be used for each General Ledger Account prescribed in Section 25-5-2 of this Manual. A separate ledger account for Account 1400, Land, Structures, and Equipment, must be maintained for each project under an Annual Contributions Contract. A brief description of the entry may be made in the space provided and reference to the source of entry must be shown in the reference column. A trial balance of the General Ledger shall be taken monthly, and shall be retained for use by the PHA Audit Branch.
3. Combined Cash Journal
  - a. General. A Combined Cash Journal shall be maintained for each Annual Contributions Contract in which to record the receipt and disbursement of funds from transactions pertaining to the project or projects under each Annual Contributions Contract.
  - b. Exhibit. A specimen form of Combined Cash Journal Sheet, showing examples of recorded transactions, appears as Exhibit 2. Space has been provided to show the Annual Contributions Contract number and the project numbers included in the Annual Contributions Contract.

(Cont'd)

c. Maintenance of Combined Cash Journal

Column (1), Date.

Column (2), Description. For receipts of cash (except from tenants), enter the name of the person, firm or agency from whom received; the number of the first and last receipt issued to tenants for the day for collections of rent and security deposits shall also be shown in this column. For cash disbursements, enter the name of the person, firm, or agency to whom the Voucher Check is issued.

Column (3), Check Number. Enter in consecutive order the serial number of each Voucher Check drawn against the bank account(s). Numbers of voided checks must be entered with appropriate notation.

Column (4), General Fund - Receipts. On the first day of each month enter in this column the amount of cash on hand and on deposit as shown by Account 1111, Cash-General Fund, in the General Ledger, as of the close of the preceding month. The balance on hand shall also be shown in columns (6) and (21); Account 1111 shall be shown in column (18) on the same line. Enter in this column the amount of cash receipts from all sources (excluding security deposits if kept in a separate bank account) and make contra entries to columns (9), (11) (if security deposits are deposited in the General Fund), and (21), as appropriate. The numbers of the accounts affected shall be shown in column (18) for all entries in column (21). If receipts of cash affect Land, Structures, and Equipment, the contra entry in column (15) shall be made in red or in parentheses; the account number affected by such credit shall be shown in column (14). At the close of the month the total of column (4) (for the month) shall be debited to Account 1111, General Fund, in the General Ledger.

Column (5), General Fund - Disbursements. Enter in this column, opposite the check number, the face amount of each Voucher Check issued, and with appropriate identification, the amount of bank debit memoranda for bank charges, etc. Contra entries shall be made in columns (10) (if security deposits are deposited in the General Fund), (12), (13), and (15) and (20), as appropriate. The numbers of the accounts affected shall be shown in column (14) for entries in column (15), and in column (18) for entries in column (20). At the close of each month the total of column (5) (for the month) shall be credited to Account 1111, General Fund, in the General Ledger.

Column (6), Balance. After entering each receipt or disbursement of cash the balance remaining on hand and on deposit shall be shown in this column.

(Cont'd)



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Column (7), Security Deposit Fund - Receipts. This column is for use only when local laws require the deposit of security deposits in a separate bank account. Enter in this column, opposite the numbers of the cash receipts issued to tenants as shown in column (2), the amount of security deposits collected from tenants, and make contra entry in column (11). At the close of the month the total of column (7) (for the month) shall be debited to Account 1114, Security Deposit Fund, in the General Ledger.

Column (8), Security Deposit Fund - Disbursements. If security deposits are deposited in a separate bank account enter in this column, opposite the Voucher Check number shown in column (3), the amount of each Voucher Check issued against the Security Deposit Fund, and make contra entry to column (10). At the close of the month the total of column (8) (for the month) shall be credited to Account 1114, Security Deposit Fund, in the General Ledger.

Column (9), Accounts Receivable - Tenants - Credit. Enter in this column, opposite the numbers of the cash receipts issued to tenants as shown in column (2), the amount of rental and other collections (except security deposits) from tenants. At the close of the month the total of this column (for the month) shall be credited to Account 1122, Accounts Receivable - Tenants, in the General Ledger. If cash disbursements affect this account the contra entry in column (9) shall be made in red or in parentheses.

Column (10), Tenants Security Deposits - Debit. Enter in this column the amount of checks issued for refunds and transfers of security deposits. At the close of the month the total of this column (for the month) shall be debited to Account 2114, Tenants Security Deposits, in the General Ledger.

Column (11), Tenants Security Deposits - Credit. Enter in this column the amount of security deposit collections as shown by the cash receipts issued to tenants. At the close of the month the total of this column (for the month) shall be credited to Account 2114, Tenants Security Deposits, in the General Ledger.

Column (12), Contract Awards - Debit.

Column (13), Uncompleted Contracts - Credit. Enter in these columns only amounts representing payments on contracts recorded in Column (15). Individual postings for all amounts in these columns shall be made from the Voucher Check copies to the appropriate contract record in the Contract Register. At the close of each month the total of column (12) (for the month) shall be debited to Account 2400, Contract Awards, and the total of column (13) (for the month) shall be credited to Account 1800, Uncompleted Contracts, in the General Ledger.

(Cont'd)

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Column (14). Land, Structures, and Equipment - Account Number.

Enter in this column the numbers of the accounts to which amounts shown in column (15) are to be debited.

Column (15). Land, Structures, and Equipment - Debit. Enter in this column, opposite the account number shown in column (14), amounts to be debited to Account 1400, Land, Structures, and Equipment. At the close of each month the total of this column (for the month) shall be debited to Account 1400, Land, Structures, and Equipment, in the General Ledger. If cash receipts affect this account, the contra entry in this column shall be made in red or in parentheses.

At the close of each month, after column (15) has been totaled, the amounts entered in column (15) shall be summarized by the account numbers shown in column (14); the summary shall be shown immediately after the total of column (15). The summarized total of each sub-account shall be posted as a simple line entry to the appropriate subsidiary development cost account in the Development Cost Ledger.

Columns (16) and (17) are not for use during the Development Period but are reserved for recording account numbers and amounts applicable to Operating Expense during the Operations Period.

Column (18). General Ledger - Account Number. Enter in this column the numbers of the accounts to which amounts shown in columns (20) and (21) are to be debited and credited, respectively.

Column (19). Posting Check Column.

Column (20). General Ledger - Debit. Enter in this column amounts to be debited to General Ledger Accounts shown in column (18). Amounts entered in this column shall be posted as debits to the appropriate General Ledger Accounts.

Column (21). General Ledger - Credit. Enter in this column amounts to be credited to General Ledger Accounts shown in column (18). Amounts entered in this column shall be posted individually as credits to the appropriate General Ledger Accounts.

d. Monthly Closing. At the end of each month, the entries in each amount column shall be totaled. It shall be determined that the sum of the totals of all debit columns equals the sum of the totals of all credit columns. The total of the summarized accounts shown after the total of column (15) shall equal the total of column (15). The register sheet shall then be ruled with double lines.

(Cont'd)

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#### 4. Development Cost Ledger

a. General. A Development Cost Ledger shall be maintained for recording transactions applicable to the Land, Structures, and Equipment accounts prescribed in Section 25-5-2. When there are two or more projects included in a single Annual Contributions Contract, a separate Development Cost Ledger shall be maintained for each project. This ledger may be maintained in the same binder with the General Ledger by using dividers labeled "General Ledger" and "Cost Ledger," if preferred, or the ledgers may be maintained in a separate binder.

b. Exhibit. Specimen forms of Development Cost Ledger sheets, showing examples of recorded transactions, appear as Exhibit 3. The form in the upper part of the Exhibit is designed for use when a single project is being developed; the form in the lower part of the Exhibit is designed for use when more than one project is being developed under a single Annual Contributions Contract. Spaces shall be provided for the page number, the type of contract, and the contract number.

c. Maintenance of Development Cost Ledger (Single Project Type). Postings to this ledger shall be made from the summarized totals shown for column (15) of the Combined Cash Journal, and from journal vouchers.

Column (1), Date.

Column (2), Description. Enter a brief but definite description when pertinent.

Column (3), Reference. Enter reference to source of entry such as Combined Cash Journal page number, or journal voucher number.

Column (4), Debit. Enter in this column the amount of the debit to the applicable Land, Structures, and Equipment subsidiary cost accounts as shown by a journal voucher, or by the summarization of accounts in the Combined Cash Journal.

Column (5), Credit. Enter in this column the amount of the credit to the applicable Land, Structures, and Equipment subsidiary cost accounts as shown by a journal voucher, or by the summarization of accounts in the Combined Cash Journal.

Column (6), Balance. Enter in this column the balance of the account after each posting. The total of the balances of all accounts at the close of each month shall agree with the balance of Account 1400 in the General Ledger. If the specimen form shown in the lower part of Exhibit 3 is used, the instructions for the maintenance

(Cont'd)

of the ledger is the same except that the amount applicable to each Project shall be shown in columns (7), (8), and (9); credits to the account shall be shown in red ink or parentheses in the appropriate project column. The aggregate of the totals of columns (7), (8), and (9) shall always equal the balance of the account shown in column (6).

d. Monthly Closing. At the close of each month, after all postings have been made to the Development Cost Ledger, the total of the balances of all accounts must be in agreement with Account 1400, Land, Structures, and Equipment, in the General Ledger.

## 5. Contract Register

a. General. A Contract Register shall be maintained by the Local Authority during the Development Period for each Annual Contributions Contract to record all formally executed contracts, change orders, and payments thereon, except contracts for such purposes as utility services and telephone services applicable principally to the Operations Period, pertaining to the projects included in such contracts. It is intended that all contracts executed for capital expenditures shall be recorded in the Contract Register even though they may be billed in one amount and settlement made in one payment. This will provide a complete reference record for all contracts applicable to Development Costs. A separate register sheet shall be maintained for each contract award.

b. Exhibit. A specimen form of Contract Register sheet, showing examples of recorded transactions, appears as Exhibit 4. The heading of the form shall show the title "Contract Register." Spaces shall be provided to show the Annual Contributions Contract number and the project numbers. Spaces shall also be provided for the page number (to be numbered consecutively beginning with page one for each contract awarded), name of contractor, and contract number assigned by the Local Authority, date of contract, required completion date, and type of contract.

### c. Maintenance of Contract Register

(1) Contract and Change Orders. When a contract has been formally executed or has been amended by the issuance of an approved change order, an immediate determination shall be made as to the applicable project and the proper Property Account distribution, which shall be recorded on the Local Authority's file copy of the contract or change order and in the Contract Register. All contracts and change orders shall be recorded in Accounts 1800, Uncompleted contracts, and 2400, Contract Awards, in the General Ledger by means of journal vouchers.

(Cont'd)

(2) Proceed Orders. In emergencies or under unusual conditions it is sometimes necessary that changes in contracts be authorized by informal proceed orders prior to the issuance of change orders. The amount of such proceed orders shall not be posted to the Contract Register but will be recorded from the change order when issued. At the close of each month the Local Authority Accountant shall request the Project Engineer to furnish a statement showing whether any Proceed Orders have been issued for which Change Orders have not been issued and to furnish a list of any such Proceed Orders, which shall be entered in the Contract Register as a single line entry. A journal voucher shall then be prepared to record the amount of such Proceed Orders in Account 1800, Uncompleted Contracts, and Account 2400, Contract Awards in the General Ledger. The journal voucher and the Contract Register entries shall be reversed at the first of the following month.

(3) Posting Procedure. Postings to the Contract Register shall be made from journal vouchers and from cash disbursement vouchers. The columns of the Contract Register shall be used as follows:

Column (1), Date.

Column (2), Description. Enter a brief description of the document or transaction being recorded.

Column (3), Reference. Enter in this column, as a cross reference, the numbers of the journal vouchers prepared to record contracts and change orders in the General Ledger and the numbers of voucher checks by which payments are made.

Column (4), Contract and Change Orders. Enter in this column the amounts of the contract and the change orders. Change order decreases shall be entered as negative items.

Columns (5) to (11). Insert in the heading of these columns the Property Accounts to which the contract and change orders apply. If more than one project is involved in the contract or change orders the Property Accounts shall be subdivided by project. Enter on the lines in the appropriate columns the distribution of the total amount entered in column (4).

(Cont'd)

Column (12). Contract Payments. Enter in this column the amounts of payments on contracts as shown on the voucher check copies.

Column (13). Contract Retentions. Enter in this column the amounts of contract payments withheld as shown on the voucher check copies. Payments of amounts previously withheld shall be entered as negative items.

Column (14). Approved Contract Billings. Enter in this column the approved gross amount of current billings for work performed under contract as shown on voucher check copies. Amounts entered in this column should equal the combined totals recorded in columns (12) and (13).

Column (15). Contract Awards Balance. Enter in this column the contract balance representing the total contract including approved change orders less approved contract billings to date.

d. Monthly Closing. At the end of each month, after all entries have been made, the cumulative total of each column shall be recorded in the column. Accuracy of the columnar totals shall be proved as follows:

The total of column (4) should equal the aggregate of the totals of columns (5) to (11);

The total of column (4) minus the total of column (14) should equal the total of column (15);

The aggregate of the totals of columns (12) and (13) should equal the total of column (14);

The aggregate of the cumulative totals of column (13) for all contracts should equal the balance in Account 2112, Accounts Payable - Contract Retentions, in the General Ledger;

The aggregate of the cumulative totals of column (14) for all uncompleted contracts should equal the balance in Account 1480.

The aggregate of the cumulative totals of column (15) for all contracts should equal the balance in Account 1800, Uncompleted Contracts, and Account 2400, Contract Awards, in the General Ledger.

(Cont'd)

## 6. Voucher Checks

a. General. Disbursements from the General Fund shall be made by means of Voucher Checks.

b. Exhibit. A specimen form of Voucher Check and Voucher Check Copy with space provided for accounting distribution and showing an example of a transaction appears as Exhibit 5. The Voucher Check (original) shall be in the form of an ordinary bank check, with the official name of the Local Authority and its location imprinted, and shall be perforated for detachment from the lower portion by the payee. The portion of the Voucher Check below the perforation shall contain space for showing the dates, descriptions, and amounts of items for which payment is being made. The Voucher Check Copy has additional space at the bottom for the accounting distribution. It also has spaces for the signature of the person certifying to the correctness of the voucher and for the signature of the person approving it for payment. When more than one bank account is maintained by the Local Authority, either for the same contract or for different contracts, the Voucher Checks for each bank account should be of a different color.

### c. Instructions for Use of Voucher Checks and Voucher Check Copies

(1) Numbering. Voucher Checks shall be prenumbered and used in numerical sequence. Voucher Check Copies shall bear the same numbers as the Voucher Checks. Voided Voucher Checks and copies must not be destroyed, but shall be recorded in the Combined Cash Journal and then filed with the paid checks and completed Voucher Check Copies.

(2) Issuing. Checks in payment of services rendered and/or materials furnished shall not be issued until all supporting documents have been properly verified, assembled, and approved for payment. Supporting documents include invoices, purchase orders, receiving and inspection reports, travel expense reports, payrolls, etc. Checks shall then be written, making carbon imprints on the Voucher Check Copies. The accounting distribution shall be shown in the space provided. When more than one project is included under an Annual Contributions Contract, the specific project or projects to which the disbursement is applicable shall be shown with the accounting distribution. Signature indicating receipt and verification of services and/or materials need not be shown on the Voucher Check Copies if the required certification is shown on the supporting documents. After approval for payment is shown on the

(Cont'd)

NOTE: These pages supersede the corresponding pages of Section 25-5-3 dated 6-26-53. Paragraphs 6 through 13 have been revised so that this Section of the Manual will contain complete procedures relating to books of account and records without making reference to Sections of the Manual relating to the Preliminary Loan Period.

Voucher Check Copy, the disbursement should be recorded in the Combined Cash Journal. The checks should then be signed by the authorized officials and issued to the payees.

(3) Filing. The checks, paid and canceled by the bank, shall be retained in numerical sequence with the bank statement until audited by the PHA. After the audit the checks may be separated from the bank statement and filed in numerical sequence in a separate file. Voucher Check Copies, with properly verified and certified supporting documents firmly attached, shall be filed in numerical sequence.

## 7. Petty Cash Vouchers.

a. General. Disbursements from the Petty Cash Fund shall be supported by Petty Cash Vouchers.

b. Exhibit 7. A specimen form of Petty Cash Voucher appears as Exhibit 7.

### c. Instructions for Use of Petty Cash Vouchers

(1) Petty Cash Vouchers shall be prenumbered at the time of printing and used in numerical sequence. Since every voucher must be accounted for, voided Petty Cash Vouchers must not be destroyed but shall be fastened in a separate file folder and retained as a permanent record.

(2) Disbursements from the Petty Cash Fund shall be limited to the payment of minor expenses such as postage and incidental supplies for which payment by Voucher Check is not practicable. Refunds of unearned rent and/or security deposits may also be made from the Petty Cash Fund when the total of such refund is \$10 or less. A Petty Cash Voucher shall be issued for each disbursement made from the Petty Cash Fund and shall be supported by a receipted invoice except as hereinafter provided. The number of the Petty Cash Voucher shall be recorded on the supporting invoice. When a receipted invoice is not available, the items purchased shall be listed on the Petty Cash Voucher, and the voucher signed by the Executive Director, unless it is signed by the vendor. The voucher shall be prepared in ink (or typed), and the amount shall be written in addition to expressing it in figures, i.e., "Received Eight and 95/100--  
-----Dollars \$8.95."

(3) The Petty Cash Fund may be reimbursed as frequently as required. In any event, however, it must be reimbursed at the end of each quarter. The date and number of the Voucher Check reimbursing the Petty Cash Fund shall be recorded on each Petty Cash Voucher and receipted invoice.

## 8. Journal Vouchers

a. General. Journal Vouchers shall be prepared to record transactions and information such as contracts, interest accruals, etc., for postings to the records which are not made from the Combined Cash Journal.

(Cont'd)



b. Exhibit. A specimen form of Journal Voucher, showing an example of the type of transactions for which it is used, appears as Exhibit 6. In addition to the spaces ordinarily provided on a form of this kind, space should be provided to show the type of contract with the PHA and the contract number.

c. Instructions for Use of Journal Vouchers

(1) Numbering. The preferred method of numbering Journal Vouchers is the use of a new series for each fiscal year beginning with the number "1"; thus the Journal Voucher number would consist of the last two digits of the fiscal year followed by a dash and the voucher number. For example, the first Journal Voucher for the 1956 Fiscal Year would be numbered J.V. 56-1, the second would be J.V. 56-2, etc., and in the 1957 Fiscal Year, numbering would start with J.V. 57-1. If a fiscal year has not been established the calendar year will be used.

(2) Issuing. Journal Vouchers shall be approved by the Local Authority Accountant. Journal Vouchers shall not be used for any cash transactions except Fiscal Agent transactions. Each Journal Voucher shall include a complete explanation of the entries and references to the sources of information, such as the minutes or resolutions of the Local Authority, contracts, advance or temporary notes, etc.

9. Insurance Register

a. General. The Annual Contributions Contract provides that the Local Authority shall carry certain types of insurance coverages. The required types and amounts of coverages during the Development Period are set forth in Section 214.1 of the Low-Rent Housing Manual. An Insurance Register, or comparable record, shall be maintained to provide a record of all insurance and fidelity bond policies in effect.

b. Insurance Accounting Procedure and Insurance Register. Accounting procedures relating to the recording and amortization of insurance premiums and the installation and maintenance of the Insurance Register are in Section 25-10-1 of this Manual.

10. Purchase Orders. If Purchase Orders are used by the Local Authority, reference should be made to Section 6.2 of the Small Low-Rent Programs Manual - Operation, for instructions as to their use.

11. Payroll and Leave Records. The Local Authority shall maintain payroll and leave records in keeping with its needs as determined by its size, complexity of operations, and personnel policies to provide an adequate record of deductions such as income taxes, F. I. C. A. taxes, unemployment taxes, bond deductions, pension fund deductions, etc. The records shall be maintained

(Cont'd)

in a form that will permit ready determination of the appropriate accounts to be charged with the gross amounts earned. Further details relating to payroll and leave records are in Section 9.11 of the Small Low-Rent Programs Manual - Operations.

## 12. Travel Expense Records

a. General. Travel expense records shall be maintained in accordance with travel regulations established by the Local Authority. The Local Authority resolution, in establishing such regulations, shall set forth the type of expenses which are recoverable, per diem rates, or the maximum amounts recoverable if recovery is made on an actual expense basis, and mileage allowances when private automobiles are used, and shall state how and by whom travel shall be authorized. Reimbursable travel expenses shall be limited to those essential to the transaction of Local Authority business.

b. Report of Travel. A travel expense report shall be prepared, signed, and submitted to the Local Authority by the person seeking reimbursement for travel expenses. Such report shall show the travel performed and the period covered, and shall set forth in detail the expenses for which reimbursement is being requested. When recovery of expenses is being requested on an actual expense basis, receipted bills shall be furnished whenever such bills are customarily received. Where reimbursement for use of a private automobile is requested on a mileage basis, the expense report shall show the points of travel origin and destination, and mileage meter readings shall be furnished. The travel expense report shall be checked for conformity with the Local Authority travel regulations and be approved by a designated official of the Local Authority prior to payment.

## 13. Bank Account Reconciliation

a. General. The bank or banks with which General Funds have been deposited should furnish a statement of the bank account, as of the last day of each month, with canceled checks paid during the month. The balance shown on the statement shall be reconciled with the bank account balance shown on the books of account of the Local Authority.

### b. Instructions for Reconciling Bank Account

(1) The balance shown on the bank statement shall be reconciled with the balance of Account 1111 - Cash - General Fund, using the Combined Cash Journal for ascertaining the transactions pertinent to the reconciliation. Any difference between the balance shown on the bank statement and the balance in the General Ledger (Account 1111) will usually be the result of outstanding checks and deposits not yet credited by the bank. However, there may be other items which must be considered in the reconciliation.

(Cont'd)

(2) The verification of the bank account balance shall include a careful examination of the canceled checks as to amounts and endorsements. Checks which remain outstanding for more than a reasonable time should be investigated.

(3) The bank account reconciliation shall be filed with the bank statement and should be in form similar to the following:

Reconciliation of Account With

Any Bank, Anytown, Anystate

as of December 31, 1955

Balance per bank statement 12/31/55 \$10,000.00

Deduct -- Outstanding Checks:

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	
12/2/55	42	John Doe	\$ 300.00	
12/10/55	45	Samuel Brown	400.00	
12/28/55	48	George Smith	<u>700.00</u>	
				<u>1,400.00</u>
				\$ 8,600.00

Add: Deposit 12/31/55 credited by  
bank, 1/3/56

1,300.00

General Ledger Balance 12/31/55  
Account 1111 -- Cash -- General Fund

\$ 9,900.00



Page No. \_\_\_\_\_

Contract No. \_\_\_\_\_ Month of \_\_\_\_\_, 19\_\_\_\_ Project No. \_\_\_\_\_

DEBIT CREDIT

DATE	DESCRIPTION	DEBIT		CREDIT		BALANCE	CHECK NO.	REMARKS
		(1)	(2)	(3)	(4)			
1 May	Balance brought forward			12,000.00				
2 May	5-10-0721			250.00				
3 May	5-10-0721			75.00				
4 May	5-10-0721			5,000.00				
5 May	John Roe, Architect							
6 May								
7 May								
8 May								
9 May								
10 May								
11 May								
12 May								
13 May								
14 May								
15 May								

Left Hand Page

Page No. \_\_\_\_\_

Contract No. \_\_\_\_\_ Month of \_\_\_\_\_, 19\_\_\_\_ Project No. \_\_\_\_\_

DEBIT CREDIT

DATE	DESCRIPTION	DEBIT		CREDIT		BALANCE	CHECK NO.	REMARKS
		(1)	(2)	(3)	(4)			
1 May	Balance brought forward			12,000.00				
2 May	5-10-0721			250.00				
3 May	5-10-0721			75.00				
4 May	5-10-0721			5,000.00				
5 May	John Roe, Architect							
6 May								
7 May								
8 May								
9 May								
10 May								
11 May								
12 May								
13 May								
14 May								
15 May								

Right Hand Page

Specimen Forms of Development Cost Ledger Sheets

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE Page No. 1  
Account Title Contract Work in Progress Account No. 1880  
Annual Contributions Contract No. ANY-16 Project No. ANY-14-1

Date	Description	Ref.	Debit	Credit	Balance
1953					
2/1/53		CV-9	6000.00		6000.00
(1)	(2)	(3)	(4)	(5)	(6)

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE Page No. 1  
Account Title Contract Work in Progress Account No. 1880  
Annual Contributions Contract No. ANY-16 Project Nos. ANY-14-1

Date	Description	Ref.	Debit	Credit	Balance	Project	Distribution
1953						60-1	60-2
2/1/53		CV-7	8000.00		8000.00	6000.00	2000.00
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

HHFA  
PHA  
6-26-53

# SMALL, LOW-RENT PROGRAMS MANUAL

**ACCOUNTING**

**25-5-3**  
**Exhibit 4**

[illegible]

HHFA  
PHA  
6-26-53

SMALL LOW-RENT PROGRAMS MANUAL

ACCOUNTING

25-5-3  
Exhibit 5

Specimen Forms of Voucher Check and Voucher Check Copy

HOUSING AUTHORITY OF ANYTOWN, ANYSTATE		Check No. <u>114</u>
<u>Annual Contributions</u> CONTRACT NO. <u>ANY-75</u> Date <u>May 1</u> 19 <u>51</u>		
Pay to the Order Of	<u>John Smith</u>	<u>500 00</u>
<u>Five hundred and no 100</u> DOLLARS		
To ANYBANK ANYTOWN, ANYSTATE	<u>William Jones</u> Executive Director	
	<u>Richard Green</u> Secretary	
Date	Description	Amount
5-1-51	Payment Architectural Contract #1	\$ 500 00
COPY		
Accounting Distribution		
Account No.	Cash Disbursements Register	✓ Amount
1400	Land, Structures, and Equipment	\$ 500 00
2400	Contract Awards	500 00
1800	Uncompleted Contracts	(500 00)
TOTAL		\$ 500 00
Proj. No.	Acct. No.	Subsidiary Ledger(s)
ANY-50-1	1430.1	Architectural and Engineering fees
ANY-50-2	1430.1	Architectural and Engineering fees
		(Record in Contract Register and Development cost analysis Register)
POSTED BY: <u>R.P.</u>		TOTAL
		\$ 500 00
Services, Quantities, Prices and Extensions Checked By: <u>Harry Brown</u>		Approved for Payment By: <u>G.B. Stone</u>

On voucher check copy, signature  
spaces shall be omitted and the  
word nonnegotiable shall be  
printed beneath name of bank.



HHFA  
PHA  
6-26-53

SMALL LOW-RENT PROGRAMS MANUAL

ACCOUNTING

25-5-3  
Exhibit 6

Specimen Form of Journal Voucher

JOURNAL VOUCHER					
<u>Annual Contributions</u>		Contract No. <u>ANY-75</u>		J.V. No. <u>51-33</u> Date <u>March 1 1951</u>	
GENERAL LEDGER					
Account No.	Name of Account and Explanation	✓	Debit	✓	Credit
1800	Uncompleted Contracts	✓	20,000.00		
2400	Contract Awards	✓			20,000.00
	To set up contract with Roe and Company to cover landscaping.				
TOTAL			20,000.00		20,000.00
SUBSIDIARY LEDGER(S)					
The above contract is applicable to the following Land, Structures, and Equipment accounts					
Project ANY-50-1					
Account 1450 \$20,000.00					
(Record in Contract Register and in General Ledger)		✓			
Posted By: <u>R. Remor</u>					
Prepared by: <u>Harry Brown</u>					
Approved by: <u>A.B. Storer</u>					

Specimen Form of Petty Cash Voucher

PETTY CASH VOUCHER		
Date _____ 19 ____ No. <u>175</u>		
Received _____ Dollars \$ _____		
For _____		
PROJ. NO.	ACCOUNT	AMOUNT
Rec'd. By: _____		
Paid By: _____		

Opening the Annual Contributions Contract Books of Account

1. General. The Annual Contributions Contract books of account shall be opened immediately upon receipt of the first advance received from the PHA. The first entries in the books of account shall be to record the first advance received from the PHA and to record the transfer, from the Preliminary Loan Contract books of account, of the Land, Structures, and Equipment Accounts which relate to the projects covered by the Annual Contributions Contract. Instructions relating to the foregoing entries are set forth in this Section of the Manual.
2. Recording First Advance Note and Transfer of Land, Structures, and Equipment Accounts From the Preliminary Loan Contract Books of Account

a. Preliminary Loan Contract advances and interest thereon will usually be deducted, in full or in part, by the PHA from the first advance received by the Local Authority pursuant to the Annual Contributions Contract. Under some circumstances, however, the first advance will be made in full. The accounting treatment to record the first advance under the Annual Contributions Contract and the transfer of Land, Structures, and Equipment Accounts from the Preliminary Loan Contract books of account in either of the two foregoing circumstances is provided in the following paragraphs.

b. When Preliminary Loan Contract advances and interest thereon are deducted from the first advance received by the Local Authority under the Annual Contributions Contract, the first advance shall be recorded as follows:

- (1) The following entry shall be made in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund  
(For net amount of advance received from PHA)

Debit: Account 1400 - Land, Structures, and Equipment  
(Amount of property accounts transferred from Preliminary Loan Contract books of account)

Credit: Account 2122 - Notes Payable - Advance Notes -  
PHA (Amount of First Advance Note)

(Cont'd)

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An alternate method of recording the foregoing transaction would be to debit Account 1129, Accounts Receivable - Sundry, in lieu of Account 1400, Land, Structures, and Equipment, in the entry given above, thereby establishing a receivable due from the Preliminary Loan Contract books of account for the amount deducted from the first advance received under the Annual Contributions Contract. When this is done a corresponding Account Payable shall also be recorded on the books of the Preliminary Loan Contract, for the amount deducted and applied as payment on the Preliminary Notes Payable. However, these accounts must be closed promptly by the transfer of Property costs, and funds, if necessary, from the Preliminary Loan Contract books of account.

- (2) If the amount deducted by the PHA from the first advance is less than the amount of Property Accounts transferred from the Preliminary Loan Contract books of account a check shall be drawn on the Annual Contributions Contract, General Fund Account for the difference and deposited in the Preliminary Loan Fund. The check shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1400 - Land, Structures, and Equipment

Credit: Account 1111 - Cash - General Fund

- (3) If the amount deducted by the PHA from the first advance is more than the amount of Property Accounts transferred from the Preliminary Loan Contract books of account, a check shall be drawn on the Preliminary Loan Fund for the difference and deposited in the General Fund of the Annual Contributions Contract. The check shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 1400 - Land, Structures, and Equipment

c. When deductions have not been made by the PHA from the first advance received under the Annual Contributions Contract by the Local Authority, the advance shall be recorded as follows:

- (1) The following entry shall be made in the Combined Cash Journal:

(Cont'd)

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- (1) The following entry shall be made in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund

Credit: Account 2122 - Notes Payable - Advance Notes -  
PHA (Amount of First Advance  
Note)

- (2) A check shall be drawn on the Annual Contributions Contract General Fund Account for the amount of Property Accounts transferred from the Preliminary Loan Contract books of account and deposited in the Preliminary Loan Fund. The check shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1400 - Land, Structures, and Equipment

Credit: Account 1111 - Cash - General Fund

d. Note that the foregoing entries are predicated on the assumption that there are no outstanding payables or receivables on the books of account of the Preliminary Loan Contract applicable to projects covered by the Annual Contributions Contract.

e. When the amount deducted by the PHA from the first advance is less than the amount of Property Accounts transferred from the Preliminary Loan Contract books of account, or when the PHA does not deduct the amount of Property Accounts transferred and remits the amount of the first advance in the full amount of the Advance Note, then a check should be drawn on the Preliminary Loan Fund payable to the PHA for the amount of Land, Structures, and Equipment Accounts or balance thereof, to be transferred to the Annual Contributions Contract books of account.

3. Transfer of Uncompleted Contracts From the Preliminary Loan Contract Books of Account to the Annual Contributions Contract Books of Account. Simultaneously with the recording of the first Advance Note and transfer of Land, Structures, and Equipment Accounts from the Preliminary Loan Contract books of account, all uncompleted contracts recorded in Accounts 1800 and 2400 in the Preliminary Loan Contract books of account which are applicable to projects covered by the Annual Contributions Contract shall be transferred to the Annual Contributions Contract books of account. The transfer shall be made by journal voucher as follows:

(Cont'd)

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Debit: Account 1800 - Uncompleted Contracts

Credit: Account 2400 - Contract Awards

A separate sheet shall be maintained in the Contract Register  
for each contract as provided in Section 25-5-3 of this Manual.

Accounting for Architects Contracts

1. General. The Annual Contributions Contract books of account shall reflect at all times the maximum unpaid balance due the architect for projects included in the Annual Contributions Contract as well as the amount paid the architect to date and charged to the Property Accounts. The maximum unpaid balance is deemed to be the contract fees, or contract fees and reimbursable costs, for architectural and engineering services less the amounts paid to date for such services, and does not include amounts to be paid to the architect for special services. When special services are performed by the architect, they shall be recorded as provided in paragraph 3c of this Section.
2. Opening Entry. Immediately after the execution of an Annual Contributions Contract, or of an amendment including additional projects, a journal voucher shall be prepared to record the maximum unpaid balance for architectural and engineering services allocable to the projects included in such contract or amendment. The journal voucher shall be posted to the Contract Register as well as the General Ledger as follows:

Debit: Account 1800 - Uncompleted Contracts

Credit: Account 2400 - Contract Awards

- a. Lump-Sum Contract. The maximum unpaid balance is the architect's fee determined in accordance with Section 20 of the Architect's Contract Lump-Sum (Form PHA-1915) less the amount paid on account to date.
- b. Fixed-Fee-Plus-Reimbursable-Costs Contract. The maximum unpaid balance of fixed fees and reimbursable costs is the sum of the maximum total compensation for architectural and structural engineering services plus the fees for mechanical and electrical engineering, civil engineering, and landscape architectural services computed in accordance with Section 22 of the Architect's Contract-Fixed-Fee-Plus-Reimbursable Costs (Form PHA-1915A) less the amount paid on account to date. The amount of compensation for extraordinary structural engineering services (Section 22 of Form PHA-1915A) may be estimated and added to the foregoing, or may be treated as a reimbursement to the architect for special services. The amount paid the architect during the Preliminary Loan period applicable to the projects covered by the Annual Contributions Contract will be transferred to the Annual Contributions Contract books of account with the transfer of Property Accounts as noted in paragraph 2 of Section 25-5-4 of this Manual.

(Cont'd)

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3. Subsequent Entries

a. Additional Contract Awards. In the event the Annual Contributions Contract is amended to include additional projects, the maximum unpaid balance shall be increased, as set forth in paragraph 2 above, to include the architect's fees applicable to the additional projects covered in the amendment.

b. Payments for Architectural and Engineering Services. Payments for architectural and engineering services prior to the end of the month during which the billings are received shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1430.1 - Architectural and Engineering Fees

Debit: Account 2400 - Contract Awards

Credit: Account 1111 - Cash - General Fund

Credit: Account 1800 - Uncompleted Contracts

Architect's billings which remain unpaid at the end of the month shall be recorded, as provided in Section 25-4-5 of this Manual as follows:

Debit: Account 1430.1 - Architectural and Engineering Fees

Debit: Account 2400 - Contract Awards

Credit: Account 2111 - Accounts Payable - Vendors and Contractors

Credit: Account 1800 - Uncompleted Contracts

c. Payments for Special Services. Payments for special services performed by the architect in accordance with the terms of the Architect's Contract, Forms PHA-1915 or PHA-1915A, shall be charged to the Property Accounts as such services are performed, as follows:

<u>Section of Architect's Contract</u>	<u>Land, Structures, and Equipment Account to be Charged</u>
13 (Assistance in Taking Bids)	1430.1 Architectural and Engineering Fees
16 (Inspection of Construction)	1430.7 Inspection Costs

(Cont'd)



<u>Section of Architect's Contract</u>	<u>Land, Structures, and Equipment Account to be Charged</u>
17 (Form and Number of Documents)	1430.1 Architectural and Engineering Fees
23/24 (Compensation for Revisions) <u>1/</u>	1430.1 Architectural and Engineering Fees
25/26 (Extra Services and Special Cases) <u>2/</u>	1430.1 Architectural and Engineering Fees

d. If the architect procures the data and prepares the plats described in Section 3 of both the Lump-Sum and the Fixed-Fee-Plus-Reimbursable-Costs Contracts a separate contract shall be executed and the costs of such services shall be charged, as such services are performed, to the following Property Accounts:

Subsoil tests to Account 1430.19, Sundry Planning Costs

Surveys and Plats to Account 1440.4, Surveys and Maps.

e. If the architect prepares Parts I and II of the Development Programs, a separate contract shall be executed and the costs of such services shall be charged, as such services are performed, to Account 1410.19, Sundry Overhead.

f. The amount paid the architect for travel expenses pursuant to the provisions of Section 24 of the Lump-Sum Contract and Section 25 of the Fixed-Fee-Plus-Reimbursable-Costs Contract shall be charged to Account 1430.1.

#### 4. Verification of Architect's Billings

a. The architect is required by the terms of both the Lump-Sum Contract and the Fixed-Fee-Plus-Reimbursable-Costs Contract to render, with each billing submitted for services performed, a certificate as to compliance with the provisions of the contract (Section 26 in the Lump-Sum Contract and Section 27 in the Fixed-Fee-Plus-Reimbursable-Costs Contract) relating to payment of Prevailing Wages and Hours of Work. In case of underpayment of wages by the architect or his collaborators of which the Local Authority has notice, the amount of such deficiency shall be withheld from payments made to the architect. The voucher check issued in such cases shall show the following account distribution:

(Cont'd)

1/ Section 23 of Form PHA-1915; Section 24 of Form PHA-1915A

2/ Section 25 of Form PHA-1915; Section 26 of Form PHA-1915A

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Debit: Account 1430.1 - Architectural and Engineering Fees

Debit: Account 2400 - Contract Awards  
(For gross amount of billings)

Credit: Account 2111 - Accounts Payable - Vendors and  
Contractors (For amount withheld  
for underpayment of wages).

Credit: Account 1111 - Cash - General Fund  
(For net amount paid to Architect)

Credit: Account 1800 - Uncompleted Contracts  
(For gross amount of billings)

Amounts deducted from the architect's billings to cover underpayment of wages and salaries by the architect or his collaborators shall be retained by the Local Authority until satisfactory proof has been submitted to the Local Authority by the architect to the effect that payment has been made.

b. Item a(2) of Section 22 of the Fixed-Fee-Plus-Reimbursable-Costs Contract provides that the architect will be reimbursed for his technical production on a time card basis limited to the actual salaries and wages of designers, draftsmen, structural engineers, estimators, or other professional or technical personnel. Section 22 of the Contract further provides that the architect shall maintain an efficient and accurate system for recording these costs. In support of billings for these costs the architect shall be required to submit in detail a payroll analysis of such salaries and wages showing employees' names, titles, hourly pay rates, dates and hours worked on contract, total hours worked during payroll period, total earnings, deductions, net pay, payroll check numbers and dates, etc. The Local Authority shall make such examination of the architect's supporting records as is necessary to verify the correctness of the billings submitted.

Accounting for Construction Contracts

1. General. The Annual Contributions Contract books of account shall reflect at all times the amounts of contracts awarded, amounts of contract payments and contract retentions representing approved contract billings for work in process, completed contracts, and the balance of uncompleted contracts. These objectives shall be attained by maintaining a Contract Register and related records for all contracts commencing with Contract Awards which shall be recorded in Account 2400; approved contract billings which shall be recorded in Account 1480, Contract Work in Process; completed contracts which shall be transferred from Account 1480 to the appropriate Land, Structures, and Equipment Accounts; and the balance of Uncompleted Contracts which shall be recorded in Account 1800.

2. Recording Contract Amounts

a. Contract Awards. Immediately after a construction contract has been executed, a journal voucher for the amount expressed in the contract shall be prepared and posted to the General Ledger as follows:

Debit: Account 1800 - Uncompleted Contracts

Credit: Account 2400 - Contract Awards

Simultaneously the contract price shall be allocated to appropriate Land, Structures, and Equipment Accounts, and recorded in the Contract Register.

b. Change Orders. Immediately after a change order has been executed, the amount thereof, either increasing or decreasing the original cost, shall be entered in the Contract Register. A journal voucher may be prepared to record each change order in Accounts 1800 and 2400, or a single journal voucher may be prepared at the end of each month for all change orders issued during the month. In either case, it should be ascertained at the end of each month that all change orders have been recorded.

c. Proceed Orders. Proceed Orders shall not be recorded as issued. At the close of each month the amount of proceed orders, estimated if necessary, for which change orders have not been issued shall be determined and entered in the Contract Register as a single line entry. At the same time a journal voucher shall be prepared to record a like amount in Accounts 1800 and 2400. Both the journal voucher and the entry in the Contract Register shall be reversed at the beginning of the subsequent month.

(Cont'd)

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### 3. Recording Payments

a. Periodic Payments. Subject to the submission by the contractor of the written certifications with respect to compliance by him and his subcontractors with wage and hour laws (paragraph 37 of General Conditions of PHA Bulletin LR-12, Construction Contract Documents), partial payments will be made, as work progresses, on not later than the fifteenth day of each calendar month for work done during the preceding calendar month. The partial payments shall be made on estimates prepared by the contractor which have been approved by the architect and the Local Authority; and there shall be retained from each partial payment a percentage of the estimated amount, as set forth in the contract, until final completion and acceptance of all work covered by the contract. In preparing estimates, the material delivered to and properly stored at the site and preparatory work done may be taken into consideration. The estimates shall be submitted in triplicate (the original to be attached to the voucher check copy and 2 copies to be delivered to the PHA Project Engineer) on the following forms:

PHA-1001, Periodical Estimate for Partial Payment. All certifications on this form must be executed. The certification of the contractor shall be executed by an officer or employee designated in writing as authorized to act for the contractor. The certification of the authorized project representative shall be executed by the architect or his duly authorized representative, if the Architect's Contract requires approval of the work, or by the authorized representative of the Local Authority who inspects the work. The certification of the Contracting Officer shall be executed by an officer of the Local Authority.

PHA-1002, Schedule of Change Orders.

PHA-1003, Schedule of Materials Stored.

PHA-1004, Summary of Materials Stored. The certification of this form must be executed by either the architect or the Local Authority representative, whoever inspects the work.

Payments made on construction contracts shall be recorded in the Combined Cash Journal, Development Cost Ledger, and the Contract Register, and the amount thereof shall be distributed as follows:

Debit: Account 2400 - Contract Awards

Credit: Account 1800 - Uncompleted Contracts

(Cont'd)

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Debit: Account 1480 - Contract Work in Process  
(For the total value of work performed to date,  
line 8 of Form PHA-1001, plus 90% of the total  
value of materials delivered and suitably stored  
at the site (net amount on Form PHA-1004) less the  
sum of the same lines on the forms submitted for  
the previous month.)

Credit: Account 2112 - Accounts Payable - Contract  
Retentions

(For the amount retained on work performed to  
date, line 9 of Form PHA-1001, less the amount  
on the same line on the form submitted for the  
previous month.)

(In accordance with the contract (refer to  
paragraph 9b of General Conditions of PHA  
Bulletin LR-12, Construction Contract Documents)  
progress payments may be made in full under cer-  
tain conditions. Upon such a determination, the  
contractor should show on line 9 of subsequent  
Forms PHA-1001 the amount retained to date as  
shown by the Form PHA-1001 immediately preceding  
such determination. However, the usual deduction  
from the amount to be paid the contractor for  
materials delivered to and properly stored at the  
site should be made on all Forms PHA-1001.)

Credit: Account 1111 - Cash - General Fund  
(For the amount paid the contractor (line 16 of  
Form PHA-1001).)

b. Final Payments. Upon completion and acceptance of all work  
required by the contract as amended by change orders, including a  
change order for adjustment of the contract price for uncorrected  
work (refer to paragraph 35 of General Conditions of PHA Bulletin  
LR-12, Construction Contract Documents), the contractor shall submit:

- (1) The usual forms of periodic estimate and supporting  
schedules on which all work is shown as 100% complete.
- (2) The certifications required with requests for progress  
payments.

(Cont'd)

NOTE: These pages 3 and 4 supersede pages 3 and 4 dated 6-26-53.  
Paragraph 3c has been rewritten to revise the procedure for distrib-  
uting the cost recorded in Account 1480, Contract Work in Process,  
to the appropriate subsidiary Land, Structures, and Equipment accounts.

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- (3) A release in satisfactory form of claims against the Local Authority arising under and by virtue of the contract (paragraph 9d of General Conditions of PHA Bulletin IR-12, Construction Contract Documents).
- (4) Releases or receipts as required by the Local Authority from persons performing work or supplying material to the Contractor (paragraph 9e of General Conditions of PHA Bulletin IR-12, Construction Contract Documents).

The amount of the final payment and the accounting distribution thereof shall be determined in the same manner as described for Periodic Payments (paragraph 3a of this Section). (Since the amount shown for retention, line 9 of Form PHA-1001, will be zero and there will be no material stored at the site, the computation will result in a debit to Account 2112 - Accounts Payable - Contract Retentions, equal to the sum of the amounts previously credited thereto).

In accordance with the contract (refer to paragraph 9f of General Conditions of PHA Bulletin IR-12, Construction Contract Documents), the Local Authority may withhold from payments to the contractor amounts deemed sufficient to protect the interests of the Local Authority. The amount so withheld, if any, shall be credited to Account 2119 - Accounts Payable - Sundry.

c. At the time of the preparation of the Actual Development Cost Certificate the total contract costs recorded in Account 1480, Contract Work in Process, shall be distributed to the appropriate subsidiary Land, Structures, and Equipment accounts in the Development Cost Ledger. The distribution to the subsidiary accounts shall be made on the basis of the cost breakdown shown in columns (5) to (11) of the Contract Register (see Exhibit 4, Section 25-4-3). A journal voucher shall be prepared to record the distribution of costs for each contract.

4. Fixed, Agreed, and Liquidated Damages. Claims of the Local Authority filed against the contractor for damages (refer to paragraph 13 of General Conditions and paragraph 2 of Special Conditions of PHA Bulletin IR-12, Construction Contract Documents) shall be recorded by journal voucher as follows:

(Cont'd)

Debit: Account 1129 - Accounts Receivable - Sundry

Credit: Account 1410-19 - Sundry Overhead

Receipt of payments thereof shall be deposited in the General Fund and recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 1129 - Accounts Receivable - Sundry

If payment is accomplished by deducting the amount of the claim from payments due the contractor the entry on the voucher check copy should be similar to the entry described in paragraph 3a above of this Section with the amount withheld credited to Account 1129 - Accounts Receivable - Sundry.

5. Costs of Testing Samples. In accordance with the contract (refer to paragraph 22 of General Conditions of PHA Bulletin LR-12, Construction Contract Documents), the Local Authority shall pay certain costs of testing samples. Such costs shall be charged to Account 1430.7, Inspection Costs.
6. Deposits for Documents. Requirements with respect to deposits for blueprints or specifications vary with each Local Authority. In some instances the entire deposit is returnable upon the return of the documents, while in others only a portion of the deposit is returnable. When blueprints or specifications are issued to a contractor or subcontractor, a journal entry shall be prepared using such of the following accounts as are applicable:

Debit: Account 1129 - Accounts Receivable - Sundry  
(amount assessed).

Credit: Account 2113 - Performance Deposits  
(amounts returnable upon surrender of the documents).

Credit: Account 1430.19 - Sundry Planning Costs  
(amount not returnable).

Payment by the contractor or subcontractor shall be deposited in the General Fund and credited to Account 1129, Accounts Receivable - Sundry, through the Combined Cash Journal. The return of deposits to the contractor or subcontractor shall be recorded in the Combined Cash Journal and shall be debited to Account 2113, Performance Deposits.

(Cont'd)

NOTE: These pages 5 and 6 supersede pages 5 and 6 of Section 25-5-6 dated 6-26-53. Paragraph 4 has been revised to provide that claims against contractors for damages shall be credited to Account 1410.19, Sundry Overhead.

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Every effort should be made to secure the return of the documents, and a written "final request for return of documents" shall be sent to the contractor or subcontractor prior to the issuance of the Actual Development Cost Certificate. If no reply is received within the time specified in the "final request" a copy of the request shall be proper support for the following journal voucher:

Debit: Account 2113 - Performance Deposits

Credit: Account 1430.19 - Sundry Planning Costs

7. Contractors Payrolls. By the terms of the construction contract (refer to paragraph 43 of General Conditions of PHA Bulletin LR-12, Construction Contract Documents), the contractor shall submit to the Local Authority not later than 7 days after each pay period two certified, legible copies of his own payroll and those of each of his subcontractors, together with two certified, legible copies of payroll summaries on Forms HHFA-1. One copy shall be permanently filed by the Local Authority and one copy shall be delivered to the PHA Project Engineer. The Local Authority shall examine the payroll for mathematical errors, underpayments of wage rates, erroneous job classifications, and unlawful deductions or rebates such as are described in paragraphs 41, 42, and 44 of General Conditions of PHA Bulletin LR-12, Construction Contract Documents. In the event of underpayment by the contractor or subcontractor to his employees, the Local Authority shall withhold from amounts due the contractor the difference between the wages required to be paid and the wages actually paid. The amounts so withheld shall be credited to Account 2119, Accounts Payable - Sundry, and included in the amount charged to Account 1480, Contract Work in Process.



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Accounting for Performance Deposits

1. General. Paragraph 5 of Instructions to Bidders of PHA Bulletin LR-12, Construction Contract Documents, provides that bids for contract work shall be accompanied by a bid guaranty of not less than 5% of the amount of the bid. Instructions relating to the proper handling of and accounting for the deposits are set forth in this Section.
2. Deposits of Unsuccessful Bidders. If the guaranties of unsuccessful bidders have been deposited in the bank account, they shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 2113 - Performance Deposits

The return to the unsuccessful bidders of these deposits shall be by voucher check and shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2113 - Performance Deposits

Credit: Account 1111 - Cash - General Fund

3. Deposits of Successful Bidders. The check or bank draft submitted as a guaranty by the successful bidder shall, in the absence of a Performance Bond, be deposited in the General Fund and recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 2113 - Performance Deposits

Upon the receipt of an acceptable Performance Bond the Local Authority shall return the original guaranty deposit to the bidder. All such returns shall be by voucher check which shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2113 - Performance Deposits

Credit: Account 1111 - Cash - General Fund

Accounting for Site Net Income

1. General. The Local Authority will in many cases obtain income and incur expense in connection with the rental of structures existing on the site at the time of acquisition and from the rental of land for parking lots or other purposes. Instructions relating to the proper accounting for such income and expense during the Development Period are set forth in this Section.
2. Recording of Income. Ordinarily, the Local Authority will be attempting to obtain early vacancy of the structures on the site in order to permit their demolition and the primary objective will not be the earning of rental income. Except under unusual circumstances such as when a large number of structures on the site will continue to be rented over a considerable period of time on a relatively stable basis, income will be recorded on a cash basis only. All proceeds shall be deposited as received in the General Fund and recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 1440.20 - Site Net Income

3. Recording of Expenses. All expenses in connection with the rental of structures existing on the site at the time of the acquisition or from the rental of land for parking lots or other purposes shall be charged directly to Account 1440.20 - Site Net Income. Ordinarily only direct costs shall be charged such as direct costs of repairs, utilities, etc. Proration of overhead should not be made to Site Net Income.
4. Tenant Records. Detail tenant records shall ordinarily be maintained on a memorandum basis only and will usually consist of only a Tenants Rental Register, Cash Receipts, and Miscellaneous Charge and Credit Tickets. Where circumstances require the maintenance of more detailed tenant records, reference should be made to the Tenant Accounting procedures in Section 25-7-1 of this Manual.
  - a. Tenants Rental Register. A loose leaf Tenants Rental Register (see Section 25-7-1) shall be maintained with a separate line assigned to each structure, dwelling or space rented on the site. A line on the Tenants Rental Register should be assigned for each structure or dwelling even though the space is vacant. The name of the tenant,

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the effective date of rental, the monthly rental charge, and the date the structure, dwelling, or space becomes vacant shall be shown on the Tenants Rental Register in the space provided for that purpose. Other entries on the Tenants Rental Register, in addition to the monthly rental charge, will be the receipt of the rent which is supported by copies of Cash Receipts and for other charges or credits which will be supported by Miscellaneous Charge and Credit Tickets. Rent will not be recorded in the Annual Contributions Contract books of account as income until the rent is actually collected by the Local Authority.

b. Cash Receipts. Cash Receipts (see Section 25-7-1) shall be issued for all collections of rental and shall ordinarily be prepared in duplicate. The original of the receipt shall be given to the tenant and the copy retained by the Local Authority for posting and auditing purposes. Cash Receipts shall be used as posting media to record payments of rental on the Tenants Rental Register. Collections shall be summarized daily, deposited in the General Fund, and entered in the Combined Cash Journal in accordance with paragraph 2 above.

c. Miscellaneous Charge and Credit Tickets. Miscellaneous Charge and Credit Tickets shall be prepared for all charges and credits to tenants other than for the regular monthly rental charges and for payments received on account as evidenced by Cash Receipts. All Miscellaneous Charge and Credit Tickets shall be approved by the Executive Director or his duly authorized representative. Rebates of rents to tenants, which are given sometimes as inducement for early vacancy or to cover costs of moving, and write-offs of uncollectible rent shall be made only on the basis of Local Authority resolutions authorizing such rebates or write-offs. The Miscellaneous Charge and Credit Tickets shall be used as posting media to the Tenants Rental Register. All such charges or credits shall be posted to the Tenants Rental Register currently.

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Accounting for Initial Operating Deficit

1. General. During the Initial Operating Period for each project under the Annual Contributions Contract, income derived from the dwelling units constructed and costs incurred for the selection of tenants and for the management, operation, and maintenance of the units rented shall be recorded in Account 1425, Initial Operating Deficit. Costs of a general nature shall be allocated equitably in order that Account 1425 shall be charged a fair pro rata share of costs such as nontechnical salaries and wages, legal expenses, sundry overhead, etc. Separate accounts, subsidiary to Account 1425 in the Development Cost Ledger, shall be maintained for recording transactions applicable to the detail accounts proscribed in paragraph 2 of this Section. Local Authorities may use all of the detail accounts proscribed for the Operations Period if they desire. Where two or more projects are included in a single Annual Contributions Contract, separate subsidiary accounts shall be maintained for each project.
2. Chart of Accounts. Account 1425, Initial Operating Deficit, shall be subdivided on the "Initial Operating Ledger" sheet, as follows:

1425.3115 - Dwelling Rental and Excess Utilities

1425.3390 - Nondwelling Rental

1425.3595 - Other Project Income

1425.4100 - Management Expense

1425.4300 - Utilities

1425.4400 - Operating Services and Repairs, Maintenance,  
and Replacements

1425.4700 - General Expense

Definitions of the above sub-accounts are in Section 25-3-3 of this Manual.

3. Tenant Accounting. Detail tenant accounting records during the Initial Operating Period shall be maintained in accordance with procedures proscribed in Section 25-7-1 of this Manual.
4. Exhibit. A specimen form of "Initial Operating Ledger" sheet showing recorded transactions appears as Exhibit 1. This form provides a columnar arrangement of all Initial Operating Deficit

(Cont'd)

sub-accounts. A separate sheet in the form of general ledger sheets for each account may also be used. The prime requisite shall be that totals are readily determinable for each account and each project. Each page of the form selected must designate both the Annual Contributions Contract number and the Project number.

5. Maintenance of Initial Operating Ledger. Postings shall be made from voucher check copies, journal vouchers, and the Combined Cash Journal directly to the "Initial Operating Ledger" sheet. The several columns shall be used as follows:

Column (1), Date.

Column (2), Description. Enter in this column a brief but definite description when pertinent.

Column (3), Reference. Enter in this column reference to the source of entry such as journal voucher number or voucher check number.

Column (4), Account 1425 - Debits - (Credits). Enter in this column the total amount of the transaction being recorded.

Columns (5) to (7), Income - Credits. Enter in these columns, as appropriate, the income during the Initial Operating Period in accordance with the definitions for Accounts 3115, 3390, and 3595.

Columns (8) through (11), Expenses - Debits. Enter in these columns the appropriate distribution of the total costs incurred for the selection of tenants and for the management, operation, and maintenance of rental units during the Initial Operating Period.

6. Monthly Closing of Initial Operating Ledger. At the close of every month, each column shall be totaled for the month and the totals cross balanced. The cumulative totals to the end of the previous month and the totals for the current month shall be combined and the aggregate amounts recorded. The cumulative net income or deficit to the end of the month (cumulative total of column 4) shall be compared and be in agreement with Account 1425 in the Development Cost Ledger. After balancing, the sheet shall be ruled with a double line.

7. Deficit or Income During Initial Operating Period. The net deficit from operations during the Initial Operating Period shall remain in Account 1425 as a part of Development Costs and Land,

(Cont'd)

Structures, and Equipment. If the operations during the Initial Operating Period should result in net Residual Receipts, they shall be transferred to Account 2700, Current Year Surplus or Deficit, and will be a reduction of the Annual Contribution. The entry transferring net income during the Initial Operating Period will be as follows:

Debit: Account 1425 - Initial Operating Deficit

Credit: Account 2700 - Current Year Surplus or Deficit

8. Application of Residual Receipts. Ordinarily if the operations during the Initial Operating Period result in a credit balance the amount thereof will be applied as a reduction of the Annual Contribution by a transfer of funds to the Debt Service Fund, and if the operations result in a debit balance there will not be a transfer of funds to the Debt Service Fund. However, it is possible that some capital expenditures, such as replacement of equipment may have been made from Operating Receipts. It is also possible that there will be some Operating Receipts during the Initial Operating Period which are not credits to Account 1425. Such capital expenditures and such Operating Receipts must be taken into consideration in determining the amount of Residual Receipts to be transferred to the Debt Service Fund or the amount of any Initial Operating Deficit to be included as Development Cost. Capital expenditures and Operating Receipts of this kind will not affect the balance of Account 1425 to be treated as a part of cost of Land, Structures, and Equipment, if a debit; or to be treated as Current Year Surplus, if a credit.

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Housing Authority of Anytown, Anystate

INITIAL OPERATING LEASE

Project No. HH4-50-1

Annual Contributions Contract No. HH4-75

Date	Description	Reference	CREDIT - DEBIT		EXPENSES - DEBITS	
			Account	Amount	Account	Amount
1953			1425	1125	1125	1125
1	10-20-53		1425	1125	1125	1125
2	11-20-53		1425	1125	1125	1125
3	12-20-53		1425	1125	1125	1125
4	1-20-54		1425	1125	1125	1125
5	2-20-54		1425	1125	1125	1125
6	3-20-54		1425	1125	1125	1125
7	4-20-54		1425	1125	1125	1125
8	5-20-54		1425	1125	1125	1125
9	6-20-54		1425	1125	1125	1125
10	7-20-54		1425	1125	1125	1125
11	8-20-54		1425	1125	1125	1125
12	9-20-54		1425	1125	1125	1125
13	10-20-54		1425	1125	1125	1125
14	11-20-54		1425	1125	1125	1125
15	12-20-54		1425	1125	1125	1125
16	1-20-55		1425	1125	1125	1125
17	2-20-55		1425	1125	1125	1125
18	3-20-55		1425	1125	1125	1125
19	4-20-55		1425	1125	1125	1125
20	5-20-55		1425	1125	1125	1125

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Recording Accounts Payable and Accrued Liabilities

1. General. This Section prescribes the procedure for recording accounts payable and accrued liabilities during the Development Period.

2. Accounts Payable

a. At the close of each calendar quarter two Journal Vouchers shall be prepared to record the amount of unpaid bills and invoices which have not been recorded as liabilities. One Journal Voucher shall be prepared for all such bills and invoices not based on formally executed contracts; the other Journal Voucher shall be prepared to include all such bills for services and materials furnished under formally executed contracts. Each Journal Voucher shall show the name of the vendor or contractor, a description of the services and/or materials furnished or the contract number, and the amount of each bill or invoice.

b. The Journal Voucher for bills and invoices which are not based on formally executed contracts shall show the following entries to be made in the General Ledger:

Debit: Account 1400, Land, Structures, and Equipment

Credit: Account 2111, Accounts Payable - Vendors and Contractors

The entries to be made to the individual accounts in the Development Cost Ledger shall be shown on the Journal Voucher under the heading "Subsidiary Ledger(s)."

c. The Journal Voucher for bills and invoices which are based on formally executed contracts shall show the following entries to be made in the General Ledger:

Debit: Account 1400, Land Structures, and Equipment

Credit: Account 2111, Accounts Payable - Vendors and Contractors

Debit: Account 2400, Contract Awards

Credit: Account 1800, Uncompleted Contracts

(Cont'd)

NOTE: This Section supersedes Section 25-5-10 dated 6-26-53. It has been rewritten to include procedure for recording accounts payable without reference to the Sections relating to Preliminary Loan Period, and to eliminate the requirement for recording accrued utility expenses and the accrual of premiums on Workmen's Compensation and Public Liability insurance. Other minor changes have been made throughout the Section.

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The entries to be made to the individual accounts in the Development Cost Ledger shall be shown on the Journal Voucher under the heading "Subsidiary Ledger(s)."

d. The above entries may be reversed at the beginning of the next month; if this is done, the amount of such bills and invoices shall be charged to the applicable land, structures, and equipment accounts at the time payment is made. However, if the above entries are allowed to stand, the payment of such bills and invoices shall be charged to Account 2111, Accounts Payable - Vendors and Contractors.

e. The Journal Voucher prepared for recording unpaid bills based on formally executed contracts need not be recorded in the Contract Register if the Local Authority elects to reverse the entries at the beginning of the next month. It will, however, be necessary to use the total of such bills to reconcile the balance in Account 2400, Contract Awards, with the aggregate of the contract awards balances shown in column (15) of the Contract Register.

### 3. Accrued Liabilities

a. Accrued Interest on Notes and Bonds. Accrued interest on outstanding notes and bonds shall be recorded at the end of each quarter. The instructions for computing the interest on notes and bonds are in Sections 25-16; the entries for recording accrued interest in the books of account are as follows:

- (1) Prior to the latest date to which the Annual Contributions Contract provides that interest shall be charged to the Development Cost of the project 1/, the accrued interest on notes and bonds shall be recorded as follows:

Debit: Account 1420.1, Interest to PHA  
(For amount of interest on notes held by the PHA)

Debit: Account 1420.2, Interest on Notes - Non-PHA  
(For amount of interest on notes held by others than the PHA)

Debit: Account 1420.3, Interest on Bonds  
(For amount of interest on Bonds)

(Cont'd)

- 1/ Section 403(A) of the Annual Contributions Contract provides that interest on borrowed monies shall be charged to the Development Cost of the project up to the Date of Full Availability. In some cases, this section of the contract has been amended to provide that interest shall be charged to the Development Cost of the Project to the Date of Full Availability or to date of Permanent Financing, whichever is later.
-

Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(For amount of interest on notes held by the PHA)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount of interest on notes held by others  
than the PHA)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(For amount of interest on Bonds)

- (2) After the latest date to which the Annual Contributions Contract provides that interest shall be charged to the Development Cost of the project 1/, the accrued interest on notes and bonds shall be recorded as follows:

Debit: Account 5610, Interest on Bonds and Notes Payable  
(For total amount of interest on notes and bonds)

Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(For amount of interest on notes held by the PHA)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount of interest on notes held by others  
than PHA)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(For amount of interest on Bonds)

b. Accrued Payments in Lieu of Taxes. At the close of each quarter, a Journal Voucher shall be prepared to record the accrual of payments in lieu of taxes, if any. Detailed instructions for the computation and recording of payments in lieu of taxes accruing during the Initial Operating Period (including payments in lieu of taxes applicable to structures on the site at time of acquisition) are set forth in Section 25-11-1. If all or a portion of the payments in lieu of taxes accruing during the Initial Operating Period are to be applied as reimbursement of advances made for off-site utilities, and accrued interest thereon, the entry to record such application of payments in lieu of taxes shall be made as of the end of the Initial Operating Period in accordance with Section 25-22-1

(Cont'd)

1/ See footnote 1/ on page 2.

c. Accrued Liabilities - Sundry. All other accrued liabilities not specifically mentioned above, except accrued utility expense and accrued premium on Workmen's Compensation and Public Liability insurance, shall be recorded at the close of each quarter as a debit to Account 1400, Land Structures, and Equipment (and the applicable subsidiary accounts in the Development Cost Ledger) and as a credit to Account 2139, Accrued Liabilities - Sundry. Utility expenses shall be recorded at the time the bill or invoice for such service is actually paid, or, if the bill or invoice is received but not paid prior to the end of a quarter, it shall be recorded as an account payable (see paragraph 2 above). The premium payable on Workmen's Compensation and Public Liability insurance shall be recorded at the time of payment in accordance with Section 25-10-1.

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Financial Reporting

1. General. This Section prescribes the financial reports to be prepared and sent to the PHA during the Development Period. The original and one copy of the reports prescribed herein, signed by the person preparing the report and by the officer of the Local Authority who has been delegated authority to sign financial reports, shall be dispatched in time to reach the PHA Central Office not later than the twentieth of the month following the period for which the reports are prepared. The reports should be mailed to:

Comptroller  
Public Housing Administration  
Washington 25, D. C.

2. Exhibits. The format of the financial reports to be prepared are reproduced at the end of this Section and consist of the following:

Form PHA-2510, Trial Balance, Exhibit 1, pages 1 and 2

Form PHA-2356, Statement of Initial Operating Deficit, Exhibit 2

These forms may be obtained from the PHA upon request, addressed as follows:

Director, Property and Services Branch  
Public Housing Administration  
Washington 25, D. C.

3. Preparing Trial Balance (Exhibit 1)

a. At the end of each quarter, after appropriate entries have been made to record all payables, accrued expenses, and deferred charges, in accordance with Section 25-5-10, a trial balance of the General Ledger and all subsidiary ledgers shall be taken. After it has been determined that the General Ledger accounts are in balance and that the totals in the subsidiary ledgers are in agreement with the General Ledger control accounts, the balances of all the General Ledger accounts (accounts in the 1000 and 2000 group) shall be entered in the appropriate spaces provided on Form PHA-2510, Trial Balance. If any of the prescribed General Ledger accounts have been sub-divided, such accounts shall be combined for reporting purposes.

(Cont'd)

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NOTE: This Section supersedes Section 25-5-11 dated 12-15-54. It has been revised to delete the requirement for the preparation of a Balance Sheet, and to substitute for it a report in the form of a General Ledger Trial Balance.

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## ACCOUNTING

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b. If it becomes necessary to use any of the accounts in the 5000 group during the Development Period, the net debit (or net credit) balances in these accounts shall be reported on the Trial Balance in Account 2810, Unreserved Surplus, but the balances in these accounts (the 5000 group) shall not be closed into surplus until the end of the fiscal year (see Section 25-6-5).

c. When there is a balance in Account 1122, Accounts Receivable - Tenants, the sum of the individual debit balances of tenant accounts receivable and the sum of the individual credit balances of tenant accounts shall be entered in the spaces provided in the footnote at the bottom of page 2 of the Trial Balance; the net difference between the total debit balances and the total credit balances shall be in agreement with the balance reported for Account 1122.

4. Preparing Statement of Initial Operating Deficit (Exhibit 2)

a. This is a one-time report which shall be prepared as of the end of the Initial Operating Period for each project. However, if adjustments to Account 1425, Initial Operating Deficit, are required after the end of the Initial Operating Period, an amended Statement of Initial Operating Deficit shall be prepared as of the end of the fiscal year following the date such adjustments were made, showing the net deficit (or net income), as adjusted.

b. The cumulative totals of the income and expense accounts subsidiary to Account 1425, as shown on the Initial Operating Ledger (see Exhibit 1, Section 25-5-9), shall be reported on the Statement of Initial Operating Deficit, Form PHA-2356, in the appropriate spaces. Payments in lieu of taxes, if any, applicable to the Initial Operating Period shall be shown in the footnote at the bottom of the statement. If all or a part of the payments in lieu of taxes applicable to the Initial Operating Period are applied as reimbursement of payments for off-site utilities (see Section 25-22-1), the amount applied shall be shown as a footnote.

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<div style="border-bottom: 1px solid black; margin-bottom: 5px;">(Name of Local Authority)</div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">(Location)</div> <div style="margin-bottom: 5px;">TRIAL BALANCE</div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">(Date)</div>			
Contract No. _____		Project No. _____	
Account Number	Account Title	Account Balances	
		Debit	Credit
	<u>CASH</u>		
1111	General Fund	\$.....	\$.....
1114	Security Deposit Fund	.....	.....
1115	Preliminary Loan Fund	.....	.....
1117	Petty Cash Fund	.....	.....
	<u>ACCOUNTS RECEIVABLE</u>		
1122	Tenants	.....	.....
1124	PHA Annual Contributions	.....	.....
1129	Sundry	.....	.....
	<u>ACCRUED RECEIVABLES</u>		
1144	Accrued Interest Receivable - General Fund Investments	.....	.....
	<u>FISCAL AGENT FUNDS</u>		
1151	Debt Service Fund	.....	.....
1151.1	Rental Debt Service Account	.....	.....
1151.2	Annual Contributions Reduction Account	.....	.....
1151.3	Excess Lands Account	.....	.....
1151.4	Series "A" Bond Fund	.....	.....
1151.5	Series "B" Bond Fund	.....	.....
1151.6	Series "A" Reserve Fund	.....	.....
1151.7	General Bond Reserve Fund	.....	.....
1152	Advance Amortization Fund	.....	.....
1153	Investments	.....	.....
1154	Accrued Interest Receivable - Investments	.....	.....
	<u>INVESTMENTS</u>		
1171	General Fund	.....	.....
	<u>TRUST FUNDS</u>		
1181	Debt Service	.....	.....
	<u>DEFERRED CHARGES</u>		
1211	Prepaid Insurance	.....	.....
1212	Insurance Deposits	.....	.....
1290	Sundry	.....	.....
	<u>LAND, STRUCTURES, AND EQUIPMENT</u>		
1400	Land, Structures, and Equipment	.....	.....
	<u>PAYMENTS FOR OFF-SITE UTILITIES</u>		
1510	Payments for Off-Site Utilities	.....	.....
	<u>UNCOMPLETED CONTRACTS</u>		
1800	Uncompleted Contracts	.....	.....
	<u>ACCOUNTS PAYABLE</u>		
2111	Vendors and Contractors	.....	.....
2112	Contract Retentions	.....	.....
2113	Performance Deposits	.....	.....
2114	Tenants Security Deposits	.....	.....
2117.1	Income Tax Withholdings	.....	.....
2117.2	Employee Savings Bond Deductions	.....	.....
2117.3	Pension Fund Deductions and Contributions	.....	.....
2117.4	F.I.C.A. Deductions and Contributions	.....	.....
2117.5	State Unemployment Insurance Tax Deductions and Contributions	.....	.....
2118.1	Residual Receipts - PHA	.....	.....
2118.3	Disposition Proceeds - PHA	.....	.....
2118.6	Sundry - PHA	.....	.....
2119	Sundry	.....	.....
	Totals Carried Forward	.....	.....

(Cont'd)

**NOTE:** This Exhibit supersedes Exhibit 1 to Section 25-5-11 dated 12-15-54.  
Form PHA-2510 replaces Form PHA-2260.

PHA-2510 August 1956 Page 2									
_____ (Name of Local Authority)		_____ (Location)							
TRIAL BALANCE - (Date) _____									
Contract No. _____		Project Nos. _____							
Account Number	Account Title	Account Balances							
		Debit	Credit						
	Totals Brought Forward	\$.....	\$.....						
	<u>NOTES PAYABLE</u>								
2122	Advance Notes - PHA	.....	.....						
2123	Administrative Notes - PHA	.....	.....						
2126	Temporary Notes - Non-PHA	.....	.....						
2129	Sundry Notes	.....	.....						
	<u>ACCRUED LIABILITIES</u>								
2131	Interest Payable - PHA	.....	.....						
2132	Interest Payable - Non-PHA	.....	.....						
2133	Interest Payable - Bonds	.....	.....						
2137	Payments in Lieu of Taxes	.....	.....						
2139	Sundry	.....	.....						
2290	<u>DEFERRED CREDITS</u>								
	Sundry	.....	.....						
	<u>FIXED LIABILITIES</u>								
2311	Permanent Notes Payable	.....	.....						
2321	Series "A" Notes and Bonds - Issued	.....	.....						
2322	Series "A" Notes and Bonds - Retired	.....	.....						
2331	Series "B" Notes and Bonds - Issued	.....	.....						
2332	Series "B" Notes and Bonds - Retired	.....	.....						
2341	Bonds - Issued	.....	.....						
2342	Bonds - Retired	.....	.....						
	<u>CONTRACT AWARDS</u>								
2400	Contract Awards	.....	.....						
	<u>UNDISTRIBUTED CREDITS</u>								
2670	Unamortized Administration Contract - PHA	.....	.....						
2680	Collections Applicable to Off-Site Utilities	.....	.....						
	<u>SURPLUS</u>								
2810	Unreserved Surplus	.....	.....						
2820	Reserved Surplus - Operating Reserve	.....	.....						
2830	Reserved Surplus - Reserve for Property	.....	.....						
	Betterments and Additions	.....	.....						
2840	Cumulative PHA Contributions	.....	.....						
2850	Cumulative Donations	.....	.....						
	Totals	\$ _____	\$ _____						
FOOTNOTE: Total debit balances of individual tenant accounts		\$ _____							
Less: Total credit balances of individual tenant accounts		\$ _____							
Net Balance - Account 1122		\$ _____							
Credit Balance, Account 7580		\$ _____							
<table style="width: 100%;"> <tr> <td style="width: 50%;">Prepared By:</td> <td style="width: 50%;">Approved By:</td> </tr> <tr> <td>Name _____</td> <td>Name _____</td> </tr> <tr> <td>Title _____ Date _____</td> <td>Title _____ Date _____</td> </tr> </table>				Prepared By:	Approved By:	Name _____	Name _____	Title _____ Date _____	Title _____ Date _____
Prepared By:	Approved By:								
Name _____	Name _____								
Title _____ Date _____	Title _____ Date _____								

Introduction to Accounting Procedures During the Operations Period

1. General

- a. Local Authorities shall maintain a separate set of books of account for each Annual Contributions Contract during the Operations Period.
- b. In order to reduce the accounting workload of Local Authorities authorized to use the Small Low-Rent Programs Manual-Operation, all projects under a single Contract which have reached the end of the Initial Operating Period shall be consolidated and treated as a single project for accounting purposes, except that if there are any Nonpermanently Financed PL-171 Projects under such a Contract, a separate set of operating accounts must be maintained for each such project.
- c. As a general rule the Local Authority with a small program cannot afford the services of a full-time accountant with the required technical knowledge to maintain the general ledger and handle other nonroutine accounting. However, the recording of the day-to-day transactions can be done by a person without technical knowledge and will normally be done by the same person or persons who are responsible for other management activities. Under such circumstances the Local Authority should arrange for maintenance of the general ledger, etc., by a qualified accountant on a part-time or contract basis or by arrangements with a nearby Local Authority which has a sufficiently large program to justify a full-time accounting staff. The procedures for essential recording of day-to-day transactions are contained in Sections 9.1 through 9.15 of the Small Low-Rent Programs Manual - Operation. Nonroutine accounting requirements are prescribed in this Small Low-Rent Programs Manual - Accounting.
- d. On the first day of the month following the end of the Initial Operating Period of a project, the Local Authority shall establish, in addition to the books and records maintained during the Development Period, certain other books of account and records to control and classify properly all transactions resulting from the operation of the project. Instructions are provided in the Sections 25-6-2 through 25-6-6 for the continuance of certain books and records used in the Development Period and for the preparation of financial reports.

2. Chart and Definitions of Account for Use During the Operations Period. All of the accounts in the Chart of Accounts, Section 25-3-2, and the applicable Definitions, Section 25-3-3, will ordinarily be used during the Operations Period except some of the subsidiary accounts to Account 1400, Land, Structures, and Equipment. Some of the subsidiary accounts  
(Cont'd)

NOTE: This Section supersedes Section 25-6-1 dated 6-26-53. It has been revised to delete reference to Section 25-6-7 which has been eliminated from the Manual. Other minor changes have been made.



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to Account 1400 will be combined as of the end of the Initial Operating Period (see Sections 25-14) so that the subsidiary accounts to Account 1400 will then consist of the following:

- 1405 Indirect Development Costs
- 1440 Site Acquisition
- 1440.3 Excess Property
- 1450 Site Improvement
- 1460 Dwelling Structures
- 1465.1 Dwelling Equipment - Nonexpendable
- 1465.2 Dwelling Equipment - Expendable
- 1470 Nondwelling Structures
- 1475.1 Office Furniture and Equipment
- 1475.2 Maintenance Equipment
- 1475.3 Community Space Equipment
- 1475.7 Automotive Equipment
- 1475.9 Nondwelling Expendable Equipment

The other subsidiary accounts to Account 1400, shown in the Chart of Accounts, will only be used during the Operations Period if additional development work, resulting in an increase in Development Costs, is done during that time.

3. Books of Account, Accounting Records, Etc. Descriptions of the books of account and records considered to be the minimum required during the Operations Period and instructions for their use are in Sections 25-6-2 and 25-6-3.

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### Books of Account and Records

1. General. Certain books of account and records established and maintained during the Development Period will be required in the Operations Period without modification; others will require changes to provide for the accumulation of additional accounting information. This Section contains instructions for the continued use of these books of account and records.
2. General Ledger
  - a. The General Ledger maintained in the Development Period shall be continued during the Operations Period. Additional General Ledger sheets shall be established as needed.
  - b. For all Permanently Financed Projects under a single Contract one account shall be maintained for Operating Income Accounts (3115 through 3610); Operating Expense Accounts (4115 through 4795); Remitted Expenses, Accounts 5110 and 5111; Other Income Credits and Charges, Accounts 5210, 5220, 5230, 5240, 5610, 5620, 5630, 5690, and 5710; Surplus Credits and Charges, Accounts 6010, 6020, 6110, and 6120; Provision for Reserves, Accounts 7010 and 7020; and Operating Expenditures for Property Accounts 7510 through 7590. For projects Not Permanently Financed a separate account shall be maintained for each project. The accounts to be maintained for Nonpermanently Financed Projects are the same as for Permanently Financed Projects.
  - c. One Account 2820, Reserved Surplus - Operating Reserve, and one Account 2830, Reserved Surplus - Reserve for Betterments and Additions, shall be maintained for all Permanently Financed Projects under a single Contract. Separate Accounts 2820 and 2830 shall be maintained for each Nonpermanently Financed Project.
  - d. Only one Account 2700, Current Year Surplus or Deficit; Account 2810, Unreserved Surplus; Account 2840, Cumulative PHA Contributions; and Account 2850, Cumulative Donations, shall be maintained for all projects under a single Contract, whether Permanently Financed or Not Permanently Financed.
  - e. Except as noted above, the General Ledger shall be maintained and balanced in accordance with instructions in Sections 25-5-2 and 25-5-3 of this Manual.
3. Combined Cash Journal. A Combined Cash Journal shall be maintained in a manner similar to that prescribed in Section 25-5-3. Columns (16) and (17) of Exhibit 2, Section 25-5-3, may be used for Account 4000, Operating

(Cont'd)

NOTE: This Section supersedes Section 25-6-2 dated 6-26-53. It has been revised to eliminate reference to Sections of the Manual relating to Preliminary Loan books of account, and also to eliminate the requirement for maintaining separate control accounts for Development and Operations Contracts.

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Expense; Column (16) may be used for "Account number," and Column (17) for "Debit." At the close of the month, after Column (17) has been totaled and proved, the amounts entered in Column (17) shall be summarized by the account numbers shown in Column (16); the summary shall be shown immediately after the total of Column (17). The summarized total of each Operating Expense Account shall be posted as a single line entry to the appropriate Operating Expense account in the General Ledger. The Combined Cash Journal shall, otherwise, continue to be maintained in accordance with instructions in Section 25-5-3.

4. Contract Register. The same form of Contract Register used in the Development Period shall be used during the Operations Period. However, if at any time there are both uncompleted Development Contracts and uncompleted Operations Contracts, the Register shall be divided into two sections: the first section for the Development Contracts, and the second section for Operations Contracts. With this exception the Contract Register shall be maintained as prescribed in Section 25-5-3.
5. Voucher Checks. Disbursements shall be made by means of Voucher Checks in accordance with Section 25-5-3. If a supply of Voucher Checks remain on hand from the Development Period, such Checks shall continue to be used during the Operations Period without interruption in the series of numbers.
6. Petty Cash Vouchers. All disbursements from the Petty Cash Fund shall be supported by Petty Cash Vouchers. The instructions in Section 25-5-3 for the preparation and the use of Petty Cash Vouchers shall be followed during the Operations Period.
7. Journal Vouchers. The same form of Journal Voucher prescribed for use in the Development Period shall be used during the Operations Period. Instructions pertaining to Journal Vouchers are in Section 25-5-3.
8. Insurance Register. An Insurance Register shall be maintained as established in the Development Period. Instructions for the maintenance of such a Register are in Section 25-10-1.
9. Purchase Orders. Instructions for the continued use of purchase orders are in Section 6.2 of the Small Low-Rent Programs Manual - Operation.
10. Payroll and Leave Records. Instructions for the continued maintenance of payroll and leave records during the Operations Period are in Section 25-5-3.
11. Travel Expense Records. Instructions pertaining to Travel Expense Records in Section 25-5-3 are applicable also to the Operations Period.

(Cont'd)

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12. Bank Account Reconciliation. Instructions for reconciling bank accounts are in Section 25-5-3.
  13. Tenant Records. Instructions for establishing and maintaining tenant accounting records are in Section 25-7-1.

Additional Accounting Procedures

1. General

a. This Section sets forth general instructions relating to the accounting procedures required during the Operations Period. The Operations Period is the period beginning with the first day of the month following the End of the Initial Operating Period.

b. Various accounting procedures have been treated in detail in other Sections of the Manual. The instructions contained in those Sections are not repeated here, but should be referred to as a guide to accounting procedures to be used during the Operations Period. However, it should be noted that one copy of certain Journal Vouchers prepared during the year must be sent to the PHA with each annual Trial Balance (see Section 25-6-6).

2. Financing Transactions. The instructions for recording of transactions relating to the financing of projects are in Sections 25-16 of this Manual.

3. Accounts Payable, Accruals, and Deferred Charges

a. General. In order that the books of account will provide necessary data for the preparation of periodic budgetary and financial statements, it is essential that all obligations for services rendered or materials received, except as specifically provided below, be recorded at the close of each fiscal year. It is also essential that disbursements, which will become a charge to operations at a later date, be recorded as deferred charges.

b. Accounts Payable - Purchases on Open Account. At the end of each fiscal year a Journal Voucher shall be prepared to charge the applicable Operating Expenditure accounts and to credit Account 2111, Accounts Payable - Vendors and Contractors, with the total amount of unpaid bills and invoices for services rendered and/or materials received. The Journal Voucher shall show sufficient detail to permit identification of the bills and invoices being recorded, i.e. name of vendor, item, and amount. A Journal Voucher may be prepared at the beginning of the next month to reverse this entry and the applicable Operating Expenditure accounts charged at the time such bills and invoices are paid.

c. Accounts Payable - Purchases Under Contract. At the end of each fiscal year, a Journal Voucher shall be prepared to record all bills and invoices for services rendered and materials furnished under formally

(Cont'd)

NOTE: This Section supersedes Section 25-6-3 dated 6-26-53. It has been rewritten to eliminate the requirement for recording accrued utility expenses and the accrual of premiums on Workmen's Compensation and Public Liability insurance. Other minor changes have been made throughout the Section.

executed contracts as a charge to the applicable Operating Expenditure accounts and as a credit to Account 2111, Accounts Payable - Vendors and Contractors. The Journal Voucher shall be supported by a listing showing names of vendors or contractors, descriptions of the services rendered and/or materials furnished, contract numbers, and the amount of each unrecorded bill or invoice. The total of the unrecorded bills or invoices appearing on the Journal Voucher shall also be charged to Account 2400, Contract Awards, and credited to Account 1300, Uncompleted Contracts, in the General Ledger. A Journal Voucher may be prepared at the beginning of the next month to reverse this entry and the applicable Operating Expenditure accounts charged at the time the bills or invoices are paid.

d. Accrued Interest on Notes and Bonds. Accrued interest on all outstanding notes and bonds shall be recorded at the end of each fiscal year.

Instructions for computing the interest on notes and bonds are in Section 25-16-1; the entries for recording accrued interest in the books of account are as follows:

- (1) Prior to the latest date to which the Annual Contributions Contract provides that interest shall be charged to the Development Cost of the project 1/, the accrued interest on notes and bonds (exclusive of interest on Administrative and Sundry Notes) shall be recorded as follows:

Debit: Account 1420.1, Interest to PHA  
(for amount of interest on notes held by the PHA)

Debit: Account 1420.2, Interest on Notes - Non-PHA  
(For amount of interest on notes held by others than the PHA)

Debit: Account 1420.3, Interest on Bonds  
(For amount of interest on Bonds)

Credit: Account 2131, Accrued Liabilities - Interest Payable - PHA  
(For amount of interest on notes held by the PHA)

(Cont'd)

- 1/ Section 403(A) of the Annual Contributions Contract provides that interest on borrowed monies shall be charged to the Development Cost of the project up to the Date of Full Availability. Some contracts have been amended to provide that interest shall be charged to the Development Cost of the project to the Date of Full Availability or the date of Permanent Financing, whichever is later.

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Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount of interest on notes held  
by others than the PHA)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(For amount of interest on Bonds)

- (2) After the latest date to which the Annual Contributions Contract provides that interest shall be charged to the Development Cost of the project 1/, the accrued interest on notes and bonds (exclusive of interest on Administrative and Sundry Notes) shall be recorded as follows:

Debit: Account 5610, Interest on Bonds and Notes Payable  
(For amount of interest on notes and Bonds)

Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(For amount of interest on notes  
held by the PHA)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount of interest on notes held by  
others than the PHA)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(For amount of interest on Bonds)

- (3) Interest on Administrative Notes and Sundry Notes represents Operating Expenditures for the purpose of determining Residual Receipts; separate accounts have been provided for recording such interest expense. The accrued interest on outstanding Administrative Notes and Sundry Notes, if any, shall be recorded as follows:

Debit: Account 5620, Interest on Administrative  
Notes Payable  
(For amount of interest on Administrative  
Notes)

Debit: Account 5690, Sundry Interest Paid  
(For amount of interest on Sundry Notes)

(Cont'd)

1/ See Footnote on page 2  
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Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(For amount of interest on Administrative  
Notes)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount of interest on Sundry Notes)

e. Accrued Interest on Payments for Off-Site Utilities. If a Local Authority has made advances for off-site utilities, a Journal Voucher shall be prepared at the close of each fiscal year to record the accrued interest due on such advances in accordance with Section 25-22-1.

f. Accrued Payments in Lieu of Taxes. At the close of each fiscal year, a Journal Voucher shall be prepared to record accrued payments in lieu of taxes in accordance with instructions contained in Section 25-11-1.

g. Accrued Liabilities - Sundry. All other accrued liabilities not specifically mentioned above, except accrued utility expense and accrued premium on Workmen's Compensation and Public Liability insurance, shall be recorded at the close of each fiscal year; such liabilities shall be recorded as a debit to the applicable Operating Expenditure accounts and as a credit to Account 2139, Accrued Liabilities - Sundry. Utility expenses shall be recorded at the time the bill or invoice for such service is actually paid, or, if the bill or invoice is received but not paid prior to the end of the fiscal year, it shall be recorded as an account payable at the end of the fiscal year (see paragraph 3b above). The premium payable on Workmen's Compensation and Public Liability insurance shall be recorded at the time of payment in accordance with Section 25-10-1.

h. Deferred Charges. The instructions for recording the expired portion of insurance premiums are set forth in Section 25-10-1.

i. Remitted Expenses. If a Local Authority has made advances for off-site utilities and the contract provides for the repayment of such advances, and the accrued interest thereon, by the remission of all or a part of payments in lieu of taxes or by the remission of all or part of utility charges, the instructions for recording remitted payments in lieu of taxes and/or utility charges are set forth in Section 25-22-1.

4. Operating Reserve and Reserve for Property Betterments and Additions. Instructions for recording transactions affecting these accounts are in Sections 25-12-1 and 25-12-2.

5. Property Accounting. The accounting procedures relating to property are in Sections 25-14.

(Cont'd)



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6. Investments. Instructions for recording the acquisition and disposition of investments and the recording of interest thereon are in Section 25-15-1.
  7. Residual Receipts and Accruing Annual Contributions. The method of determining Residual Receipts is set forth in Section 25-6-6. The PHA will determine the amount of the Accruing Annual Contribution after review of the financial statements and will advise the Local Authority of the amount. The amount of the Accruing Annual Contribution shall be debited to Account 1124, Accounts Receivable - PHA Annual Contributions, and credited to Account 2840, Surplus - Cumulative PHA Contributions, upon receipt of advice from the PHA of the amount.

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Prior Year Adjustments (Surplus Adjustments)

1. General. This Section contains the procedure for recording the adjustment to transactions recorded during a prior fiscal year, and for recording transactions which should have been recorded in a prior fiscal year. Prior year adjustments fall into two categories: those which affect Residual Receipts, and those which do not affect Residual Receipts (see Section 25-3-3 for definitions of Accounts 6010 and 6020)
2. Recording Prior Year Adjustments
  - a. Adjustments of \$100 or more each, affecting the income and expense accounts of a prior fiscal year, shall be recorded in Account 6010 or Account 6020, as applicable. Adjustments of less than \$100 each, although applicable to income and expense of a prior fiscal year, shall be recorded in the appropriate income or expense accounts of the current fiscal year. A series of adjustments to several accounting transactions may not be accumulated for the purpose of applying the \$100 limitation; each adjustment shall be considered separately.
  - b. Adjustments affecting Surplus Credits and Charges, Accounts 6110 and 6120; Provision for Reserves, Accounts 7010 and 7020; and Operating Expenditures for Property, Accounts 7515 to 7580, shall not be recorded as a prior year adjustment, but shall be treated as current year transactions.
  - c. Adjustments affecting any of the income or expense accounts of the Initial Operating Period shall not be recorded as prior year adjustments, but shall be recorded in Account 1425, Initial Operating Deficit.
3. Adjustments by PHA Fiscal Branch. Certain adjustments may be made by the PHA upon review of the annual financial reports. Such adjustments will be taken into consideration in determining the amount of Accruing Annual Contribution and shall be recorded in Account 2810, Unreserved Surplus, and in the related asset and liability accounts, regardless of the amount involved. The PHA will provide the accounting entries to record these adjustments at the time the Local Authority is advised of the amount of the Accruing Annual Contribution
4. Adjustments by PHA Field Auditors. The PHA on-site audit of Local Authority records, performed after the close of the fiscal year, will often be completed before the PHA has completed its review of the annual financial reports. All audit adjustments prepared by Field Auditors and furnished the Local Authority shall be recorded immediately upon completion of the audit. However, the adjustments subsequently furnished by the PHA Fiscal Branch, if any, resulting from the review of annual financial reports, shall be compared with those made by the Field Auditors in order to avoid the duplication of entries.

NOTE: This Section supersedes Section 25-6-4 dated 6-26-53. It has been re-written to clarify the instructions for recording prior year adjustments.

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Closing the Books

1. General. This Section prescribes the procedure for closing the books at the end of the fiscal year.
2. Adjustments. Before closing, all accruals, deferred charges, unpaid invoices, and payments in lieu of taxes applicable to the fiscal year, shall be recorded in the books of account in accordance with instructions contained in Section 25-6-3.
3. Trial Balance of Subsidiary Ledgers. At the close of each fiscal year, trial balances shall be prepared from the Property Ledger and Security Deposit Record, and balanced with the General Ledger Control accounts. The sum of the balances of the Property Ledger shall equal the balance in Account 1400, Land, Structures, and Equipment; the sum of the balances in the Security Deposit Record shall equal the balance in Account 2114, Tenants Security Deposits. The total of the balances of tenants accounts in Column (23) of the Tenants Rental Register (see Exhibit 1 to Section 9.5 of the Small Low-Rent Programs Manual - Operation) at the close of the last month of the fiscal year shall agree with the balance in Account 1122, Accounts Receivable - Tenants.
4. General Ledger Trial Balance. After all subsidiary ledgers and records have been balanced and brought into agreement with the respective General Ledger accounts, a pre-closing Trial Balance of the General Ledger shall be taken to prove that the sum of the debit balances equals the sum of the credit balances. When the closing entries in paragraph 5 below have been posted, a post-closing Trial Balance shall also be prepared to prove the General Ledger is in balance after closing.
5. General Ledger Closing Entries
  - a. After the pre-closing Trial Balance has been prepared and proved to be in balance, Journal Vouchers to close all income and expense accounts to Account 2700, Current Year Surplus or Deficit, shall be prepared as follows:

(1)

Debit: Account 3115, Dwelling Rental and Excess Utilities

Debit: Account 3390, Nondwelling Rental

(Cont'd)

NOTE: This Section supersedes Section 25-6-5 dated 6-26-53. It has been revised to include all the income and expense accounts contained in the revised Chart of Accounts. Other minor changes have been made throughout the Section for purposes of clarification.

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Debit: Account 3595, Other Project Income

Debit: Account 3610, Interest on General Fund Investments

Credit: Account 2700, Current Year Surplus or Deficit

(To close operating income accounts to Current Year Surplus  
or Deficit for the fiscal year ended \_\_\_\_\_.)

(2)

Debit: Account 2700, Current Year Surplus or Deficit

Credit: Account 4115, Salaries

Credit: Account 4160, Miscellaneous Authority Expense

Credit: Account 4190, Other Management Expenses

Credit: Account 4310, Water

Credit: Account 4320, Electricity

Credit: Account 4330, Gas

Credit: Account 4340, Fuel and Heating Supplies

Credit: Account 4350, Heating Labor

Credit: Account 4390, Sundry Utilities

Credit: Account 4496, Labor

Credit: Account 4497, Materials

Credit: Account 4498, Contract Work

Credit: Account 4710, Insurance

Credit: Account 4720, Payments in Lieu of Taxes

Credit: Account 4740, Contributions to Retirement Funds

Credit: Account 4770, Collection Losses

Credit: Account 4795, Other Project Expense

(To close operating expense accounts to Current Year Surplus  
or Deficit for the fiscal year ended \_\_\_\_\_.)

(Cont'd)

(3)

Debit: Account 5210, Amortization of Premiums on Notes and Bonds

Debit: Account 5220, Bond Purchase Discounts

Debit: Account 5230, Interest on Amortization Fund Investments

Debit: Account 5240, Interest on Payments for Off-Site Utilities

Credit: Account 2700, Current Year Surplus or Deficit

(To close other income credits to Current Year Surplus  
or Deficit for the fiscal year ended \_\_\_\_\_.)

(4)

Debit: Account 2700, Current Year Surplus or Deficit

Credit: Account 5610, Interest on Bonds and Notes Payable

Credit: Account 5620, Interest on Administrative Notes Payable

Credit: Account 5630, Casualty Losses - Restoration Costs  
(Noncapitalized)

Credit: Account 5690, Sundry Interest

Credit: Account 5710, Bond Redemption Premiums

(To close other income charges to Current Year Surplus  
or Deficit for the fiscal year ended \_\_\_\_\_.)

(5)

Debit: Account 2700, Current Year Surplus or Deficit

Credit: Account 5110, Remitted Payments in Lieu of Taxes

Credit: Account 5111, Remitted Utility Charges

(To close remitted expense accounts to Current Year  
Surplus or Deficit for the fiscal year ended \_\_\_\_\_.)

Accounts 6010, 6020, 6110, and 6120, Surplus Credits and Charges, shall also  
be closed into Account 2700, at the end of the fiscal year.

(Cont'd)

b. After these closing Journal Vouchers have been prepared and posted, a Journal Voucher shall be prepared to transfer the balance of Account 2700, Current Year Surplus or Deficit, to Account 2810, Unreserved Surplus. If operations for the fiscal year result in a net income (credit) balance in Account 2700, the Journal Voucher shall be prepared as follows:

Debit: Account 2700, Current Year Surplus or Deficit

Credit: Account 2810, Unreserved Surplus

(To close Current Year Surplus into Unreserved Surplus.)

If operations for the fiscal year result in a net deficit (debit) balance in Account 2700, the Journal Voucher shall be prepared as follows:

Debit: Account 2810, Unreserved Surplus

Credit: Account 2700, Current Year Surplus or Deficit

(To close Current Year Deficit into Unreserved Surplus.)

c. Account 7010, Provision for Operating Reserve - Net, and Account 7020, Provision for Reserve for Betterments and Additions - Net, shall be closed directly into Account 2810, Unreserved Surplus, by Journal Voucher.

d. Accounts 7515, 7530, 7545, and 7560, shall be closed out against Account 7590. Any balance remaining in Account 7590 should be a debit balance in an amount equal to the credit balance in Account 7580. A credit balance in Account 7580 should represent cash in the General Fund derived from disposition of property and available for replacement of equipment, reserved for reconstruction or restoration, or eventually to be transferred to the Fiscal Agent or paid to the PHA (see definition of Account 7580 in Section 25-3-3).

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Financial and Budgetary Reporting1. General

- a. This Section prescribes the financial and budgetary reports to be prepared and sent to the PHA during the Operations Period. Under certain circumstances some of the reports prescribed herein must be prepared before the projects reach the Operations Period (see paragraphs 3 and 4 below).
- b. The original and two copies of each of these reports which are to be sent to the PHA annually (quarterly under certain circumstances), or more frequently if requested by the PHA, shall be dispatched in time to reach the PHA Central Office not later than the twentieth of the month following the close of the period for which the reports are prepared. All copies of the reports shall be signed by the person preparing the report and by the officer of the Local Authority who has been delegated authority to sign financial reports. All reports should be mailed to the Comptroller, Public Housing Administration, Washington 25, D. C.
- c. Many Local Authorities are required by local laws to prepare and distribute to city and State officials and others an annual report of their operations. Other Local Authorities find it desirable to publish such a report although not required to do so by local laws. If for any reason it is necessary or desirable to publish such a report and the report includes a statement of financial condition it is recommended that:
- (1) If the statement of financial condition does not show an allowance for depreciation on fixed assets the statement be footnoted to make it clear to readers that fixed assets are carried in the books of account at acquisition cost.
  - (2) The statement of financial condition be footnoted to make it clear to readers that securities purchased as investments are carried in the books of account at cost.

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NOTE: This Section supersedes Sections 25-6-6 and 25-6-7 dated 4-15-55. It has been rewritten to delete the requirement for preparing a Balance Sheet, Form PHA-2260; Statement of Land, Structures, and Equipment, Form PHA-2439; Analysis of Surplus From Operations, Form PHA-2263; Statement of Income and Expenses, Form PHA-2354; and the Statement of Operating Receipts and Expenditures, Form PHA-2355; and to substitute for them reports in the form of a General Ledger "Trial Balance" and a "Statement of Income and Expenses and Operating Receipts and Expenditures." It also includes instructions for the preparation of "Analysis of Debt Service Fund" which was formerly prescribed in Section 25-18-4.

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2. Exhibits. The format of the financial and budgetary reports to be prepared are reproduced as Exhibits at the end of this Section, and consist of the following:

- ✓ Form PHA-2510, Trial Balance, Exhibit 1, pages 1 and 2
- ✗ Form PHA-2511, Statement of Income and Expenses and Operating Receipts and Expenditures, Exhibit 2, pages 1 and 2

Form PHA-2436, Analysis of Debt Service Fund, Exhibit 3 1/

Form PHA-2440, Analysis of Fiscal Agent Funds, Exhibit 4 2/

These forms may be obtained from the PHA upon request addressed to:

Director, Property and Services Branch  
Public Housing Administration  
Washington 25, D. C.

3. Trial Balance (Exhibit 1)

a. Time of Preparation. A Trial Balance, Form PHA-2510, shall be prepared and sent to the PHA at the end of each calendar quarter until all projects under the Contract have reached the end of the Initial Operating Period; thereafter, a Trial Balance shall be prepared and sent to the PHA at the end of each fiscal year.

b. Preparation

(1) Quarterly Trial Balance. At the end of each calendar quarter, during the period when Form PHA-2510 is required to be prepared quarterly, after appropriate entries have been made to record all payables, accrued expenses, and deferred charges in accordance with Sections 25-5-10 and 25-6-3 of this Manual, a Trial Balance of the General Ledger and all subsidiary ledgers shall be taken. After it has been determined that the General Ledger accounts are in balance and that the totals in the subsidiary ledgers are in agreement with the General Ledger control accounts, a Trial Balance shall be prepared on Form PHA-2510. The balances of all asset, liability, and surplus accounts (accounts in the 1000 and 2000 group), as shown in the General Ledger, shall be reported on this form, except for Account 2810, Unreserved Surplus; the amount to be reported for Account 2810 shall be the balance shown in the General Ledger plus or minus, as applicable, the net difference between the total debit balances and the total credit

(Cont'd)

1/ Applicable only to Nonpermanently Financed PL-671 Projects.

2/ Applicable only to locally owned PL-412 projects which are financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds.



balances of accounts in the 3000, 4000, 5000, 6000, and 7000 group. If any of the prescribed General Ledger accounts have been sub-divided, such accounts shall be combined for reporting purposes. The sum of the individual debit balances of tenant accounts receivable and the sum of the individual credit balances of tenant accounts shall be entered in the spaces provided in the footnote at the bottom of page 2 of the Trial Balance; the net difference between the total debit balances and the total credit balances shall be in agreement with the balance reported for Account 1122, Accounts Receivable - Tenants. The credit balance, if any, of Account 7580, Proceeds From Disposition of Property, shall also be reported in the space provided in the footnote. (The balances of Accounts in the 3000, 4000, 5000, 6000, and 7000 group shall not be closed into Account 2810, Unreserved Surplus, until the end of the fiscal year.)

(2) Annual Trial Balance. At the end of each fiscal year, after closing the books in accordance with Section 25-6-5, a Trial Balance of the General Ledger shall be prepared on Form PHA-2510. The balances of all asset, liability, and surplus accounts (accounts in the 1000 and 2000 group), as shown in the General Ledger (after closing), shall be reported on this form. If any of the prescribed General Ledger accounts have been subdivided, such accounts shall be combined for reporting purposes. The sum of the individual debit balances of tenant accounts receivable and the sum of the individual credit balances of tenant accounts shall be entered in the space provided in the footnote at the bottom of page 2 of the Trial Balance; the net difference between the total debit balances and the total credit balances shall be in agreement with the balance reported for Account 1122, Accounts Receivable-Tenants. The credit balance, if any, of Account 7580, Proceeds From Disposition of Property, shall also be reported in the space provided in the footnote.

4. Statement of Income and Expenses and Operating Receipts and Expenditures  
(Exhibit 2)

a. Time of Preparation

(1) A Statement of Income and Expenses and Operating Receipts and Expenditures, Form PHA-2511, shall be prepared in the number of copies set forth in paragraph 1b above and sent to the PHA, Washington 25, D.C., as of the end of each fiscal year.

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NOTE: These pages 3, 4, and 4a supersede pages 3-4 of Section 25-6-6 dated August 1956. Paragraph 3a has been revised to provide for the quarterly preparation and submission to the Regional Office of Form PHA-2511 when required by the Regional Office.

(2) Under certain circumstances, the PHA Regional Office may require that Form PHA-2511 be prepared and submitted to it at the end of each quarter, except the quarter that ends the Fiscal Year. In such cases the PHA Regional Office will inform the Local Authority by letter that it requires a quarterly Form PHA-2511. The letter will also state the number of copies of the report to be sent to it. Copies of the quarterly Form PHA-2511, shall not be sent to the PHA Central Office. Data called for under the heading "Budget" need not be shown in the quarterly Form PHA-2511.

(3) One exception to the requirement for fiscal year reports as provided in paragraph 3a(1) above should be noted. In rare cases, the first fiscal year of a project may end before any project under an Annual Contributions Contract reaches the Operations Period and/or before any charges or credits have been made to accounts in the 5000 group. Under such circumstances there would be no income or expense items or receipts or expenditures for which a Statement of Income and Expenses and Operating Receipts and Expenditures could be prepared.

b. Preparation. A consolidated Statement of Income and Expenses and Operating Receipts and Expenditures, Form PHA-2511, shall be prepared for all projects under a single contract with the PHA (Annual Contributions Contract or Administration Contract), except that a separate statement shall be prepared and submitted for each Nonpermanently Financed PL-171 Project. After appropriate entries have been made to record all payables, accrued expenses, deferred charges, etc., in accordance with Section 25-6-3, but prior to recording the closing entries prescribed in Section 25-6-5, Form PHA-2511, shall be prepared in the following manner:

(1) Heading

(a) Enter in the space provided the Public Law number under which the projects were developed (PL-171, PL-412, PL-671), or enter "PWA," "Lanham," or "Farm Labor Camp," as applicable, for projects conveyed to the Local Authority for low-rent use. When there are two or more projects under a single Annual Contributions Contract which were developed under different Public laws, enter "mixed."

(b) In the space provided for "Number of Units" enter the number of dwelling units included in the approved Annual Operating Budget for the projects included in the report.

(c) In the space provided for "Number of Unit Months Available" enter the product of the "Number of Units" multiplied by the number of months the project has been in operation (usually twelve months) during the fiscal year for which the report is being prepared.

(Cont'd)

(d) The other blank spaces to be completed are self-explanatory.

- (2) Column (1), Income and Expenses. Enter in this column on the appropriate lines the balance in each of the accounts in the 3000, 4000, 5000, and 6000 group as shown in the General Ledger (or subsidiary ledgers) at the end of the fiscal year for which the statement is prepared. ("X" marks have been placed in Column (1) opposite Accounts 2680 and 7530 listed on lines 5 and 6 because the balances in these accounts do not represent income of the project; the balances in these accounts, if any, are to be shown in Column (2).) The accounts in the 6000 group (Surplus Credits and Charges) may have either a debit or credit balance at the end of the fiscal year; therefore, a debit balance in any of these accounts shall be shown without designation, and a credit balance shall be enclosed in parentheses. The amount shown on line 52 will represent Surplus or Deficit for the current fiscal year; a surplus (credit balance) shall be shown without designation, and a deficit (debit balance) shall be shown in parentheses. In order to verify the mathematical accuracy of the amounts entered in Column (1), an adding machine tape should be prepared of the debit and credit balances of all the accounts in

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the 3000, 4000, 5000, and 6000 group of accounts, as shown in the General Ledger (or subsidiary ledgers); the net difference between the total debit balances and the total credit balances in these accounts must equal the amount shown in Column (1) on line 52.

(3) Column (2), Operating Receipts and Expenditures - Actual Amount

(a) Lines 1 through 51. Enter in this column the balance in each of the accounts in the 3000, 4000, 5000, and 6000 group, as shown in Column (1), except those accounts in the 5000 and 6000 group which do not represent operating receipts or operating expenditures. "X" marks have been placed in Column (2) opposite the accounts which do not represent operating receipts or operating expenditures, and the balances in these accounts are not to be shown in Column (2). The balances in Accounts 2680 and 7530, if any, as shown in the General Ledger, shall be entered in Column (2) on line 5 and line 6, respectively. Account 6010, Prior Year Adjustments - Affecting Residual Receipts, may have either a debit or credit balance at the end of the fiscal year; a debit balance in this account shall be shown without designation, and a credit balance shall be enclosed in parentheses.

(b) Line 53. Self-explanatory.

(c) Lines 54, 55, and 56. Enter in this column on the appropriate lines the balances in Accounts 7515, 7545, and 7560 as shown in the General Ledger at the end of the fiscal year for which the statement is prepared.

(d) Line 57. Enter the total of lines 54, 55, and 56.

(e) Line 58. If there was a deficiency in Residual Receipts at the end of the preceding fiscal year, enter the amount of such deficiency on this line.

(f) Line 59. This line is to be used for PL-412 projects which are financed by Series "A" and "B" Bonds, except as provided in paragraph 8 below. Enter on this line, in Column (2), the amount deposited in the Rental Debt Service Account during the fiscal year for which the statement is being prepared. The total entered on this line shall be equal to the difference between the Bond Service Requirements and the amount of the Fixed Annual Contribution as shown by Form PHA-884-1, Occupancy Notice, or if additional Series "B" Bonds have been issued, by the latest Form PHA-895, Notice of Changes in Bond Service Requirements.

(g) Line 60. Enter the total of lines 58 and 59.

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(h) Line 61. Self-explanatory.

(i) Line 62. Enter the net amount of the Provision for Operating Reserve as shown in Account 7010, Provision for Operating Reserve. A net debit shall be shown without designation; a net credit shall be enclosed in parentheses.

(j) Line 63. Enter the net amount of the Provision for Betterments and Additions as shown in Account 7020, Provisions for Betterments and Additions. A net debit shall be shown without designation; a net credit shall be shown in parentheses.

(k) Line 64. Enter the total of lines 62 and 63.

(l) Line 65. Self-explanatory.

(4) Column (3), Actual PUM. PUM means "Per Unit Month." This column shall be completed by dividing the amount shown on each line in in Column (2) by the "Number of Unit Months Available" as shown in the heading of the report, and entering the quotient on the appropriate line.

(5) Column (4), Budget Amount. Enter in this column on the appropriate line (lines 1 through 65) the amount included in the Approved Operating Budget, including budget revisions, if any, for (a) each Operating Receipt and Expenditure account, (b) deposits in the Rental Debt Service Account 1/, and (c) Provisions for Reserve. (See Form PHA-2297, Operating Budget, and Form PHA-2296, Budget Revision.)

(6) Column (5), Budget PUM. This column may be completed by copying the PUM figures shown on Form PHA-2297, Operating Budget, as revised by any budget revisions approved on Form PHA-2296.

5. Analysis of Debt Service Fund (Exhibit 3) 2/

a. Preparation of Analysis of Debt Service Fund - Form PHA-2436. In order to facilitate the review of the financial statements by the PHA, and to determine that deposits have been made in the Debt Service Fund in accordance with the terms of the Contract, the Local Authority shall prepare and send to the PHA an Analysis of the Debt Service Fund at the end of each fiscal year. The heading of the form is self-explanatory  
(Cont'd)

1/ Applicable only to locally owned PL-412 projects which are financed by Series "A" and Series "B" Bonds.

2/ Applicable only to Nonpermanently Financed PL-571 Projects.

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and shall be filled in by the Local Authority. Lines 1 through 12 shall be completed in the following manner:

- Line 1 - Enter the balance in Account 1181, Trust Funds - Debt Service, as shown on the project books of account at the end of the previous fiscal year.
- Line 2 - Enter the amount of the Accruing Annual Contribution paid by the PHA for the previous fiscal year, if any, which was deposited in the Debt Service Fund during the current fiscal year.
- Line 3 - Enter the amount by which Residual Receipts for the previous fiscal year exceeded the amount of Debt Service Requirements for the previous fiscal year which was deposited in the Debt Service Fund during the current fiscal year.
- Line 4 - If the Local Authority failed to make all the required deposits in the Debt Service Fund during the previous fiscal year, enter on this line the amount deposited during the current fiscal year to meet the requirements for the preceding fiscal year.
- Line 5 - Self-explanatory.
- Line 6 - Enter on this line the amount transferred, if any, from the Debt Service Fund to the General Fund during the current fiscal year.
- Line 7 - Self-explanatory.
- Line 8 - Enter on the appropriate line the amounts deposited during the current fiscal year for current Debt Service Requirements, as follows:
- (1) Enter the amount deposited for the payment of interest accrued during the fiscal year on outstanding Advance Notes and/or Temporary Notes.
  - (2) Enter the amount of premiums received from the purchasers of notes and deposited in the Debt Service Fund during the current fiscal year.
  - (3) Enter the amount deposited for Debt Amortization.
- Line 9 - Enter on this line deposits made during the current fiscal year for purposes other than Debt Service Requirements, that is, deposits of proceeds from sale of excess land or other real property.

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Line 10 - Self-explanatory.

Line 11 - Enter on the appropriate line the amount of disbursements made during the current fiscal year for the payment of interest on and principal of outstanding notes.

Line 12 - Self-explanatory. The amount on this line represents the balance in Account 1181, Trust Funds - Debt Service, at the end of the current fiscal year.

b. Review of Analysis of Debt Service Fund by the PHA. The PHA will review the Analysis of Debt Service Fund, Form PHA-2436, and if it is determined that the deposits made during the current fiscal year do not conform to the terms and conditions of the Contract, the Local Authority will be informed of the correction to be made for over or under deposits.

6. Analysis of Fiscal Agent Funds - (Exhibit 4)

a. Time of Preparation. An Analysis of Fiscal Agent Funds, Form PHA-2440, shall be prepared at the end of each fiscal year, by Contract, for PL-412 projects which are financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds.

b. Preparation

(1) Section I of the Analysis of Fiscal Agent Funds shall be completed by inserting the balances in Accounts 1151.1 through 1151.7 as shown in the General Ledger. The balances in each of these accounts shall be reconciled with the amount reported for each account by the Fiscal Agent.

(2) Section II of the Analysis of Fiscal Agent Funds shall be completed in the following manner:

Line 1 - The original cost of securities held at the end of the fiscal year, which were purchased from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund, shall be entered on this line in the appropriate column.

Line 2 - If the Local Authority has recorded increment in the value of U. S. Savings Bonds, enter on this line, in the appropriate column, the book value of securities held at the end of the fiscal year which were purchased from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total shown on this line shall be equal to the amount reported on the trial balance for Account 1153.

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Line 3 - Enter on this line, in the appropriate column, the balance in Account 1154 at the end of the fiscal year applicable to investments made from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total shown on this line shall be equal to the amount reported on the trial balance for Account 1154.

Line 4 - Enter on this line, in the appropriate column, the amount of interest received during the current fiscal year on investments made from the Annual Contributions Reduction Account and/or Series "A" Reserve Fund. The total shown on this line shall be equal to the balance in Account 5230 at the end of the fiscal year.

7. Copies of Journal Vouchers To Be Submitted With the Annual Reports. To facilitate the essential verification of certain computations by the PHA, there shall be sent to the PHA with each annual Trial Balance, one copy of each Journal Voucher prepared during the fiscal year, which affects any of the following accounts:

1151	Debt Service Fund
1151.1	Rental Debt Service Account
1151.2	Annual Contributions Reduction Account
1151.3	Excess Lands Account
1151.4	Series "A" Bond Fund
1151.5	Series "B" Bond Fund
1151.6	Series "A" Reserve Fund
1151.7	General Bond Reserve Fund
1152	Advance Amortization Fund
1153	Fiscal Agent Funds - Investments
1154	Fiscal Agent Funds - Accrued Interest Receivable - Investments
1510	Payments for Off-Site Utilities
2118.1	Accounts Payable - Residual Receipts - PHA
2118.3	Accounts Payable - Disposition Proceeds - PHA

(Cont'd)



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2118.6	Accounts Payable - Sundry - PHA
2680	Collections Applicable to Off-Site Utilities
2700	Current Year Surplus or Deficit
2810	Unreserved Surplus
2820	Reserved Surplus - Operating Reserve
2830	Reserved Surplus - Reserve for Property Betterments and Additions
2840	Cumulative PHA Contributions
4720	Payments in Lieu of Taxes
6010	Prior Year Adjustments - Affecting Residual Receipts
6020	Prior Year Adjustments - Not Affecting Residual Receipts
7010	Provision for Operating Reserve - Net
7020	Provision for Betterments and Additions
7515	Replacement of Equipment
7530	Receipts From Equipment Not Replaced
7545	Property Betterments and Additions
7560	Reconstruction and Restoration of Damaged Property
7580	Proceeds From Disposition of Property
7590	Operating Expenditures for Property - Contra

8. Special Instructions Relating to PL-412 Projects Refinanced Under the Provisions of Supplement No. 1 to Amendment to Contract for Loan and Annual Contributions

a. In some instances the Local Authority and the PHA executed an Amendment to the Contract (Supplement No. 1 to Amendment to Contract for Loan and Annual Contributions, Form PHA-2270-A) which authorized the retirement  
(Cont'd)

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of all Series "A" and "B" Bonds and provided for refinancing the projects by a Permanent Note (or Temporary Note). This Amendment also provides that the Local Authority shall pay to the Paying Agent for the Temporary Notes or to the PHA as holder of the Permanent Note an amount which, except for the provisions of this Amendment, would have been deposited in the Rental Debt Service Account. The amount of the payment is set forth in Section 2(E) of the Amendment (Form PHA-2270-A), and is to be applied to the interest on and the principal of the Temporary and/or Permanent Notes.

b. The payment to be made on the notes in lieu of deposits in the Rental Debt Service Account represents an Operating Expenditure and shall be shown on line 59 (in column 2) of the Statement of Income and Expenses and Operating Receipts and Expenditures, Form PHA-2511, although the actual payment to the Paying Agent of the Temporary Notes, or to the PHA, may not be made until the subsequent fiscal year.

SMALL LOW-RENT PROGRAMS MANUAL

ACCOUNTING

PHA-2510 August 1956 Page 1			
_____ (Name of Local Authority)			
_____ (Location)			
TRIAL BALANCE			
_____ (Date)			
Contract No. _____		Project No. _____	
Account Number	Account Title	Account Balances	
		Debit	Credit
	<u>CASH</u>		
1111	General Fund	\$.....	\$.....
1114	Security Deposit Fund	.....	.....
1115	Preliminary Loan Fund	.....	.....
1117	Petty Cash Fund	.....	.....
	<u>ACCOUNTS RECEIVABLE</u>		
1122	Tenants	.....	.....
1124	PHA Annual Contributions	.....	.....
1129	Sundry	.....	.....
	<u>ACCRUED RECEIVABLES</u>		
1144	Accrued Interest Receivable - General Fund Investments	.....	.....
	<u>FISCAL AGENT FUNDS</u>		
1151	Debt Service Fund	.....	.....
1151.1	Rental Debt Service Account	.....	.....
1151.2	Annual Contributions Reduction Account	.....	.....
1151.3	Excess Lands Account	.....	.....
1151.4	Series "A" Bond Fund	.....	.....
1151.5	Series "B" Bond Fund	.....	.....
1151.6	Series "A" Reserve Fund	.....	.....
1151.7	General Bond Reserve Fund	.....	.....
1152	Advance Amortization Fund	.....	.....
1153	Investments	.....	.....
1154	Accrued Interest Receivable - Investments	.....	.....
	<u>INVESTMENTS</u>		
1171	General Fund	.....	.....
	<u>TRUST FUNDS</u>		
1181	Debt Service	.....	.....
	<u>DEFERRED CHARGES</u>		
1211	Prepaid Insurance	.....	.....
1212	Insurance Deposits	.....	.....
1290	Sundry	.....	.....
	<u>LAND, STRUCTURES, AND EQUIPMENT</u>		
1400	Land, Structures, and Equipment	.....	.....
	<u>PAYMENTS FOR OFF-SITE UTILITIES</u>		
1510	Payments for Off-Site Utilities	.....	.....
	<u>UNCOMPLETED CONTRACTS</u>		
1800	Uncompleted Contracts	.....	.....
	<u>ACCOUNTS PAYABLE</u>		
2111	Vendors and Contractors	.....	.....
2112	Contract Retentions	.....	.....
2113	Performance Deposits	.....	.....
2114	Tenants Security Deposits	.....	.....
2117.1	Income Tax Withholdings	.....	.....
2117.2	Employee Savings Bond Deductions	.....	.....
2117.3	Pension Fund Deductions and Contributions	.....	.....
2117.4	F.I.C.A. Deductions and Contributions	.....	.....
2117.5	State Unemployment Insurance Tax Deductions and Contributions	.....	.....
2118.1	Residual Receipts - PHA	.....	.....
2118.3	Disposition Proceeds - PHA	.....	.....
2118.6	Sundry - PHA	.....	.....
2119	Sundry	.....	.....
	Totals Carried Forward	.....	.....

(Cont'd)

NOTE: This Exhibit supersedes Exhibit 1 to Section 25-6-6 dated 4-15-55. Form PHA-2510 replaces Form PHA-2260.

25-6-6

Exhibit 1 (Cont'd)

## SMALL LOW-RENT PROGRAMS MANUAL

## ACCOUNTING

HHFA

PHA

August 1956

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August 1956  
Page 2

(Name of Local Authority)

(Location)

TRIAL BALANCE - (Date) \_\_\_\_\_

Contract No. \_\_\_\_\_

Project Nos. \_\_\_\_\_

Account Number	Account Title	Account Balances	
		Debit	Credit
	Totals Brought Forward	\$.....	\$.....
	<b>NOTES PAYABLE</b>		
2122	Advance Notes - PHA	.....	.....
2123	Administrative Notes - PHA	.....	.....
2126	Temporary Notes - Non-PHA	.....	.....
2129	Sundry Notes	.....	.....
	<b>ACCRUED LIABILITIES</b>		
2131	Interest Payable - PHA	.....	.....
2132	Interest Payable - Non-PHA	.....	.....
2133	Interest Payable - Bonds	.....	.....
2137	Payments in Lieu of Taxes	.....	.....
2139	Sundry	.....	.....
	<b>DEFERRED CREDITS</b>		
2290	Sundry	.....	.....
	<b>FIXED LIABILITIES</b>		
2311	Permanent Notes Payable	.....	.....
2321	Series "A" Notes and Bonds - Issued	.....	.....
2322	Series "A" Notes and Bonds - Retired	.....	.....
2331	Series "B" Notes and Bonds - Issued	.....	.....
2332	Series "B" Notes and Bonds - Retired	.....	.....
2341	Bonds - Issued	.....	.....
2342	Bonds - Retired	.....	.....
	<b>CONTRACT AWARDS</b>		
2400	Contract Awards	.....	.....
	<b>UNDISTRIBUTED CREDITS</b>		
2670	Unamortized Administration Contract - PHA	.....	.....
2680	Collections Applicable to Off-Site Utilities	.....	.....
	<b>SURPLUS</b>		
2810	Unreserved Surplus	.....	.....
2820	Reserved Surplus - Operating Reserve	.....	.....
2830	Reserved Surplus - Reserve for Property Betterments and Additions	.....	.....
2840	Cumulative PHA Contributions	.....	.....
2850	Cumulative Donations	.....	.....
	Totals	\$=====	\$=====

FOOTNOTE: Total debit balances of individual tenant accounts \$ \_\_\_\_\_  
Less: Total credit balances of individual tenant accounts \$ \_\_\_\_\_  
Net Balance - Account 1122 \$ \_\_\_\_\_

Credit Balance, Account 7580 \$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

PHA-2459 March 1955																																			
(Name of Local Authority)																																			
(Location)																																			
ANALYSIS OF DEBT SERVICE FUND (for Non-Permanently Financed PL-671 Projects)																																			
FOR THE FISCAL YEAR ENDED																																			
(Date)																																			
Contract Number	Project Number(s)																																		
<table><tr><td>1. Balance in Debt Service Fund (Account 1181) at End of Prior Fiscal Year</td><td>\$.....</td></tr><tr><td>2. Annual Contribution for Prior Fiscal Year Deposited During Current Fiscal Year</td><td>.....</td></tr><tr><td>3. Additional Debt Service Earned for Prior Fiscal Year and Deposited During Current Fiscal Year</td><td>.....</td></tr><tr><td>4. Deficiency in Deposits for Prior Fiscal Year Deposited During Current Fiscal Year</td><td>.....</td></tr><tr><td>5. Total (Lines 1 to 4)</td><td>\$.....</td></tr><tr><td>6. Excess Deposits for Prior Fiscal Year Transferred to General Fund During Current Fiscal Year</td><td>.....</td></tr><tr><td>7. Adjusted Balance as at End of Prior Fiscal Year (Line 5 minus line 6)</td><td>.....</td></tr><tr><td>8. Deposits for Current Year Debt Service Requirements:</td><td></td></tr><tr><td>    a. Interest on Outstanding Notes</td><td>.....</td></tr><tr><td>    b. Premium Received From Purchasers of Notes</td><td>.....</td></tr><tr><td>    c. Debt Amortization (Development Cost of \$..... x .0084)</td><td>.....</td></tr><tr><td>9. Other Deposits: (Explain)</td><td>.....</td></tr><tr><td>10. Total (Lines 7, 8, and 9)</td><td>.....</td></tr><tr><td>11. Disbursements During Current Fiscal Year:</td><td></td></tr><tr><td>    a. Payment of Interest on Notes</td><td>.....</td></tr><tr><td>    b. Payment of Principal on Notes</td><td>.....</td></tr><tr><td>12. Balance in Debt Service Fund (Account 1181) at End of Current Fiscal Year (Line 10 minus line 11)</td><td>\$.....</td></tr></table>		1. Balance in Debt Service Fund (Account 1181) at End of Prior Fiscal Year	\$.....	2. Annual Contribution for Prior Fiscal Year Deposited During Current Fiscal Year	.....	3. Additional Debt Service Earned for Prior Fiscal Year and Deposited During Current Fiscal Year	.....	4. Deficiency in Deposits for Prior Fiscal Year Deposited During Current Fiscal Year	.....	5. Total (Lines 1 to 4)	\$.....	6. Excess Deposits for Prior Fiscal Year Transferred to General Fund During Current Fiscal Year	.....	7. Adjusted Balance as at End of Prior Fiscal Year (Line 5 minus line 6)	.....	8. Deposits for Current Year Debt Service Requirements:		a. Interest on Outstanding Notes	.....	b. Premium Received From Purchasers of Notes	.....	c. Debt Amortization (Development Cost of \$..... x .0084)	.....	9. Other Deposits: (Explain)	.....	10. Total (Lines 7, 8, and 9)	.....	11. Disbursements During Current Fiscal Year:		a. Payment of Interest on Notes	.....	b. Payment of Principal on Notes	.....	12. Balance in Debt Service Fund (Account 1181) at End of Current Fiscal Year (Line 10 minus line 11)	\$.....
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Prepared By: Name _____ Title _____ Date _____	Approved By: Name _____ Title _____ Date _____																																		

NOTE: This Exhibit supersedes Exhibit 3 to Section 25-6-6 dated 4-15-55.

PHA-2440 March 1955																									
<div style="border-bottom: 1px solid black; margin: 0 auto; width: 80%;"></div> <p>(Name of Local Authority)</p> <div style="border-bottom: 1px solid black; margin: 0 auto; width: 80%;"></div> <p>(Location)</p> <p><b>ANALYSIS OF FISCAL AGENT FUNDS</b> <b>For Fiscal Year Ended</b></p> <div style="border-bottom: 1px solid black; margin: 0 auto; width: 80%;"></div>																									
Contract Number _____	Project Numbers _____																								
<b>I. CASH:</b> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 60%;">1151.1 - Rental Debt Service Account</td><td style="width: 10%;">\$.....</td><td style="width: 30%;"></td></tr><tr><td>1151.2 - Annual Contributions Reduction Account</td><td>.....</td><td></td></tr><tr><td>1151.3 - Excess Lands Account</td><td>.....</td><td></td></tr><tr><td>1151.4 - Series "A" Bond Fund</td><td>.....</td><td></td></tr><tr><td>1151.5 - Series "B" Bond Fund</td><td>.....</td><td></td></tr><tr><td>1151.6 - Series "A" Reserve Fund</td><td>.....</td><td></td></tr><tr><td>1151.7 - General Bond Reserve Fund</td><td>.....</td><td></td></tr><tr><td style="text-align: right;"><b>Total</b></td><td></td><td style="text-align: right;">\$ _____</td></tr></table>		1151.1 - Rental Debt Service Account	\$.....		1151.2 - Annual Contributions Reduction Account	.....		1151.3 - Excess Lands Account	.....		1151.4 - Series "A" Bond Fund	.....		1151.5 - Series "B" Bond Fund	.....		1151.6 - Series "A" Reserve Fund	.....		1151.7 - General Bond Reserve Fund	.....		<b>Total</b>		\$ _____
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1151.7 - General Bond Reserve Fund	.....																								
<b>Total</b>		\$ _____																							
<b>II. INVESTMENTS:</b> <table style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 45%;"></th><th style="width: 15%; text-align: center;">Annual Contributions Reduction Account</th><th style="width: 15%; text-align: center;">Series "A" Reserve Fund</th><th style="width: 25%; text-align: center;">Total</th></tr></thead><tbody><tr><td>1. Investments - Cost</td><td style="text-align: right;">\$ _____</td><td style="text-align: right;">\$ _____</td><td style="text-align: right;">\$ _____</td></tr><tr><td>2. Investments - Book Value</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td></tr><tr><td>3. Accrued Interest Receivable - Investments</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td></tr><tr><td>4. Interest Earned - Current Fiscal Year</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td><td style="text-align: right;">_____</td></tr></tbody></table>			Annual Contributions Reduction Account	Series "A" Reserve Fund	Total	1. Investments - Cost	\$ _____	\$ _____	\$ _____	2. Investments - Book Value	_____	_____	_____	3. Accrued Interest Receivable - Investments	_____	_____	_____	4. Interest Earned - Current Fiscal Year	_____	_____	_____				
	Annual Contributions Reduction Account	Series "A" Reserve Fund	Total																						
1. Investments - Cost	\$ _____	\$ _____	\$ _____																						
2. Investments - Book Value	_____	_____	_____																						
3. Accrued Interest Receivable - Investments	_____	_____	_____																						
4. Interest Earned - Current Fiscal Year	_____	_____	_____																						
<table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 50%; vertical-align: top;"><b>Prepared By:</b>  Name _____  Title _____ Date _____</td><td style="width: 50%; vertical-align: top;"><b>Approved By:</b>  Name _____  Title _____ Date _____</td></tr></table>		<b>Prepared By:</b>  Name _____  Title _____ Date _____	<b>Approved By:</b>  Name _____  Title _____ Date _____																						
<b>Prepared By:</b>  Name _____  Title _____ Date _____	<b>Approved By:</b>  Name _____  Title _____ Date _____																								

NOTE: This Exhibit supersedes Exhibit 5 to Section 25-6-6 dated 4-15-55.

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Tenant Accounting

1. General

- a. The Local Authority shall establish and maintain complete and accurate tenant accounting records for all projects under an Annual Contributions Contract. Instructions are provided in this Section for the purpose of assisting Local Authorities with respect to the detailed procedures necessary for the proper recording of tenant transactions and the maintenance of adequate records in relation thereto, other than essential day-to-day recording instructions which are incorporated in Section 9.5 of the Small Low-Rent Programs Manual - Operation.
- b. If a Local Authority prefers, it may, in lieu of the tenant accounting procedure described and referred to in this Section, maintain a Tenants Accounts Receivable Ledger (with a separate account for each tenant) and other related forms. This may be preferable for programs of over 100 units; if requested the PHA will supply appropriate instructions.

2. Pro Rata Rent Schedule

- a. General. Interim charges or credits to tenants accounts are required when tenants move into or vacate units during a rental period. The computations with respect to interim charges and credits shall in all cases be in conformity with the stipulations contained in the lease. For the purpose of readily determining the amount of rentals chargeable against tenants who move into or vacate a project during the month, a Pro Rata Rent Schedule shall be established covering each anticipated rent charge.
- b. Preparation of Pro Rata Rent Schedule. The schedule may be prepared on the basis of actual calendar days in any month or on the basis of a 30-day month. If necessary, the PHA will assist the Local Authority in preparing such a schedule after a determination has been made as to the basis on which pro rata rent charges and unearned rental credits will be made.

(Cont'd)

NOTE: This Section supersedes Section 25-7-1 dated 6-26-53. A new paragraph 4 has been added to provide accounting instructions for recording the transfer of security deposits to Tenants Accounts Receivable; paragraph 6 has been revised to provide for the review of former tenants accounts (for the purpose of determining the collectibility of such accounts) not less often than once each fiscal year instead of quarterly; and paragraph 12 has been revised to clarify the instructions for the accounting for cash overages and shortages.

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25-7-1

ACCOUNTING

August 1956

### 3. Maintenance of Tenants Rental Register

a. General. A loose leaf Tenants Rental Register shall be maintained to record all financial transactions with tenants as provided in Section 9.5 of the Small Low-Rent Programs Manual - Operation (except for security deposits, see paragraph 8 below). All transactions with tenants shall be posted daily to the Tenants Rental Register so that the balances of individual accounts may be readily determined at any time. If the projects within one Contract are located in different taxing jurisdictions, and it is necessary to determine the amount of Shelter Rent on each project in order to compute the amount of PILOT due each taxing jurisdiction, the Tenants Rental Register should be segregated by projects.

b. Journalizing the Tenants Rental Register. After the Tenants Rental Register has been totaled and proved in accordance with instructions for monthly closing in Section 9.5 of the Small Low-Rent Programs Manual - Operation, a Journal Voucher shall be prepared to record the totals of the appropriate columns in the General Ledger. The Journal Voucher shall be prepared as follows:

Debit: Account 1122, Accounts Receivable - Tenants  
(For the total of Column (13) of the Tenants  
Rental Register).

Credit: Account 3115, Dwelling Rental and Excess Utilities  
(For the amount of the difference between the sum  
of the totals of Columns (8), (9), and (10), and  
the total of Column (12).)

Credit: Account 3595, Other Project Income  
(For the total of Column (11)).

Explanation: To record total income from tenants  
for the month of \_\_\_\_\_, 19\_\_\_\_, as shown by the  
Tenants Rental Register.

4. Transfer of Security Deposits to Tenants Accounts Receivable. A security deposit may be transferred to the tenants' account upon request of the tenant at the time of vacating, or without request if the tenant leaves without paying his account in full. The procedure for recording the transfer of security deposits to Tenants Accounts Receivable in the Tenants Rental Register, and for recording the transfer of funds between bank accounts (from Account 1114, Cash - Security Deposit Fund, to Account 1111, Cash - General Fund) in the Combined Cash Journal is set forth in Section 9.6 of the Small Low-Rent Programs Manual - Operation. However, if security deposits are deposited in the depository of the General Fund, a Journal Voucher shall be prepared at

(Cont'd)



the close of each month to record the transfer of security deposits as follows:

Debit: Account 2114, Tenants Security Deposits

Credit: Account 1122, Accounts Receivable - Tenants  
(For an amount equal to the total of Column (20) of the  
Tenants Rental Register - see Exhibit 1 of Section 9.5  
of the Small Low-Rent Programs Manual - Operation.)

5. Cash Collections. The procedure prescribed in Section 9.2 of the Small Low-Rent Programs Manual - Operation shall be followed in respect to collections.
6. Transfer of Rent Accounts to Collection Losses
  - a. Accounts of former tenants considered uncollectable after all means to collect them have been exhausted shall be transferred to Account 4770, Collection Losses. All accounts to be so transferred shall be approved by resolution of the Board of Commissioners of the Local Authority, or by a designated official to whom such authority has been delegated by resolution.
  - b. As often as considered necessary, but not less than once each fiscal year, all former tenants accounts with balances shall be reviewed to determine the accounts which are considered uncollectable. A list shall then be prepared of the accounts to be written off showing the account number, name of tenant, date vacated, and the amount to be written off. The list shall be utilized as posting media to enter the individual amount written off for each tenant in Column (21) of the Tenants Rental Register sheet. A Journal Voucher shall then be prepared to debit Account 4770, Collection Losses, and to credit Account 1122, Accounts Receivable - Tenants, in the General Ledger, with the total amount shown on the list. The list of accounts shall be attached to the Journal Voucher as support thereof. The Journal Voucher shall also contain a reference to the date of the meeting of the Board of Commissioners at which the transfer to Collection Losses was approved.
7. Recording Collections on Accounts Previously Charged to Collection Losses. If collections are made on accounts previously charged to Collection Losses, a cash receipt shall be given to the tenant in the usual manner for the amount collected. The account number and name of the tenant shall be entered on the Tenants Rental Register sheet in Columns (2) and (3), respectively, immediately after the name of the last vacated tenant, and the amount collected shall be shown in Columns (7) and (19). A Journal Voucher shall then be prepared to debit Account 1122, Accounts Receivable - Tenants, and to credit Account 4770, Collection Losses, in the General Ledger, with the amount collected.

(Cont'd)

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ACCOUNTING

August 1956

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8. Tenants Security Deposit Record. If the Local Authority requires security deposits from tenants they shall be recorded and accounted for as prescribed in Section 9.6 of the Small Low-Rent Programs Manual - Operation.
  9. Refunds of Security Deposits and Unearned Rent. Refunds of security deposits and unearned rent shall be made and recorded as prescribed in Section 9.7 of the Small Low-Rent Programs Manual - Operation.
  10. Miscellaneous Charge and Credit Tickets. The use of Miscellaneous Charge and Credit Tickets are described in Section 9.9 of the Small Low-Rent Programs Manual - Operation.
  11. Credit Balances of Tenants Without Known Address
    - a. In some instances, Local Authorities will have on their records credit balances due tenants whose whereabouts have not been known for a considerable time, although every effort has been made to locate them. Such credit balances may be transferred to "Other Project Income" subject to the following limitations:
      - (1) Only those refunds which have been payable for at least three months shall be transferred to Other Project Income and then only after all efforts have been made to locate them.
      - (2) Transfers shall be made at the end of each fiscal year for refunds due which have been on the books for not less than 90 days.
    - b. To accomplish such a transfer the procedure outlined below shall be followed:
      - (1) For credit balances of tenants rent accounts, a Miscellaneous Charge and Credit Ticket shall be prepared to charge the tenant's account with the amount of the credit balance. The amount shown on the Miscellaneous Charge and Credit Ticket shall be entered in Column (11) on the Tenants Rental Register opposite the name of the tenant.
      - (2) For credit balances of security deposits, a Miscellaneous Charge and Credit Ticket shall be prepared to debit the Tenants Security Deposit Record with the amount of the credit balance. If security deposits are deposited in the General Fund, A Journal Voucher shall then be prepared to debit Account 2114, Tenants Security Deposits, and to credit Account 3595, Other Project Income; if security deposits are deposited in a separate bank account, a check shall be drawn on the Security Deposit Fund for the amount of the credit balance and deposited in the General Fund. The check shall be entered in the Combined Cash Journal as a credit to Account 1114, Cash - Security Deposit Fund, and as a debit to Account 2114,

(Cont'd)

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Accounts Payable - Tenants Security Deposits; and as a debit to Account 1111, Cash - General Fund, and as a credit to Account 3595, Other Project Income.

12. Cash Overages and Shortages. Cash differences shall be recorded in the Combined Cash Journal as prescribed in Section 9.13 of the Small Low-Rent Programs Manual - Operation. Instructions for recording the settlement or write-off of cash differences are as follows:
- a. Cash Overages. If a claim for an overage is made and the Local Authority is satisfied that such claim is proper, the refund shall be made and recorded in the Combined Cash Journal as a debit to Account 2119, Accounts Payable - Sundry, and a credit to Account 1111, Cash - General Fund. However, if a claim for an overage is not made within a period of six months, a Journal Voucher shall be prepared to debit Account 2119 and to credit Account 3595, Other Project Income.
  - b. Cash Shortage. If a shortage is recovered from the responsible employee or bonding company, the amount received shall be recorded in the Combined Cash Journal as a debit to Account 1111, Cash - General Fund, and a credit to Account 1129, Accounts Receivable - Sundry. However, if the Local Authority Board of Commissioners determines that the responsible employee shall not be held accountable, the amount of the loss shall be written off, by Journal Voucher, as a debit to Account 4795, Other Project Expense, and a credit to Account 1129. A Journal Voucher issued to write off a cash shortage shall be supported by a resolution of the Board of Commissioners authorizing the write off (see Section 9.13 of Small Low-Rent Programs Manual - Operation).
13. Report on Tenants Accounts Receivable. At the end of each fiscal year, the Tenants Accounts Receivable shall be classified and a schedule of the accounts shall be submitted in an original only to the PHA Regional Office on Form PHA-2295, Schedule of Tenants Accounts Receivable, as prescribed in Section 9.14 of the Small Low-Rent Programs Manual - Operation.

HHFA

SMALL LOW-RENT PROGRAMS MANUAL

PHA

6-26-53

ACCOUNTING

25-8-1

Payroll and Leave Records

Procedures and requirements applicable to maintenance of Payroll and Leave Records are prescribed in Section 9.11 of the Small Low-Rent Programs Manual - Operation.

Procurement

1. General.

a. This Section provides accounting instructions for recording formal contracts and purchase orders prepared and executed in accordance with Sections 6.1 and 6.2 of the Small Low-Rent Programs Manual - Operation which contain appropriate technical specifications, forms for invitation to bid, contract awards, and other suggestions useful to Local Authorities.

b. The books of the Local Authority must reflect the unpaid balance of all formally executed contracts, and shall disclose as a liability the value of materials and services received but for which payment has not been made at the close of any fiscal year.

2. Contract and Change Orders. When a contract has been formally executed or has been amended by the issuance of an approved change order, such contracts or change order shall be recorded in the General Ledger and Contract Register by means of journal vouchers:

Debit: Account 1800 - Uncompleted Contracts

Credit: Account 2400 - Contract Awards

3. Contract Payments. Payments on contracts shall be recorded in the Combined Cash Journal, Contract Register, and/or Development Cost Ledger, as follows:

Debit: Land, Structures, and Equipment  
Account 1400, or  
Operating Expense Accounts, as applicable  
(For the amount of the contractor's billing)

Debit: Account 2112 - Accounts Payable - Contract Retentions  
(For amounts previously withheld from partial payments, pending completion of the contract).

Credit: Account 2112 - Accounts Payable - Contract Retentions  
(For the amount withheld from partial payments pending completion of the contract and final payment).

or

Credit: Account 1111 - Cash - General Fund  
(For amount paid to the contractor)

(Cont'd)

25-9-1

ACCOUNTING

6-26-53

Debit: Account 2200 - Contract Amounts

Credit: Account 1800 - Uncompleted Contracts  
(For the amount of the contractor's billing)

4. Claims for Delays and Damages

a. Claims against contractors for damages due to delay or other causes shall be recorded by journal voucher as follows:

Debit: Account 1129 - Accounts Receivable - Sundry

Credit: Land, Structures, and Equipment, or Operating Expense Accounts, as applicable

b. Upon receipt of payment for claims previously established against contractors deposit shall be made in the General Fund and shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111 - Cash - General Fund

Credit: Account 1129 - Accounts Receivable - Sundry

c. If payment is obtained by deduction from amounts due the contractor, the credit to Account 1129 will be entered from the voucher check copy on which the deduction is made.

5. Recording Bid Guaranties. Guaranties submitted with bids for contracts, if such collateral is deposited in the General Fund, shall be recorded as a debit to Account 1111, and as a credit to Account 2113, Performance Deposits.

6. Recording Refunds of Bid Guaranties to Bidders

a. Bid guaranties shall be returned to unsuccessful bidders as soon as practicable after the opening of the bids, and to successful bidders when an acceptable performance bond has been received.

b. The return of guaranties which were deposited in the General Fund shall be recorded in the Combined Cash Journal:

Debit: Account 2113 - Performance Deposits

Credit: Account 1111 - Cash - General Fund

7. Purchase Orders. Instructions relating to the use of Purchase Orders are in paragraph 3 of Section 6.2 of the Small Low-Rent Programs Manual - Operation.

(Cont'd)

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8. Purchase Discounts. Purchase discounts, whether for quantity purchases or prompt payment of invoices, shall not be treated as "other income" but as a reduction in the cost of the item purchased.

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### Insurance

1. General. Section 8.1 of the Small Low-Rent Programs Manual - Operation sets forth the types, amounts, limits, and forms of insurance coverages to be carried pursuant to the contract between the Local Authority and the PHA. The procedures for recording insurance premiums paid, and the records to be maintained incident thereto, are described in this Section.
2. Premiums Paid to Mutual Companies
  - a. Premiums of \$200 or Less. When insurance is purchased from a mutual company (except Workmen's Compensation and Employer's Liability Insurance--see paragraph 4 below) and the premium specified in an individual policy is \$200 or less (exclusive of estimated dividend), the entire premium shall be charged to Account 1410.19, Sundry Overhead; Account 1425 (4700), Initial Operating Deficit - General Expense; or Account 4710, Insurance, as applicable, at the time the policy is issued (see paragraph 6 below).
  - b. Premiums in Excess of \$200. When insurance is purchased from a mutual company (except Workmen's Compensation and Employer's Liability Insurance--see paragraph 4 below) and the premium specified in an individual policy issued for a term of more than one year is in excess of \$200 (exclusive of estimated dividend), the estimated amount of premium expense, as indicated in the proposal received from the company, shall be charged to Account 1211, Prepaid Insurance, and the estimated amount to be returned in the form of a dividend upon expiration of the policy shall be charged to Account 1212, Insurance Deposits. The amount of premium charged to Account 1211 shall be amortized in accordance with paragraph 8 below. In the case of policies issued for a term of one year or less, the entire premium, regardless of amount, shall be charged to Account 1410.19, Sundry Overhead; Account 1425 (4700), Initial Operating Deficit - General Expense; or Account 4710, Insurance, as applicable, at the time the policy is issued (see paragraph 6 below).
3. Premiums Paid to Stock Companies
  - a. Premiums of \$200 or Less. When the total premium paid to a stock company with respect to an individual policy (except Workmen's Compensation and Employer's Liability Insurance--see paragraph 4 below) is \$200 or less, the entire amount shall be charged to Account 1410.19, Sundry Overhead; Account 1425 (4700), Initial Operating Deficit - General Expense; or Account 4710, Insurance, as applicable, at the time the policy is issued (see paragraph 6 below).

(Cont'd)

**NOTE:** This Section supersedes Section 25-10-1 dated 6-26-53. It has been revised to delete the requirement for (1) amortizing the premium on policies for which the total premium amounted to \$200 or less, and (2) recording the accrual of premium due on Workmen's Compensation and Employer's Liability Insurance.

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b. Premiums in Excess of \$200. When the total premium paid to a stock company with respect to an individual policy issued for a term of more than one year (except Workmen's Compensation and Employer's Liability Insurance-- see paragraph 4 below) is in excess of \$200, the entire amount shall be charged to Account 1211, Prepaid Insurance, and amortized in accordance with paragraph 8 below. In case of policies issued for a term of one year or less, the entire premium, regardless of amount, shall be charged to Account 1410.19, Sundry Overhead; Account 1425 (4700), Initial Operating Deficit - General Expense; or Account 4710, Insurance, as applicable, at the time the policy is issued.

4. Workmen's Compensation and Employer's Liability Insurance

a. Insurance companies generally require the payment of an advance or deposit premium on this type of insurance coverage, and an annual settlement of actual premiums determined by applying the assigned rates to the payroll at the end of the policy year. The advance or deposit premium shall be charged to the applicable cost or expense account at the time payment is made to the insurer (see paragraph 6 below).

b. The insurance company will make an audit of the Local Authority's payrolls as of the end of the policy year and will submit a bill for the additional premium due, if any (total premium for the policy year, less the advance or deposit). The Local Authority shall verify the insurance company's bill by comparing the amount of the bill with the amount obtained by applying the rates as specified in the policy to the total payroll, as of the end of the policy year. After the insurance company's bill has been verified, a check shall be drawn for the amount of the bill, including the deposit premium, if any, for the ensuing year. The amount paid, including the advance premium for the ensuing year, shall be charged to the applicable cost or expense account at the time such billing is received (see paragraph 6 below).

c. If the Local Authority elects to purchase insurance from a different company the same procedure as outlined above shall be followed.

5. Returnable Premiums

a. When insurance is purchased from a mutual company the Local Authority will usually receive a return of a portion of the premium in the form of a dividend upon expiration of the policy. If the policy is renewed with the same company, this dividend will be applied as a credit to the premium due on the renewal policy. However, if the Local Authority elects to place the insurance with a different company, the dividend on the expired policy will be paid in cash.

b. Dividends received upon the expiration of mutual company policies shall be recorded as follows:

- (1) If the entire premium on the expired policy was charged to the applicable cost or expense account at the time the policy was

(Cont'd)

issued (see paragraph 2 above), the dividend received on such policy shall be credited to the account to which insurance expense is chargeable at the time such dividend is received.

- (2) If the estimated dividend on the expired policy was charged to Account 1212, Insurance Deposits, at the time the policy was issued (see paragraph 2b above), the actual amount of dividend received upon expiration of such policy shall be credited to Account 1212. The debit or credit balance remaining in Account 1212 with respect to such policy shall be debited or credited to the account to which insurance expense is chargeable at the time such dividend is received.

Examples of recorded transactions involving the receipt of returnable premiums (dividends) due upon expiration of mutual company policies, and the payment of premiums due on the renewal policies, are shown as Exhibit 1 to this Section.

#### 6. Allocation of Insurance Cost

a. Prior to the Date of Full Availability the cost of insurance is chargeable to Account 1410.19, Sundry Overhead; after the Date of Full Availability, but prior to the end of the Initial Operating Period, insurance cost is chargeable to Account 1425 (4700), Initial Operating Deficit - General Expense. During the Operations Period the cost of insurance shall be charged to Account 4710, Insurance.

b. During the Development Period the cost of insurance shall be allocated equitably to all the projects for which such insurance was purchased. Thereafter, the cost of insurance shall be recorded on a contract basis.

#### 7. Adjustment at End of Initial Operating Period

a. Paragraphs 2 and 3 of this Section provide that if the premium on an individual policy issued during the Development Period is \$200 or less, or if a policy is issued for a term of one year or less, the entire premium shall be charged to Account 1410.19, Sundry Overhead, or Account 1425 (4700), Initial Operating Deficit - General Expense, as applicable, at the time the policy is issued. However, if at the end of the Initial Operating Period the unexpired portion of the premium on any such policy is more than \$100, a Journal Voucher shall be prepared to debit Account 1211, Prepaid Insurance, and to credit Account 1410.19 or Account 1425 (4700), as applicable, for such unexpired portion of the premium.

b. On the first day of the Operations Period, a Journal Voucher shall be prepared to debit Account 4710, Insurance, and to credit Account 1211, Prepaid Insurance, for the unexpired portion of the premium charged to Account 1211 pursuant to the preceding paragraph.

(Cont'd)

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8. Amortization of Prepaid Insurance. If the total premium on an individual policy issued for a term of more than one year is in excess of \$200, the amount charged to Account 1211, Prepaid Insurance, pursuant to paragraphs 2 and 3 above, shall be amortized over the life of the policy. During the Development Period, a Journal Voucher shall be prepared at the close of each quarter to charge Account 1410.19, Sundry Overhead, or Account 1425 (4700), Initial Operating Deficit - General Expense, as applicable, and to credit Account 1211 for the pro rata amount of the premium applicable to that quarter. During the Operations Period, a Journal Voucher shall be prepared at the close of each fiscal year to charge Account 4710, Insurance, and to credit Account 1211 for the pro rata amount of the premium applicable to that fiscal year.

9. Insurance Register

a. Purpose. An Insurance Register shall be established and maintained beginning with the Development Period to provide a record of all insurance purchased, and to develop information for the amortization of premiums charged to Account 1211, Prepaid Insurance.

b. Exhibit. A specimen form of Insurance Register designed for the Development Period, during which premiums charged to Account 1211, Prepaid Insurance, are amortized quarterly, by project, is shown as Exhibit 2 to this Section. The form can readily be adapted to the Operations Period when premiums charged to Account 1211, Prepaid Insurance, are amortized annually, by Contract. The Local Authority, however, is not restricted to the use of this particular form, but the record used should provide essentially the same information. Since the Insurance Register should contain a record of all insurance premiums, whether charged directly to the applicable insurance expense account or to Prepaid Insurance, a distinction should be made between premiums charged to expense and premiums charged to Account 1211, Prepaid Insurance. This can be achieved by entering premiums charged to expense at the time of purchase in Column (8) and placing a circle around the amounts. Such premiums should not be extended beyond Column (8) in the Insurance Register. Detailed instructions for the maintenance of the register are not prescribed because the Insurance Register is largely self-explanatory. Further information about the maintenance of the Insurance Register may be obtained by writing the Comptroller or the Regional Office.

RECORDING RETURNABLE PREMIUMS (DIVIDENDS)  
RECEIVED ON EXPIRED POLICIES AND PAYMENT  
OF PREMIUMS ON RENEWAL POLICIES

Transaction No. 1: A policy with a mutual company, issued prior to Date of Full Availability, expired after the Date of Full Availability but prior to the End of the Initial Operating Period. The premium of \$200 paid on this policy was charged to Account 1410.19, Sundry Overhead. It was determined that this policy would be renewed with the same company, and the Local Authority received a bill for a premium of \$195 less a \$40 dividend applicable to the expired policy. The payment of the bill from the insurer shall be recorded as follows:

Combined Cash Journal

Debit: Account 1425/4700, Initial Operating Deficit -  
General Expense \$155

Credit: Account 1111, Cash - General Fund \$155

Transaction No. 2: Assume the same circumstances as in Transaction No. 1 above, except that the Local Authority received a bill for a premium of \$220 on the new policy less a \$40 dividend applicable to the expired policy. The proposal received from the insurer indicated an estimated dividend of \$45 on the new policy. Payment of the bill from the insurer shall be recorded as follows:

Combined Cash Journal

Debit: Account 1211, Prepaid Insurance \$175  
(For amount of premium on new policy, less  
estimated dividend due upon expiration of  
the policy)

Debit: Account 1212, Insurance Deposits \$ 45  
(For amount of estimated dividend due  
upon expiration of the policy)

Credit: Account 1425/4700, Initial Operating Deficit - \$ 40  
General Expense  
(For amount of dividend received on the  
expired policy)

Credit: Account 1111, Cash - General Fund \$180  
(For net amount of bill received from  
the insurer)

(Cont'd)

NOTE: This Exhibit supersedes Exhibit 1 to Section 25-10-1 dated 6-26-53.

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Exhibit 1 (Cont'd)

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Transaction No. 3: Assume the same circumstances as in Transaction No. 1 above, except that the Local Authority elects to renew the insurance with a different company. A bill is received from the insurer for the premium of \$195 due on the new policy, and a check is received in the amount of \$40 for the amount of dividend due on the expired policy. These transactions shall be recorded as follows:

Combined Cash Journal

(1)

Debit: Account 1425/4700, Initial Operating Deficit -  
General Expense \$195

Credit: Account 1111, Cash - General Fund \$195

(To record payment of premium on the new policy)

(2)

Debit: Account 1111, Cash - General Fund \$ 40

Credit: Account 1425/4700, Initial Operating Deficit -  
General Expense \$ 40

(To record receipt of dividend due on the expired policy)

Transaction No. 4: A policy with a mutual company expired during the Operations Period. A total premium of \$400 was paid on this policy, but it was estimated that the dividend payable upon expiration date would be \$100; the difference of \$300 was amortized during the life of the policy. Upon expiration date, it was determined that the policy would be renewed with the same company, and the Local Authority received a bill for a premium of \$420 less a \$105 dividend applicable to the expired policy. The proposal received from the insurer indicated an estimated dividend of \$110 on the new policy. Payment of the bill from the insurer shall be recorded as follows:

Combined Cash Journal

Debit: Account 1211, Prepaid Insurance \$310  
(For total premium on new policy, less  
estimated dividend)

Debit: Account 1212, Insurance Deposits \$110  
(For estimated dividend on new policy)

Credit: Account 1212, Insurance Deposits \$100  
(For estimated dividend on expired policy)

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Exhibit 1 (Cont'd)

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Credit: Account 4710, Insurance	\$ 5
(For amount by which the actual dividend on expired policy exceeded the estimated dividend)	
Credit: Account 1111, Cash - General Fund	\$315
(For net amount of bill received from insurer)	

Specimen Form of Insurance Register

Page No. 1

**INSURANCE REGISTER**  
Annual Contributions Contract Number \_\_\_\_\_  
Project Number \_\_\_\_\_

Policy Number	Name of Company	Kind of Insurance	Amount of Policy	Period Covered		Rate	Total Premium Paid	Estimated Returnable Premium	Prepaid Premium	Unexpired Premium Brought Forward
				From	To					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total										

( Left )

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Manual 31, 1951		June 30, 1951		September 30, 1951		December 31, 1951		Unexpired Premium Brought Forward	Remarks			
Project No-1	Project No-2	Project No-1	Project No-2	Project No-1	Project No-2	Project No-1	Project No-2					
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)

( Right )

NOTE: This Exhibit supersedes Exhibit 2 to Section 25-10-1 dated 6-26-53.

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Payments in Lieu of Taxes

1. General. This Section contains the accounting instructions pertaining to Payments in Lieu of Taxes (PILOT) and instructions in making the annual submission required by the PHA, showing that PILOT payments are made in accordance with the limitations of the Cooperation Agreement and the Contract.
2. Cooperation Agreement. After approval by the PHA, the Cooperation Agreement, together with the Contract, serves as the basis for accruing and paying PILOT.
3. Determination of PILOT. The amount of Payments in Lieu of Taxes shall be determined in accordance with the provisions of the Cooperation Agreement and the Contract. The Payments in Lieu of Taxes generally are fixed at an annual amount equal to 10 percent of the shelter rent, but other provisions govern in certain cases, and the applicable contract provisions should therefore always be determined. In no event may the Payments in Lieu of Taxes in any year exceed either (a) the statutory maximum of 10 percent of shelter rent, or (b) the amounts permitted under State law, nor (c) may the payments to any taxing jurisdiction exceed the equivalent of full taxes which might otherwise be levied by such jurisdiction.
4. Shelter Rent. The term "Shelter Rent" shall mean the total of all charges to all tenants of a project for dwelling rents and nondwelling rents (including charges for excess utilities but excluding all other income of such project), less the cost to the Local Authority of all dwelling and nondwelling utilities. Shelter rents on new structures during the Initial Operating Period shall serve as the basis of PILOT to be charged to Account 1425. Income from rental of structures existing on the site at the time of acquisition, credited to Account 1440.20 - Site Net Income, less the cost of utilities, if any, charged to Account 1440.20 during the Initial Operating Period, shall be included in the computation of Shelter Rent, and PILOT thereon shall be charged to Account 1440.20.
5. Computation of PILOT. Payments in Lieu of Taxes shall be computed as described below.
  - a. When the Cooperation Agreement or Contract provides that PILOT shall be paid in an amount equal to 10 percent of shelter rent but not to exceed the equivalent of full taxes:

(Cont'd)

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During the Initial Operating Period

*Account 1440.20 - Site Net Income	\$xxxxx	
Account 3115 - Dwelling Rental and Excess Utilities	xxxxx	
Account 3390 - Nondwelling Rental	<u>xxxxx</u>	\$xxxxx
Less:		
**Account 1440.20 - Site Net Income	\$xxxxx	
Account 4300 - Utilities	<u>xxxxx</u>	\$xxxxx
Shelter Rent		<u>\$xxxxx</u>
10% of Shelter Rent		<u>\$xxxxx</u>
Equivalent of full taxes		<u>\$xxxxx</u>
PILOT (Lower of 10% of shelter rent or equivalent of full taxes)		<u>\$xxxxx</u>

\* Show the amount of rental income from structures on the site at the time of acquisition, credited to this account.

\*\*Show the cost of utilities, if any, charged to this account.

After the Initial Operating Period

Account 3115 - Dwelling Rental and Excess Utilities	\$xxxxx	
Account 3390 - Nondwelling Rental	<u>xxxxx</u>	<u>\$xxxxx</u>
Less:		
Account 4300 - Utilities		<u>\$xxxxx</u>
Shelter Rent		<u>\$xxxxx</u>
10% of Shelter Rent		<u>\$xxxxx</u>
Equivalent of full taxes		<u>\$xxxxx</u>
PILOT (Lower of 10% of shelter rent or equivalent of full taxes)		<u>\$xxx xx</u>

(Cont'd)

b. When the Cooperation Agreement provides that PILOT shall be paid in the amount by which real property taxes exceed 20 percent of the Accruing Annual Contribution, but not in excess of the statutory maximum of 10 percent of shelter rent:

Real property taxes which would have been paid to all taxing bodies for the fiscal year if the project were not exempt from taxation

Less:

20% of Accruing Annual Contribution	(\$xxxxx)	<u>\$xxxxx</u>
Equivalent of Full Taxes Less 20% of Accruing Annual Contribution		\$xxxxx *
10% of Shelter Rent (computed in accordance with the formula under paragraph 5a above)		<u>\$xxxxx</u>
PILOT		\$xxxxx

\*If "Equivalent of Full Taxes Less 20% of Accruing Annual Contribution" exceeds 10% of Shelter Rent, PILOT shall be 10% of Shelter Rent. If "Equivalent of Full Taxes Less 20% of Accruing Annual Contribution" is less than 10% of Shelter Rent, PILOT will be computed by the PHA (see paragraph 7 below).

6. Accrual of PILOT. Payments in Lieu of Taxes shall be accrued quarterly to the End of the Initial Operating Period; after the End of the Initial Operating Period, accruals shall be on an annual basis, i.e. at the close of the fiscal year. Entries shall be recorded by journal voucher in the following manner:

a. During the Initial Operating Period

Debit: Account 1440.20 - Site Net Income  
(PILOT of existing structures only)

Debit: Account 1425 - General Expense (Account 4700)

Credit: Account 2137 - Accrued Liabilities - Payments in Lieu of Taxes

(Cont'd)

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b. After the Initial Operating Period

Debit: Account 4720 - Payments in Lieu of Taxes

Credit: Account 2137 - Accrued Liabilities - Payments  
in Lieu of Taxes

c. Remission of PILOT. If a Local Authority is to be reimbursed by a Local Body in connection with off-site utilities by means of a remission of PILOT in whole or in part it shall not make any periodic accruals for the portion to be remitted. The application of PILOT to the amortization of off-site utilities shall be recorded at the end of the fiscal year, by journal voucher, as follows:

Debit: Account 5110 - Amortization of Off-Site Utilities

Credit: Account 1510 - Unamortized Off-Site Utilities

Any portion of PILOT to be paid in cash by the Local Authority shall be accrued and recorded periodically as provided in paragraph 6a above.

7. Annual Submission of Computation of Payments in Lieu of Taxes.

The Local Authority shall annually submit, as a part of the Annual Statement, a form entitled Computation of Payments in Lieu of Taxes, Form PHA-2357, (Exhibit 1 attached). A single Form PHA-2357 shall be filled out for all projects which are in the same contract and which are covered by the same Cooperation Agreement. Instructions for the preparation of this form follow.

a. Heading Items. In the spaces provided, fill in the project number, or numbers, the number of dwelling units and the first and last day of the period covered.

b. Part I, Computation of 10 Percent of Shelter Rent. The rental and utility expense figures may be obtained from the Operating Statements for the fiscal year. If projects in one contract are under separate Cooperation Agreements an analysis of the books of account to determine the Shelter Rent of the respective projects will be necessary (see paragraph 5 above). The entries to be made in Part I are self-explanatory.

c. Part II, Computation of Approximate of Full Real Property Taxes Column (1), Taxing Districts. List all taxing jurisdictions (wherein the project property is located) that would levy a real property tax if the property were privately owned. However, in those cases where the Cooperation Agreement provides that PILOT shall not exceed the amount of real property taxes which

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Credit: Account 1510, Payments for Off-Site Utilities  
(For amount of PILOT applied as reimbursement  
of Payments for Off-Site Utilities)

b. If the Cooperation Agreement provides that PILOT shall be paid in the amount by which real property taxes exceed 20 percent of the Accruing Annual Contribution, but not in excess of a specified percentage (usually 10 percent) of Shelter Rent, and the amount of PILOT computed at this percentage of Shelter Rent is more than real property taxes less 20 percent of the Accruing Annual Contribution, the PHA will recompute payments in lieu of taxes and the Accruing Annual Contribution and furnish the Local Authority with the appropriate adjusting entries. (See paragraph 8e(2) below.)

7. Adjusting Accruals for Payments in Lieu of Taxes

a. Whenever an adjustment is recorded in Account 6010, Prior Year Adjustments - Affecting Residual Receipts, or Account 6020, Prior Year Adjustments - Not Affecting Residual Receipts, which affects any of the accounts pertaining to the computation of PILOT (Accounts 3115, 3390, the 4300 Group of Accounts, or Account 5111), an appropriate adjustment shall be made for the amount of PILOT accrued for the previous fiscal year, and shall be recorded in accordance with Section 25-6-4 of this Manual.

b. Where the Cooperation Agreement provides for PILOT which is less than 10 percent of Shelter Rent, the Annual Contributions Contract or the Contract for Loan and Annual Contributions has been amended to provide that the Local Authority may make payments in lieu of taxes equal to 10 percent of Shelter Rent, but not exceeding the amount of real property taxes which would have been paid if the project were not otherwise exempt, or the amount permitted by State law, whichever is the lower. In these cases, the amendments to the Contract include the provision "That no such payment for any Fiscal Year shall be made subsequent to the end of the next succeeding Fiscal Year." Therefore, if at the close of any fiscal year the amount of PILOT accrued for the previous fiscal year has not been paid, a journal voucher should be prepared and recorded to debit Account 2137, Accrued Liabilities - Payments in Lieu of Taxes, and to credit Account 6010, Prior Year Adjustments - Affecting Residual Receipts, for the amount of the accrual which is not paid.

(Cont'd)

NOTE: These pages supersede pages 5 through 9 of Section 25-11-1 dated 9-29-54. Paragraphs 8 and 10 have been revised to provide instructions for (1) the distribution of Form PHA-2357, (2) preparation of the revised Form PHA-2357, and (3) the submission of a statement of expenses incurred for public services.

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8. Computation of Payments in Lieu of Taxes, Form PHA-2357--(Exhibit 1). Form PHA-2357, Computation of Payments in Lieu of Taxes, is provided for use in computing and reporting the amount of payments in lieu of taxes in accordance with the provisions of the Cooperation Agreement and the Annual Contributions Contract. As of the end of each fiscal year, a single Form PHA-2357 shall be prepared for all projects which are under a single Contract with the PHA and which are covered by the same Cooperation Agreement. The original and two copies of this form shall be mailed in time to reach the PHA not later than the twentieth of the month following the close of the fiscal year. The Form PHA-2357 for projects covered by a Cooperation Agreement providing for a 20% local contribution and for projects which were not covered by an Annual Contributions Contract prior to August 2, 1954, shall be mailed to the appropriate Regional Office (Attention: Insurance-Taxation Officer, Project Fiscal Management Section); the Form PHA-2357 for all other projects shall be mailed to the Comptroller, PHA, Washington 25, D. C. Instructions for the preparation of this form are as follows:

a. Heading. Self-explanatory.

b. Part I, Computation of 10 Percent of Shelter Rent. The rental and utility expense may be obtained from Form PHA-2511, Statement of Income and Expenses and Operating Receipts and Expenditures (see Section 25-6-6). If one or more projects under a single Contract with the PHA are covered by separate Cooperation Agreements, an analysis of the books of account will be necessary to determine the Shelter Rent of the respective projects. The entries to be made in Part I are self-explanatory.

c. Part II, Computation of Approximate Full Real Property Taxes

Column (1), Taxing Districts. List all taxing jurisdictions (wherein the project property is located) that would levy a real property tax if the property were privately owned. However, where the Cooperation Agreement provides that PILOT shall not exceed the amount of real property taxes which would have been paid to the municipality, list only the municipality in column (1), except that if such Cooperation Agreement also specifies a limitation that PILOT shall not be greater than the amount by which the real property taxes that would have been paid to all taxing bodies exceeds 20 percent of the Accruing Annual Contribution, all taxing jurisdictions shall be listed in column (1). The amount paid to any taxing district should not exceed the full real property taxes for such district unless the Cooperation Agreement requires such district to distribute the payment among all taxing districts (see paragraph 9 below).

Column (2), Assessable Value. In the determination of otherwise assessable values, the amount of such tax valuation shall be the value that the local assessor or assessment board would use if the land and structures were privately owned, exempting from such value

(Cont'd)

all streets, parks, playgrounds, community buildings, schools, land and buildings, etc. that would not be assessed if the project were privately owned. There should also be exempted any personal property such as ranges and refrigerators. The tax valuation shall be comparable to privately owned property. (This tax valuation is not the development cost nor can such value be determined from the development cost.)

Column (3), Tax Rate. List the actual tax millage that was levied against private property in each taxing jurisdiction for the immediate preceding tax year.

Column (4), Approximate Full Real Property Taxes. List for each taxing jurisdiction the amount obtained by multiplying the respective assessable value in column (2) for each taxing district by the respective tax rate in column (3). The total of this column represents the overall approximate full real property taxes for all taxing jurisdictions.

- d. Part III, Limitation Based on PHA Annual Contribution. This Part III must be filled out only where the Cooperation Agreement specifies that PILOT shall not exceed the amount by which full real property taxes exceed 20 percent of the Accruing Annual Contribution.

Line 1, Approximate Full Real Property Taxes. This amount is the total shown in Part II.

Line 2, Accruing Annual Contribution. This amount will be furnished to the Local Authority by the PHA (see Section 25-18-1). (If a single Accruing Annual Contribution is made for two or more projects, the Accruing Annual Contribution must be prorated in proportion to the Development Cost of the projects - see line 3.) In making such proration, "Development Cost" shall mean the Actual Development Cost as shown in the Actual Development Cost Certificate. If the Actual Development Cost Certificate has not been issued, "Development Cost" shall mean the latest established Minimum Development Cost. If the Minimum Development Cost has not been established, "Development Cost" shall mean the Development Cost as shown in the latest approved Development Cost Budget.

Line 3, Prorata Share of Accruing Annual Contribution. Show the prorata share of the Accruing Annual Contribution applicable to the projects for which this statement is prepared.

Line 4, 20 Percent of Accruing Annual Contribution. Enter 20 percent of the amount in line 3.

Line 5, Approximate Full Real Property Taxes Less 20 Percent of Accruing Annual Contribution. Enter line 1 minus line 4. If line 4 exceeds line 1, enter zero.

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e. Part IV, Payments in Lieu of Taxes

(1) If there are no limitations based on PHA Annual Contributions (it is not necessary for Part III to be filled out), enter the amount in line 8 of Part I or the total in Part II, whichever is smaller, except that where the Cooperation Agreement requires that PILOT shall not exceed the amount of real property taxes to the municipality, enter the amount in line 8 of Part I or the amount shown in Part II as the approximate full real property taxes for the municipality, whichever is smaller.

(2) If there are limitations based on PHA Annual Contributions, first determine the amount of payments in lieu of taxes without regard to such limitations in accordance with the instructions in paragraph 8b above. If the amount so determined is equal to or is less than the amount in line 5 of Part III, the limitation has no effect and the amount determined without regard to such limitation should be entered in Part IV. If the amount determined without regard to such limitation is more than the amount on line 5 of Part III, leave Part IV blank and PHA will complete the computation. This is necessary because the Accruing Annual Contribution must be recomputed.

(3) The question "were any expenses incurred for any project during the fiscal year for services or facilities which the local body should have furnished under the terms of the Cooperation Agreement" must be answered "yes" or "no." If the answer is "yes" a statement of expenses shall be prepared in accordance with the instructions in paragraph 10 below.

9. Other Requirements. Certain Cooperation Agreements contain the following requirement:

"The Municipality shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in the proportion which the real property taxes which would have been paid to each Taxing Body for such year if the Project were not exempt from taxation bears to the total real property taxes which would have been paid to all of the Taxing Bodies for such year if the Project were not exempt from taxation; Provided, however, That no payment for any year shall be made to any Taxing Body in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation."

If the Cooperation Agreement contains this requirement it is recommended that the Local Authority, for its own protection, require the municipality annually to submit to it a statement certifying that the above requirements of the Cooperation Agreement have been met, listing the amounts paid to each Taxing Body concerned.

(Cont'd)

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10. Deductions From Payments in Lieu of Taxes

a. Generally, the Cooperation Agreement provides that if by reason of the municipality's failure or refusal to furnish or cause to be furnished any public service or facilities which it has agreed to furnish or cause to be furnished to the Local Authority or to the tenants of any project, the Local Authority incurs any expense to obtain such services or facilities, the Local Authority shall deduct the amount of this expense from any payments in lieu of taxes due or to become due to the municipality for this project or any other low-rent project owned or operated by the Local Authority.

b. Expenses incurred by the Local Authority to obtain services and facilities to which the projects are entitled under the provisions of the Cooperation Agreement shall not be recorded in the operating expense accounts of the projects, but shall be recorded in Account 1129, Accounts Receivable - Sundry, as a receivable from the Taxing Body. At the time such expenses are deducted from the payments in lieu of taxes due the Taxing Body, a journal voucher shall be prepared to debit Account 2137, Accrued Liabilities - Payments in Lieu of Taxes, and to credit Account 1129 for the amount deducted.

c. A statement shall be prepared as of the end of the fiscal year showing (1) the total of the expenses incurred for public services to which the projects are entitled under the provisions of the Cooperation Agreement, and (2) the amounts to be deducted from the payments in lieu of taxes due the taxing body. A specimen form of statement required is shown as Exhibit 2; an original and two copies of this statement shall be mailed in time to reach the Comptroller, PHA, Washington 25, D. C., not later than the twentieth of the month following the close of the fiscal year. A negative statement is not required.

11. PHA Review. Local Authorities are not required to obtain a review or approval by the PHA before making a payment in lieu of taxes. Where the Cooperation Agreement provides that payments in lieu of taxes be made on a specified date during a fiscal year, no such previous review or approval can be given. However, where payments in lieu of taxes are made after the end of each fiscal year, based upon the Shelter Rent for such fiscal year, it is strongly recommended that the Local Authority delay the payment until the PHA completes its review of the Computation of Payments in Lieu of Taxes and advises the Local Authority that the amount submitted is the proper amount. This will eliminate the necessity for making adjustments after the payment is made. Where Part IV of Form PHA-2357 is left blank (see paragraph 8e above), the Local Authority must delay any payment in lieu of taxes until advised by the PHA of the proper amount which may be paid.

(Cont'd)

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12. Recording Payments in Lieu of Taxes. Payments in lieu of taxes shall be made from the General Fund. Checks shall be recorded in the Combined Cash Journal as follows:

Debit: Account 2137, Accrued Liabilities - Payments in Lieu of Taxes

Credit: Account 1111, Cash - General Fund

PHA-2357  
JANUARY 1958

(Name of Local Authority) \_\_\_\_\_  
(Location) \_\_\_\_\_

**COMPUTATION OF PAYMENTS IN LIEU OF TAXES**  
For Fiscal Year Ended \_\_\_\_\_

Contract No. \_\_\_\_\_ Project No. \_\_\_\_\_ Number of Dwelling Units \_\_\_\_\_

**Part I - Computation of 10 Percent of Shelter Rent**

1. Dwelling Rental and Excess Utilities (Account 3115) \$ \_\_\_\_\_
2. Nondwelling Rental (Account 3390) \_\_\_\_\_
3. Total Dwelling and Nondwelling Rental (Lines 1 and 2) \_\_\_\_\_
4. Utilities Expense (Account 4300) \$ \_\_\_\_\_
5. Reallocated Utilities (Account 5111) \$ \_\_\_\_\_
6. Total Utilities Expense (Lines 4 and 5) \_\_\_\_\_
7. Shelter Rent (Line 3 minus Line 6) \_\_\_\_\_
8. Ten percent of Shelter Rent  $\frac{1}{10}$  \_\_\_\_\_

**Part II - Computation of Approximate Full Real Property Taxes**

Taxing Districts (1)	Assessable Value (2)	Tax Rate (3)	Approximate Full Real Property Taxes (4)
	\$ _____	\$ _____	\$ _____
		Total	\$ _____

**Part III - Limitation Based on PHA Annual Contribution**  
(To be filled out only if Cooperation Agreement or Contract requires a local contribution)

1. Approximate Full Real Property Taxes (from Part II above) \$ \_\_\_\_\_
2. Accruing Annual Contribution for all Projects Under the Annual Contributions Contract \$ \_\_\_\_\_
3. Pro rata Share of Accruing Annual Contribution for the Projects  $\frac{2}{1}$  \$ \_\_\_\_\_
4. 20 Percent of Accruing Annual Contribution for the Projects (20% of Line 3) \_\_\_\_\_
5. Full Real Property Taxes Less 20 Percent of Accruing Annual Contribution (Line 1 minus Line 4; if result is a negative figure, enter zero) \$ \_\_\_\_\_

**Part IV - Payments in Lieu of Taxes**

(If Part III is not required, enter the amount on Line 8 in Part I or the Total in Part II, whichever is the lower. See instructions in Section 25-11-1 if Part III is applicable.)

Were any expenses incurred for any project during the fiscal year for services or facilities which the local body should have furnished under the terms of the Cooperation Agreement? Yes \_\_\_\_\_ No \_\_\_\_\_

If answer is "Yes" submit statement of expenses (see Section 25-11-1).

$\frac{1}{1}$  If the percentage in the Cooperation Agreement is lower, such lower percentage must be used in place of 10 percent.

$\frac{2}{2}$  Same as line 2 if there is only one project under the Annual Contributions Contract. The pro rata share is based upon the respective development costs of each project under such contract.

Prepared By: \_\_\_\_\_ Approved By: \_\_\_\_\_  
Name \_\_\_\_\_ Name \_\_\_\_\_  
Title \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

NOTE: This Exhibit supersedes Exhibit 1 dated 9-29-54. Form PHA-2357 has been revised. Stocks of all previous versions of this Form should be destroyed.

January 1958

## SMALL LOW-RENT PROGRAMS MANUAL

## ACCOUNTING

25-11-1  
Exhibit 2PIA-2555  
January 1958

(Name of Local Authority)

(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred

\$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:Taxing BodyAmount

_____	\$.....
_____	.....
_____	.....

Total Deductions

\$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

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Accounting for Operating Reserve

1. General. This Section prescribes the accounting procedure for establishing and maintaining the Operating Reserve in accordance with the policy and for the purposes set forth in Section 4.3 of the Small Low-Rent Programs Manual - Operation.
2. Basis for Operating Reserve. The maximum amount of the Operating Reserve is determined on a unit basis as provided in Section 4.3 of the Small Low-Rent Programs Manual - Operation.
3. Maximum Permissible Operating Reserve
  - a. Section 4.3 of the Small Low-Rent Programs Manual - Operation prescribes the maximum Operating Reserve that may be accumulated by any project or group of projects for any fiscal year. Exhibit 1 to this Section shows the detailed computation of the maximum permissible Operating Reserve for a group of projects for five fiscal years following the date the first project reached the End of the Initial Operating Period.
  - b. It will be noted from Exhibit 1 that the maximum permissible Operating Reserve is based on the total number of units of all projects under the same Contract that have reached the End of the Initial Operating Period, except that when there are one or more nonpermanently financed projects under an Annual Contributions Contract, the maximum permissible reserve for each such project is based on the number of units in each such project. When a nonpermanently financed project is subsequently permanently financed, the maximum permissible reserve will then be based on the total number of units of all permanently financed projects under the same Contract.
4. Effective Date. The maximum permissible Operating Reserve, computed in accordance with paragraph 3 above, is effective for all fiscal years beginning on or after October 1, 1954. However, Local Authorities are not required to reduce the Operating Reserve actually established (pursuant to the former policy for establishing Operating Reserves) for fiscal years preceding the effective date of this procedure. In such cases, no further increase of the Operating Reserve shall be made until the maximum permissible reserve computed in accordance with this procedure exceeds the reserve already accumulated.
5. Establishing and Maintaining the Operating Reserve
  - a. One Operating Reserve account, Account 2820, shall be established and maintained collectively for all projects under the same Contract which have reached the end of the Initial Operating Period, except that if there are

(Cont'd)

NOTE: This Section supersedes Section 25-12-1, dated 6-26-53. The accounting procedure has been revised to conform with the policy set forth in Section 4.3 of the Small Low-Rent Programs Manual - Operation, dated 6-14-55.

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October 1955

one or more nonpermanently financed projects 1/ included under an Annual Contributions Contract, a separate Operating Reserve shall be maintained for each such nonpermanently financed project which has reached the End of the Initial Operating Period (see paragraph 9 below).

b. If at the close of any fiscal year the pooled Operating Reserve maintained for projects under the same Contract is less than the maximum permissible for such projects, it shall be increased to the maximum permissible for the fiscal year to the extent that Operating Receipts of such projects exceed the Operating Expenditures of the projects. Similarly, if at the close of any fiscal year the separate Operating Reserve maintained for any nonpermanently financed project is less than the maximum permissible for such project, it shall be increased to the maximum permissible for the fiscal year to the extent that the operating receipts of such project exceed the operating expenditures of the project.

c. An increase in the Operating Reserve shall be recorded by journal voucher as follows:

Debit: Account 7010, Provision for Operating Reserve - Net

Credit: Account 2820, Reserved Surplus - Operating Reserve

6. Reserve Funds. Operating Reserve funds shall remain on deposit in the General Fund or may be invested together with other funds in the General Fund. Such funds shall not be deposited in a separate bank account. Interest received on General Fund investments, which may include investments from Operating Reserve Funds, shall be considered income and shall not be recorded as an increment to the reserve (see Section 25-15-1).
7. Adjustment of Operating Reserve. If at any time it is determined that the Operating Reserve has been erroneously established for an amount in excess of the maximum permissible (due to an error in the computation of the maximum permissible or to other errors), appropriate adjustment shall be made to reduce the reserve to the correct maximum. Adjustments to reduce the Operating Reserve shall be made by journal voucher as follows:

Debit: Account 2820, Reserved Surplus - Operating Reserve

Credit: Account 7010, Provision for Operating Reserve - Net

8. Use of Operating Reserve

a. The Operating Reserve is available to offset a deficiency in Residual Receipts resulting from Operating Expenditures exceeding Operating Receipts.

(Cont'd)

- 1/ PL-412 projects whose Series "A" and "B" Bonds have been refinanced wholly by Permanent Notes and/or Temporary Notes, and projects financed by Series A and B Notes are considered to be Permanently Financed Projects.

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The Operating Reserve shall not be used to cover the Initial Operating Deficit of any project.

b. The combined Operating Reserve established for projects under a single Contract is available for any of the projects for which the combined reserve was established, and shall be utilized only when the total Operating Receipts of all such projects are insufficient to meet the total Operating Expenditures of such projects.

c. The separate Operating Reserve established for each nonpermanently financed project under an Annual Contributions Contract is available only for that project, and shall be utilized only when the Operating Receipts of such project are insufficient to meet the Operating Expenditures of the project.

d. If at the end of any fiscal year the combined operations of all projects for which a pooled Operating Reserve is maintained result in a deficiency in Residual Receipts, the Operating Reserve shall be applied toward the elimination of such deficiency to the extent that funds in the pooled reserve are available. Similarly, if at the end of any fiscal year the operations of a nonpermanently financed project under an Annual Contributions Contract result in a deficiency in residual receipts, the Operating Reserve established for such project shall be applied toward the elimination of such deficiency to the extent that such reserve is available. The application of the Operating Reserve toward the elimination of a deficiency in residual receipts shall be recorded by journal voucher as follows:

Debit: Account 2820, Reserve Surplus - Operating Reserve

Credit: Account 7010, Provision for Operating Reserve - Net

9. Analysis of Operating Reserve. Only one General Ledger account, Account 2820, is prescribed for maintaining the Operating Reserve for all projects under a single Contract. Therefore, when one or more nonpermanently financed projects are under an Annual Contributions Contract with permanently financed projects, it will be necessary to maintain an analysis of Account 2820, Reserved Surplus - Operating Reserve, to segregate the reserves maintained, by project, for the nonpermanently financed projects from the combined reserve maintained for the permanently financed projects (see paragraph 5 above). When a nonpermanently financed project is subsequently permanently financed the Operating Reserve for such project shall be combined with the Operating Reserve for all other permanently financed projects included in the same Annual Contributions Contract.
10. Closing Account 7010. At the end of each fiscal year, Account 7010, Provision For Operating Reserve - Net, shall be closed into Account 2810, Unreserved Surplus. Account 7010 will not appear on the Statement of Income and Expense, but it is shown on the Statement of Operating Receipts and Expenditures, Form PHA-2355, and is included in the computation of residual receipts.
-

Computation of Maximum Permissible Operating  
Reserve in Accordance With Section 4.3 of the  
Small Low-Rent Programs Manual - Operation

Assumptions:

1. Fiscal Year ends December 31.
2. Projects A, B, and C are under the same Annual Contributions Contract. Projects A, and B were permanently financed prior to December 31, 1951, and the Operating Reserve for these projects are to be pooled as one Reserve. Project C was not permanently financed until September 1953; therefore, a separate Operating Reserve is required during the period prior to permanent financing. After permanent financing, the Operating Reserve for Project C is combined with the pooled Operating Reserve for Projects A and B.
3. Units:     Project A - 40 Units  
                  Project B - 26 Units  
                  Project C - 20 Units
4. End of Initial Operating Period Dates:  
  
                  Project A - September 30, 1951  
                  Project B - March 31, 1952  
                  Project C - March 31, 1952

Computation of Maximum Permissible Operating Reserve for  
Fiscal Year Ended December 31, 1951:

Permanent Maximum Reserve

Project A - 40 Units  
\$5,000 plus (15 Units x \$180) = \$7,700 <sup>1</sup>/<sub>5</sub>

Maximum Permissible Reserve at December 31, 1951

1/5 of Permanent Maximum Reserve of \$7,700 \$1,540 <sup>1</sup>/<sub>5</sub>

(Cont'd)  
1/ Projects B and C had not reached the End of the Initial Operating Period at  
December 31, 1951.

NOTE: This Exhibit 1 supersedes Exhibit 1 dated 6-26-53.

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Computation of Maximum Permissible Operating Reserve for  
Fiscal Year Ended December 31, 1952:

Permanent Maximum Reserve

Permanently Financed Projects:

Project A - 40 Units

Project B - 26 Units

Total - 66 Units - \$9,500 plus (16 Units x \$160) = \$12,060

Nonpermanently Financed Projects:

Project C - 20 Units

20 Units x \$200 =

\$ 4,000

Maximum Permissible Reserve at December 31, 1952

Permanently Finance Projects

2/5 of Permanent Maximum Reserve of \$12,060 =

\$4,824

Nonpermanently Financed Projects

1/5 of Permanent Maximum Reserve of \$4,000 =

\$ 800

Computation of Maximum Permissible Operating Reserve for  
Fiscal Year Ended December 31, 1953:

Permanent Maximum Reserve

Permanently Financed Projects:

Project A - 40 Units

Project B - 26 Units

Project C - 20 Units

Total - 86 Units - \$9,500 plus (36 Units x \$160) = \$15,260

Maximum Permissible Reserve at December 31, 1953

Permanently Financed Projects

3/5 of Permanent Maximum Reserve of \$15,260 =

\$9,156

(Cont'd)

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Computation of Maximum Permissible Operating Reserve for  
Fiscal Year Ended December 31, 1954:

Permanent Maximum Reserve

Permanently Financed Projects:

Project A - 40 Units  
Project B - 26 Units  
Project C - 20 Units  
Total - 86 Units - \$9,500 plus (36 Units x \$160) = \$15,260

Maximum Permissible Reserve at December 31, 1954

Permanently Financed Projects

4/5 of Permanent Maximum Reserve of \$15,260 =

\$12,208

Computation of Maximum Permissible Operating Reserve for  
Fiscal Year Ended December 31, 1955:

Permanent Maximum Reserve

Permanently Financed Projects

Project A - 40 Units  
Project B - 26 Units  
Project C - 20 Units  
Total - 86 Units - \$9,500 plus (36 Units x \$160) = \$15,260

Maximum Permissible Reserve at December 31, 1955

For the fifth and subsequent fiscal years, the  
maximum permissible Operating Reserve will be  
equal to the Permanent Maximum Reserve of

\$15,260

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Accounting for Reserve for Property Betterments and Additions

1. General. This Section prescribes the accounting procedure for recording transactions applicable to the Reserve for Property Betterments and Additions, Account 2830, established through Provision for Betterments and Additions, Account 7020.
2. Purpose of Reserve. A Reserve for Property Betterments and Additions may be established only after PHA approval; only for a specific project; and only for specific future Betterments or Additions which have been approved as to purpose and estimated cost by the PHA and which cannot be financed from the applicable Operating Receipts available in one fiscal year. No part of any funds thus reserved may be used for any other purpose without the prior approval of the PHA.
3. Establishing the Reserve. After approval by the PHA, funds may be reserved from either (a) Operating Receipts or (b) proceeds of an Administrative Loan, in accordance with the terms of the PHA approval. They shall be retained in the General Fund until such time as the purpose for which they were reserved has been accomplished or the need therefor no longer exists. The Reserve will be established by journal voucher entry, as follows:  
  
Debit: Account 7020 - Provision for Betterments and Additions  
  
Credit: Account 2830 - Reserve for Property Betterments and Additions  
  
(To provide for "describe purpose" - as approved by the PHA - "date".)
4. Use of the Reserve. As the specific Betterment or Addition for which the approved Reserve was established is paid for, Account 2830 shall be debited and Account 7020 shall be credited, by journal voucher, with the amount of such expenditures. Account 1400, Land, Structures, and Equipment, will be increased by the amount of such capital expenditures as is more fully explained in Section 25-14, Property Accounting.
5. Closing the Reserve. When the Betterment or Addition for which the Reserve was established has been completed, the amount of funds reserved in excess of the cost of the Betterment or Addition shall be transferred from the Reserve by journal voucher entry, as follows:

(Cont'd)

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ACCOUNTING

6-26-53

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Debit: Account 2830 - Reserve for Property Betterments  
and Additions

Credit: Account 7020 - Provision for Betterments and  
Additions

The same entry will be made in the event there is no need for the Betterments or Additions for which the Reserve was provided. A credit balance in the Reserve account will represent the amount of unexpended funds reserved for Property Betterments or Additions not yet completed.

HHFA

SMALL LOW-RENT PROGRAMS MANUAL

PHA

6-26-53

ACCOUNTING

25-13-1

Undistributed Accounts

At the present time no undistributed accounts are provided for use in the Small Low-Rent Programs.

Introduction to Property Accounting

1. General. The Local Authority shall establish and maintain complete and accurate records of all property, both real and personal, acquired and held for projects under a Contract between the Local Authority and the PHA (Annual Contributions Contract, Contracts for Loan and Annual Contributions, Contracts for Financial Assistance, and Administration Contracts). Instructions for establishing and maintaining property records, and for recording property acquisitions and dispositions are in Sections 25-14-2 and 25-14-3 of this Manual.
2. Definition of Real and Personal Property. For purposes of this Section, real and personal property are defined as follows:
  - a. Real property comprises all land and buildings, and all fixtures attached thereto or installed in a fixed position, such as (1) hot water heaters, (2) all heating equipment, except space heaters not connected to ducts or pipes of the distribution of heat, (3) structural playground facilities (such as spray pools), and (4) benches, clothes poles, and flag poles which are permanently installed in a fixed position.
  - b. Personal property comprises all materials, supplies, equipment, and fixtures which are not attached to the land or buildings and not permanently installed in a fixed position, such as (1) ranges, (2) refrigerators, (3) screens, (4) window shades, (5) movable kitchen cabinets and tables, (6) office equipment, (7) community space equipment, (8) maintenance equipment, and (9) individual space heaters not connected to ducts or pipes for the distribution of heat. Personal property also includes playground equipment and benches, clothes poles, and flag poles not permanently installed in a fixed position.
3. Classification of Personal Property. For purposes of this Section all items of personal property are to be classified into one of the three following categories:
  - a. Nonexpendable Equipment. All items of dwelling and nondwelling equipment costing \$25 or more per unit and having a useful life of more than one year shall be classified as nonexpendable equipment. The Local Authority may, if it desires, lower the \$25 limitation to provide for the capitalization of certain items of equipment which are commonly acquired and used in large quantities.

(Cont'd)

NOTE: This Section supersedes Section 25-14-1 dated 6-26-53. It has been rewritten to define real and personal property and to define classifications of personal property.

- 
- b. Expendable Equipment. All items dwelling and nondwelling equipment costing less than \$25 per unit and having a useful life of more than one year shall be classified as expendable equipment.
- c. Materials and Supplies. All items of personal property which (1) can be used only once (such as fuel, cleaning supplies, paper, ink, etc.), (2) are spent in use (items like brooms, brushes, pencils, etc.), (3) lose their identity or become an integral part of other property when put into use (such as nails, lumber, cement, paint, repair parts, etc.), or (4) items of equipment which have a useful life of less than one year, are to be considered materials and supplies.

Property Accountability Records

1. General. This Section sets forth the procedures for establishing and maintaining property accountability records and for the periodic reconciliation of such records with physical inventories. The property records prescribed herein may be combined for all projects under the same Contract.
2. Equipment Records--Nonexpendable Equipment
  - a. Equipment record cards shall be established and maintained for all items of nonexpendable equipment (see Section 25-14-1 for definition of nonexpendable equipment). The specimen form of Equipment Record Card shown as Exhibit 1 has been designed so that a single card may be maintained for all items of equipment having the same characteristics. For example, one card may be maintained for all refrigerators of a given size and make regardless of cost; however, if there are refrigerators of a different size or make in the project or projects, a separate card shall be maintained by size or make.
  - b. All acquisitions shall be recorded on the card as soon as the equipment is received, using a separate line for each piece of equipment. On the last line used for recording a purchase, the new balance shall be entered in the columns provided for "Balance."
  - c. A single line entry may be used for recording the disposition of a number of items of equipment which are disposed of at the same time, and the new balance extended on the same line in the columns provided for "Balance." Each entry recording the disposition of equipment should be numbered in numerical sequence in the "Key" column, beginning with the number "1" for the first disposition transaction, and this number should also be placed in the "Key" column opposite each of the individual items of equipment disposed of. The items for which a "Key" number has not been entered will represent equipment remaining on hand, and shall be in agreement with the quantity and amount shown in the "Balance" columns.
  - d. All transactions shall be posted from the documents supporting the transaction, such as vendor's invoices, sales documents, survey actions, etc. The equipment record cards shall show the actual cost as shown on the vendor's invoice (list price less all discounts), plus transportation cost. Entries to record items of equipment sold, lost, stolen, abandoned, or otherwise disposed of shall be recorded in accordance with paragraph 2c above.
  - e. The equipment record cards shall be filed in an "Open" and "Closed" file according to the following account classifications:

(Cont'd)

NOTE: This Section supersedes Sections 25-14-2 and 25-14-4 dated 12-15-54, and Section 25-14-3 dated 6-26-53. It has been revised to incorporate property accountability records and instructions in one Section.

25-14-2

## ACCOUNTING

August 1956

Account 1465.1, Dwelling Equipment - Nonexpendable

Account 1475.1, Office Furniture and Equipment

Account 1475.2, Maintenance Equipment

Account 1475.3, Community Space Equipment

Account 1475.7, Automotive Equipment

The "Open" file shall contain cards representing equipment in inventory; the "Closed" file shall contain cards on which all equipment has been disposed of.

3. Property Ledger (Exhibit 2)

a. Purpose

(1) During the Development Period, a Development Cost Ledger (see Section 25-5-3) was established for the purpose of maintaining a detailed record of the Development Cost of each project. During the Operations Period, a Property Ledger shall be maintained for the purpose of providing fiscal control of all property, both real and personal, acquired and held for the projects. A single Property Ledger shall be maintained for all projects under the same Contract between the Local Authority and the PHA. The term "Land, Structures, and Equipment" as used in this Section means all land, structures, and equipment which comprise the projects regardless of the time or manner of acquisition; the term "Development Cost" means all costs paid from funds provided for the development of the projects.

(2) After the establishment of the Property Ledger, the Development Cost Ledger shall continue to be maintained for recording "Development Cost" expenditures until the Actual Development Cost Certificate is issued.

b. Classification of Property Accounts During Operations Period. The property accounts to be used during the Operations Period are as follows:

1405 Indirect Development Costs

1440 Site Acquisition

1440.3 Excess Property

1450 Site Improvement

1460 Dwelling Structures

1465.1 Dwelling Equipment - Nonexpendable

(Cont-d)



- 1465.2 Dwelling Equipment - Expendable
- 1470 Nondwelling Structures
- 1475.1 Office Furniture and Equipment
- 1475.2 Maintenance Equipment
- 1475.3 Community Space Equipment
- 1475.7 Automotive Equipment
- 1475.9 Nondwelling Equipment - Expendable

c. Establishment of Property Ledger

(1) The Property Ledger shall be established as of the date the first project reaches the End of the Initial Operating Period. When other projects under the same Contract reach the End of the Initial Operating Period, the Property Ledger established for the first project shall be used for such other projects.

(2) Before establishing the Property Ledger it will be necessary to:

- (a) Take a physical inventory of all expendable and nonexpendable equipment, and record the applicable adjustments to the subsidiary Land, Structures, and Equipment accounts in the Development Cost Ledger in accordance with paragraphs 6 and 7 below.
- (b) Distribute the cost of contract billings charged to Account 1480, Contract Work in Process. The distribution shall be made as follows:
  - i. If final payment has been made on the Contract (exclusive of Contract Retentions), the distribution of costs to the property accounts shall be made on the basis of the cost breakdown shown in columns (5) to (11) of the Contract Register (see Exhibit 4, Section 25-5-3).
  - ii. If final payment has not been made on the Contract as of the End of the Initial Operating Period, the distribution of costs to the property accounts shall be made on the basis of the percentage of the cost breakdown for each account as shown in columns (5) to (11) of the Contract Register.

(Cont'd)

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The distribution of costs in Account 1480 shall be documented by a Journal Voucher; the Journal Voucher will not contain the normal debit and credit entries, but will show only a summary of the amounts chargeable to the property accounts set forth in paragraph 3b above, and an explanation as to the method of distribution. The Journal Voucher shall be used for recording the distribution of costs in Account 1480 to the applicable property accounts in the Property Ledger, but it shall not be recorded in the Development Cost Ledger. (The distribution of costs charged to Account 1480 shall be recorded in the Development Cost Ledger at the time the Actual Development Cost Certificate is prepared--see Section 25-5-6.)

(3) A separate Property Ledger sheet shall be established for each of the property accounts shown in paragraph 3b above. The cost of all property acquired during the Development Period, as recorded in the Development Cost Ledger, shall be debited to the appropriate property account. The accounts in the Development Cost Ledger shall not be credited but shall remain as recorded.

(4) Instructions for recording the total Development Cost in the property accounts are as follows:

- (a) Indirect Development Costs - Account 1405. This property account shall be debited with the total costs recorded in the Development Cost Ledger in Accounts 1410.1 to 1410.19, Overhead; Accounts 1420.1 to 1420.7 Interest Expense - Net; Account 1425, Initial Operating Deficit (if final balance is a debit); and, Accounts 1430.1 to 1430.19, Planning. The total for each major group of accounts (Accounts 1410, 1420, 1425, and 1430) should be entered on the Property Ledger sheet separately, by project.
- (b) Site Acquisition - Account 1440. This property account shall be debited with the total costs recorded in the Development Cost Ledger in Accounts 1440.1 to 1440.20, inclusive, except Account 1440.3, Excess Property, which shall be established as a separate account.
- (c) Site Improvement, Account 1450 - Dwelling Structures, Account 1460 - Nondwelling Structures, Account 1470. These individual property accounts shall be debited with the costs recorded in the Development Cost Ledger for each account. These accounts shall also be debited

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with the applicable portion of the costs in Account 1480 in accordance with paragraph 3c(2)(b) above.

- (d) Dwelling Equipment - Nonexpendable, Account 1465.1 - Non-dwelling Equipment - Nonexpendable, Accounts 1475.1, 1475.2, 1475.3, and 1475.7. These individual property accounts shall be debited with the costs recorded in the Development Cost Ledger for each account. These accounts shall also be debited with the applicable portion of the costs in Account 1480 in accordance with paragraph 3c(2)(b) above.
- (e) Dwelling Equipment - Expendable, Account 1465.2 - Nondwelling Equipment - Expendable, Account 1475.9. These individual property accounts shall be debited with the costs recorded in the Development Cost Ledger for each account. These accounts shall also be debited with the applicable portion of the costs in Account 1480 in accordance with paragraph 3c(2)(b) above.

d. Recording Property Acquisitions and Dispositions After Establishment of the Property Ledger

(1) Development Cost. Any transaction occurring after the establishment of the Property Ledger which affects the "Development Cost" of the project, such as (a) expenditures for additional Development Cost, (b) adjustment of Initial Operating Deficit (if the final balance is a debit), (c) the sale of property (when the proceeds from sale are to be credited to Development Cost), etc., shall be debited (or credited) to the applicable subsidiary Land, Structures, and Equipment accounts in the Development Cost Ledger in the usual manner. At the end of each month the net debit (or net credit) of all such transactions shall also be recorded in the applicable property accounts in the Property Ledger.

(2) Other Property Acquisitions and Dispositions. The cost of property acquired (exclusive of expendable equipment) after the End of the Initial Operating Period which is not chargeable to the "Development Cost" of the project, but is paid for from Operating Receipts, and the cost of property sold or otherwise disposed of (when the proceeds from disposition are not credited to Development Cost - see Section 25-14-3), represent a change in the value of "Land, Structures, and Equipment" but do not affect the "Development Cost" of the project. Such acquisitions and dispositions shall be recorded in the appropriate property account in the Property Ledger but not in the Development Cost Ledger.

e. Special Instructions

(1) In some instances, a Local Authority may dispose of real or non-expendable personal property prior to the End of the Initial Operating Period, but the proceeds from disposition of such property should not be credited to the "Development Cost" of the project (see Section 25-14-3

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relating to application of proceeds from disposition of property). Such transactions represent a change in the value of "Land, Structures, and Equipment" but do not affect the "Development Cost" of the project, and shall not be recorded in the Development Cost Ledger. In these cases, a Property Ledger sheet shall be established (for each amount affected) prior to the End of the Initial Operating Period for the purpose of recording such transactions.

(2) If it becomes necessary to establish a Property Ledger sheet for certain property accounts prior to the End of the Initial Operating Period, the aggregate of the totals in these property accounts, plus the total "Development Cost" as recorded in the Development Cost Ledger, shall equal the balance in the General Ledger for Account 1400, Land, Structures, and Equipment. As of the End of the Initial Operating Period, the Property Ledger shall be established in accordance with paragraph 3c above.

f. Verification of Property Accounts

(1) The property accounts for nonexpendable equipment, Accounts 1465.1, 1475.1, 1475.2, 1475.3, and 1475.7 shall be supported by Equipment Record Cards as prescribed in paragraph 2 above. At the end of each fiscal year, or more frequently if desired, it shall be determined that the total costs shown on the equipment record cards are in agreement with the property accounts. (Instructions for the reconciliation of physical inventory of equipment with the equipment record cards are in paragraph 7 below.)

(2) After all projects under a Contract reach the End of the Initial Operating Period, the total of the balances of all the property accounts in the Property Ledger shall equal the balance in the General Ledger for Account 1400, Land, Structures, and Equipment.

4. Equipment Records--Expendable Equipment. Individual equipment record cards need not be maintained for items of expendable equipment (see Section 25-14-1 for definition of expendable equipment). During the Operations Period a list shall be maintained showing the date, voucher number (or other reference, if applicable), quantity, and description of all items of expendable equipment acquired or disposed of during the fiscal year. After reconciliation with the annual inventory pursuant to paragraph 7 below, this list shall be attached to the Record of Physical Inventory (see paragraph 6 below) and retained.

5. Records of Materials and Supplies

a. As a general rule, materials and supplies (see Section 25-14-1 for definition of materials and supplies) will be purchased as needed and the cost will be charged to the applicable expense account when purchased.

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Stocks of materials and supplies are costly to maintain and should be limited to items which cannot be acquired promptly as needed, or are used in such quantities that consolidated purchases will result in considerable savings. Stock records shall be maintained for all items of materials and supplies purchased in quantities and placed in a warehouse or storeroom for issuance to the projects when needed. The cost of such materials and supplies shall be charged to Account 1290, Deferred Charges - Sundry, when purchased.

b. When the stock of materials and supplies includes only a small variety of items, it may be desirable to maintain stock records by subdividing Account 1290 by type of item, i.e. Account 1290.1, Inventory - Fuel, Account 1290.2, Inventory - Paint, Account 1290.3, Inventory - Lumber, etc. When this method is used, each ledger sheet for Account 1290, as subdivided, shall contain a record of the quantities purchased, quantities issued, and quantities on hand.

c. If the stock of materials and supplies includes a large variety of items, a simple stock record should be maintained for recording purchases, withdrawals, and balances by types of items. A suggested form of Stock Record Card is shown as Exhibit 3 to this Section. When this method is used, the total of the balances as shown on all the Stock Record Cards shall be equal to the balance included in Account 1290 for inventory of materials and supplies.

d. When materials and supplies are withdrawn from the warehouse or store-room for use at the projects, a Journal Voucher shall be prepared to debit the applicable expense accounts and to credit Account 1290 for the total cost of items withdrawn. Each such Journal Voucher shall contain a list showing the quantity, description, and cost of each item withdrawn; the Journal Voucher shall be used for posting to the individual Stock Record Cards when this type of stock record is maintained (see paragraph 5c above).

## 6. Physical Inventory of Personal Property

a. Definition. A physical inventory means a visual inspection and count of all personal property, except items of equipment in occupied dwelling units covered by a tenant receipt. No visual inspection of equipment in occupied dwelling units is required; an inspection of the receipts covering such equipment is sufficient. 1/

b. When Taken. A physical inventory of all personal property, including materials and supplies stored in a warehouse or storeroom pending issuance to the projects at a future date, shall be taken as of the last day of the  
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1/ Some Local Authorities have adopted the procedure of obtaining a receipt from each tenant for all movable equipment located in the dwelling unit, although such procedure is not prescribed by the PHA.

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Initial Operating Period; thereafter, a physical inventory shall be taken as of the end of each fiscal year. When the size of the staff permits, the physical inventory should not be taken by the employee who has custody of the property records and also makes the reconciliation of physical inventories in accordance with paragraph 7 below.

c. Record of Physical Inventory. A formal listing shall be made of all items of personal property in inventory showing the quantity, unit of measurement (such as each, pound, gallon, ton, etc.), and description of each item. The inventory taken as of the End of the Initial Operating Period shall be priced at acquisition costs; thereafter, the inventory taken at the end of each fiscal year need not be priced. A suggested form of Record of Physical Inventory for use in listing personal property in inventory as shown as Exhibit 4 to this Section; the record of physical inventory shall be signed by the person or persons taking the physical inventory, and by the person responsible for its reconciliation with the property records and controls. In order to facilitate the reconciliation of physical inventories (see paragraph 7 below), and the verification of inventories by PHA Auditors, the inventory of personal property shall be segregated by the following account classification:

Account 1290 - Deferred Charges - Sundry (Materials and Supplies)

Account 1465.1 - Dwelling Equipment - Nonexpendable

Account 1465.2 - Dwelling Equipment - Expendable

Account 1475.1 - Office Furniture and Equipment

Account 1475.2 - Maintenance Equipment

Account 1475.3 - Community Space Equipment

Account 1475.7 - Automotive Equipment

Account 1475.9 - Nondwelling Equipment - Expendable

After the reconciliation of physical inventories in accordance with paragraph 7 below, the record of physical inventory and all working papers relating to the reconciliation shall be retained in the files for the review by PHA Auditors.

## 7. Reconciliation of Physical Inventories

### a. Nonexpendable Equipment

(1) The physical inventory shall be reconciled with the equipment record cards established and maintained in accordance with paragraph 2 above.

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The total cost of nonexpendable equipment, as shown on the equipment record cards, shall be in agreement with the balances in the property accounts (see paragraph 3 above). All items of nonexpendable equipment shall be accounted for; items which have been lost, stolen, or destroyed shall be supported by a Survey Action (see paragraph 8 below). The procedure for writing off the cost of equipment pursuant to a Survey Action is in Section 25-14-3.

(2) After reconciliation of the physical inventory taken at the end of the Initial Operating Period, a Journal Voucher shall be prepared (for posting in the Development Cost Ledger) to transfer the total cost of nonexpendable equipment in inventory from Accounts 1465 and 1475 to the applicable subsidiary accounts (Accounts 1465.1, 1475.1, 1475.2, 1475.3, and 1475.7), unless previously charged to sub-accounts on date of acquisition.

b. Expendable Equipment

(1) The physical inventory taken as of the End of the Initial Operating Period shall be reconciled with the charges to Accounts 1465 and 1475 for expendable equipment acquired during the Development Period. (It may be necessary to analyze the charges to Accounts 1465 and 1475 in the Development Cost Ledger, and prepare a list of items of expendable equipment charged to these accounts.) The physical inventory taken at the end of each fiscal year shall be reconciled with the preceding inventory, taking into account acquisitions and dispositions of expendable equipment since the date of the preceding inventory (see paragraph 4 above). All items of expendable equipment shall be accounted for; items which have been lost, stolen, or destroyed shall be supported by a Survey Action (see paragraph 8 below). The procedure for writing off the cost of expendable equipment pursuant to a Survey Action is in Section 25-14-3.

(2) After reconciliation of the physical inventory taken at the end of the Initial Operating Period, a Journal Voucher shall be prepared (for posting in the Development Cost Ledger) to transfer the total cost of expendable equipment in inventory from Accounts 1465 and 1475 to the applicable subsidiary accounts (Accounts 1465.2 or 1475.9), unless previously charged to sub-accounts on date of acquisition.

c. Materials and Supplies. The physical inventory of materials and supplies shall be reconciled with the stock records maintained in accordance with paragraph 5 above. The total cost of materials and supplies, as shown on the stock records, shall be in agreement with the balance in Account 1290, Deferred Charges - Sundry, with respect to inventories. If the inventory count differs only slightly from the balances shown on the stock records and the total amount of the differences involved is not in excess of \$10, Account 1290, Deferred Charges - Sundry, shall be debited or credited, as applicable, with a contra entry to Account 4795, Other Project Expense; however, if the

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total amount of all the differences exceeds \$10, the records of purchases and withdrawals shall be reviewed and verified. If it is determined that the difference is a result of an error in recording purchases and withdrawals, appropriate adjustment shall be made to correct the error; however, if it is determined that materials and supplies have been lost, stolen, or destroyed, the adjustment to correct the records shall be supported by a Survey Action (see paragraph 8 below).

## 8. Survey Actions

a. In the case of loss, theft, damage, or destruction of personal property, the Executive Director shall investigate all facts surrounding each case, and shall prepare a report setting forth complete information as to the results of such investigation. The report should include the following information:

- (1) An itemized list of property lost, stolen, damaged, or destroyed and showing the quantity, description, and acquisition cost of each item involved.
- (2) A statement as to whether the property was lost, stolen, damaged, or destroyed.
- (3) The name of the person having custody of the property at the time it was lost, stolen, damaged, or destroyed, and a statement of information obtained from this person.
- (4) A statement as to whether the person having custody of the property was or was not at fault, and a recommendation as to whether such person should or should not be relieved of responsibility; if it is recommended that he should not be relieved of responsibility, include a recommendation as to the amount of reimbursement that should be required.
- (5) Any other pertinent information relating to the case.

b. The report shall be presented to the Board of Commissioners, at the next regular meeting, for final determination of the action to be taken. The resolution adopted by the Board will constitute the authority for writing off the cost of the property, and establishing a claim for reimbursement, if any.



NOTE: This Exhibit supersedes Exhibit 1 to Section 25-14-2 dated 6-26-53.

Property Account 1475.1, Office Furniture and Equipment  
Contract Number A-372 Project Numbers 74-50-1, 50-2

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RECORD OF PHYSICAL INVENTORY				
INVENTORY DATE _____				
Contract Number _____		Project Numbers _____		
No. of Units	Unit	Description of Item	Unit Cost	Total Cost

Physical Inventory Taken By:		Inventory Reconciled By:	
Name _____	Name _____	Name _____	Name _____
Title _____	Date _____	Title _____	Date _____

Property Acquisitions and Dispositions During the Operations Period

1. General

a. The various types of contracts between the Local Authority and the PHA (Annual Contributions Contract, Contract for Loan and Annual Contributions, Contracts for Financial Assistance, and Administration Contracts) set forth the contractual requirements with respect to the acquisition and disposition of property, and the application of the proceeds from disposition.

b. It is the purpose of this Section to prescribe the accounting procedures for recording property transactions during the Operations Period which will conform with the provisions of the applicable Contract and at the same time provide for maintenance of the fiscal property accounts prescribed in Section 25-14-2 of this Manual.

2. Relationship Between Account 1400, Land, Structures, and Equipment, and the 7500 Group of Accounts (Operating Expenditures for Property)

a. Account 1400, Land, Structures, and Equipment, is an asset account representing the cost of all land, structures, and equipment acquired and held in connection with the projects. All transactions relating to the acquisition or disposition of real property and nonexpendable equipment must be recorded in Account 1400 (and the applicable subsidiary accounts to Account 1400) in the same manner as is customary in commercial accounting practice.

b. The 7500 group of accounts, Operating Expenditures for Property, is a memorandum group of accounts provided for recording expenditures for property and to segregate such expenditures from expenditures for operating expenses. These memorandum accounts are also used for recording the proceeds from the disposition of property, and for the application of proceeds in accordance with the terms of the applicable Contract (see paragraphs 4 and 5 below). The definitions of Accounts 7515 to 7590 disclose the types of transactions to be recorded in these accounts.

3. Types of Property Transactions. The various types of property transactions which may occur during the Operations Period are as follows:

- a. Disposition of excess real property (see paragraph 4 below).
- b. Acquisition of entirely new property with Operating Receipts (see Exhibit 1).

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NOTE: This Section supersedes Section 25-14-5 dated 6-26-53. It has been completely rewritten to provide the accounting for property acquisitions and dispositions for the various types of contracts.

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- c. Extraordinary replacements of property resulting in a property betterment (see Exhibit 2).
  - d. Disposition of nonexpendable equipment which will not be replaced (see Exhibit 3).
  - e. Disposition of nonexpendable equipment, reservation of proceeds, and routine replacement (see Exhibit 4).
  - f. Acquisition and disposition of items of expendable equipment (see paragraph 4f below).
  - g. The loss of real or personal property due to fire or other casualty, application of proceeds from casualty claims, and the reconstruction, restoration, or replacement of the property destroyed or damaged (see Exhibit 5).
  - h. Disposition of property without proceeds (property lost, stolen, abandoned, etc.) (see paragraph 6 below).

#### 4. Property Acquisitions and Dispositions

a. Disposition of Excess Real Property. If at any time it is determined that any real property acquired or held in connection with the project is excess to the needs of such project, the Local Authority will be required to sell the excess property in accordance with the terms of the Contract between the Local Authority and the PHA. The accounting entries required to record the sale of excess real property vary according to the type of Contract with the PHA. Since there will be relatively few Local Authorities with excess real property, the procedure for recording the sale of such property will not be included in this Manual. Instead, the PHA will, upon request, furnish the appropriate procedures on a case basis. Such requests should include complete information about the type of property sold, acquisition cost, gross sales price, selling expenses, type of project (PL-171, 412, 671, or PWA, Lanham, or Farm Labor Camp projects conveyed for low-rent use), etc.

#### b. Property Additions

(1) Property additions consist of additional land, structures, or nonexpendable equipment purchased from Operating Receipts. Minor additions to real property involving a total expenditure of less than \$100 and expenditures for expendable equipment, regardless of cost, shall not be considered "property additions," but shall be charged to the appropriate expense account. An example of the entries to record a property addition is shown as Exhibit 1 to this Section.

(2) In the case of PL-171 Projects for which an Actual Development Cost Certificate has not been issued, the cost of additional land, structures, and nonexpendable equipment shall be charged to the

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Development Cost of the project if (a) the final Development Cost Budget containing specific provisions for such additions has been approved, or (b) the final Development Cost Budget has not been approved, but the time limit for the submission of such Budget has not expired (see Section 4.4 of the Small Low-Rent Programs Manual - Operation).

c. Property Betterments

(1) Property betterments consist of extraordinary replacement of structural elements or nonexpendable equipment which result in a substantial increase in the quality, capacity, or utility of the replacement over the item replaced. Property betterments include such items as the replacement of manually fired boilers with stoker fired boilers, replacement of ice boxes with mechanical refrigerators, or the replacement of 10-gallon hot water heaters with 30-gallon hot water heaters. The replacement of structural elements due to normal wear and tear, such as the replacement of boilers, roofs, hot water heaters, or roadways, which have served their useful life, by items of substantially the same type, shall not be considered "property betterments" but shall be considered an operating expense chargeable to the applicable expense account.

(2) Basically, property betterment transactions involve three steps:  
(a) removing the cost of the items replaced from the property accounts;  
(b) recording the cost of the replacement in the property accounts; and  
(c) recording the net expenditure for property betterments (acquisition cost of the betterment, less proceeds from the sale of the items replaced) in Account 7545, Property Betterments and Additions, as an operating expenditure. An example of a transaction involving a "property betterment" is shown as Exhibit 2 to this Section.

(3) In the case of PL-171 Projects for which an Actual Development Cost Certificate has not been issued, the cost of "property betterments" shall be charged to the Development Cost of the project if (a) the final Development Cost Budget containing specific provisions for such betterments has been approved, or (b) the Final Development Cost Budget has not been approved, but the time limit for the submission of such Budget has not expired (see Section 4.4 of the Small Low-Rent Programs Manual - Operation).

d. Disposition of Nonexpendable Equipment Which Will Not Be Replaced

(1) PL-412 Projects, PL-671 Projects, and Permanently Financed PL-171 Projects. When items of nonexpendable equipment of a PL-412 Project, PL-671 Project, or a Permanently Financed PL-171 Project are sold and a determination is made that such items of equipment will not be replaced, the proceeds from sale shall be deposited in the General Fund

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as an Operating Receipt. An example of the entries to record this type of transaction is shown as Item 1 of Exhibit 3 to this Section.

(2) PWA and Lanham Act Projects Conveyed to Local Authorities Under an Administration Contract. When items of nonexpendable equipment of a PWA or Lanham Act Project conveyed to a Local Authority for low-rent use are sold and a determination is made that such items of equipment will not be replaced, the proceeds from disposition shall be promptly paid to the PHA. Pending settlement with the PHA, the proceeds shall be deposited in the General Fund. An example of the entries to record this type of transaction is shown as Item 2 of Exhibit 3 to this Section.

e. Disposition of Nonexpendable Equipment, Reservation of Proceeds, and Routine Replacement. The Local Authority will, from time to time, find it necessary to dispose of items of nonexpendable equipment which are obsolete, worn out, or excess to the needs of the projects. The proceeds from the disposition of such equipment shall be deposited in the General Fund and may be reserved for the purpose of paying the cost of replacement equipment of substantially the same kind. Examples of the entries to record the disposition of nonexpendable equipment, reservation of proceeds, and routine replacement are shown as Exhibit 4 to this Section. Although the proceeds from the disposition of nonexpendable equipment may be reserved for paying the cost of replacement equipment, if it is subsequently determined that no replacement will be made, appropriate entries shall be made to record the proceeds from disposition in accordance with paragraph 4d above at the time such determination is made.

f. Acquisition and Disposition of Expendable Equipment

(1) The cost of expendable equipment purchased from funds provided for the development of the project shall be charged to Account 1465.2, Dwelling Equipment - Expendable, or to Account 1475.9, Nondwelling Equipment - Expendable, as applicable. The cost of expendable equipment purchased from Operating Receipts shall be charged to the applicable expense accounts.

(2) The proceeds from the sale of expendable equipment shall be credited to Account 3595, Other Project Income.

5. Property Destroyed or Damaged

a. Determination of Change in Book Value of Project. When property is destroyed or damaged by fire, tornado, earthquake, hailstorm, or other casualty, it shall be determined whether the loss and subsequent reconstruction, restoration, or replacement will result in a material change in the book value of the project. For instance, the replacement of a roof which has been destroyed by fire with a new roof of substantially the same kind, the reconstruction of a lightning-struck chimney, or the repairing of equipment, walls, doors, or windows of a structure damaged

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by fire or other casualty, will not result in a change in the book value of the project. However, the reconstruction of structures which have been wholly destroyed will result in a material change in the book value of the project. Also, when a structure which has been partially or wholly destroyed is not reconstructed or restored, or when it is not reconstructed or restored to its former utility, it shall be considered to have resulted in a material change in the book value of the project. The loss of complete items of nonexpendable equipment (not parts or components) shall always be considered to have resulted in a material change in the book value of the project, although such equipment may be replaced with items of equipment of substantially the same kind. In borderline cases, if there is a question whether the damage to and subsequent reconstruction or restoration of property results in a change in the book value of the project, it is preferable to consider that no change has occurred.

b. Recording Proceeds From Casualty Claims

(1) When There Is No Change in Book Value of Project. When property is damaged or destroyed by fire or other casualty and it is determined that the loss will not result in a material change in the book value of the project, the proceeds from casualty claims shall be deposited in the General Fund and credited to Account 2290, Deferred Credits - Sundry, pending application to the cost of reconstruction or restoration of such damaged property, or a determination that such property will not be reconstructed or restored. An example of the entries to record this type of transaction is shown as Transaction No. 1 of Exhibit 5 to this Section. Instructions for recording the application of the proceeds from casualty claims are in paragraph 5c below.

(2) When There Is a Change in Book Value of Project. When property is damaged or destroyed by fire or other casualty and it is determined that the loss will result in a material change in the book value of the project, the proceeds from casualty claims shall be deposited in the General Fund pending application to the cost of reconstruction, restoration, or replacement, or a determination that such property will not be reconstructed, restored, or replaced. Examples of the entries to record the proceeds from casualty claims are shown as Transactions Nos. 2 and 3 of Exhibit 5 to this Section. Instructions for recording the application of proceeds from casualty claims are in paragraphs 5c and 5d below.

c. Recording Cost of Reconstruction, Restoration, and Replacement, and Application of Proceeds From Casualty Claims

(1) When There Is No Change in Book Value of Project

(a) When it has been determined that the damage to and subsequent reconstruction and restoration of property will not result in any material change in the book value of the project, the cost of

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reconstruction and restoration shall be charged to Account 1290, Deferred Charges - Sundry, pending completion of the work. Upon completion of the reconstruction and restoration work, and after recording all costs in connection therewith, a Journal Voucher shall be prepared to transfer the total cost from Account 1290 to Account 5630, Casualty Losses - Restoration Costs (Noncapitalized). At the same time, another Journal Voucher shall be prepared to transfer the proceeds from casualty claims (relating to such reconstruction and restoration) from Account 2290, Deferred Credits - Sundry, to Account 5630; except that, if the proceeds from casualty claims exceed the reconstruction and restoration costs, the excess shall be credited to Account 3595, Other Project Income. An example of the entries to record this type of transaction is shown as Transaction No. 1 of Exhibit 5 to this Section.

(b) In the event the reconstruction and restoration of damaged property is completed prior to the receipt of settlement of casualty claims, the cost of reconstruction and restoration shall remain in Account 1290 until settlement is made.

(2) When There Is a Change in Book Value of Project

(a) When it has been determined that the loss and subsequent reconstruction, restoration, or replacement of damaged property has resulted in a change in the book value of the project, all costs incurred in connection with the reconstruction, restoration, or replacement shall be charged to Account 7560, Reconstruction and Restoration of Damaged Property (and credited to Account 7590) at the time such costs are recorded in Account 1400, Land, Structures, and Equipment. After recording the cost of reconstruction, restoration, or replacement, a Journal Voucher shall be prepared to debit Account 7580, Proceeds From Disposition of Property, and to credit Account 7560 for an amount equal to the total proceeds received from casualty claims.

(b) If the reconstruction and restoration of damaged property has not been completed at the end of the fiscal year, a Journal Voucher shall be prepared to debit Account 7580 and to credit Account 7560 for an amount equal to the costs recorded in Account 7560 or for the balance of proceeds from casualty claims remaining in Account 7580 at the end of such fiscal year, whichever is the lesser. The balance of the proceeds, if any, shall remain in Account 7580 until the job is completed or until the end of the next fiscal year, whichever is earlier. An example of the entries to record this type of transaction is shown as Transaction No. 2 of Exhibit 5 to this Section.

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d. Application of Proceeds From Casualty Claims When Damaged or Destroyed Property Is Not Reconstructed, Restored, or Replaced. If the Local Authority, with the approval of the PHA, determines that all or any part of the damage to or destruction of a project shall not be reconstructed, restored, or replaced the proceeds from casualty claims shall be applied in the following manner:

- (1) Annual Contributions Contracts--PL-171 Projects 1/. The proceeds from casualty claims arising from damage to or destruction of projects under this type of Contract, to the extent not used for reconstruction, restoration, or replacement, shall be deposited in the Advance Amortization Fund. In the case of PL-412 and PL-671 Projects which have been wholly financed by Permanent and/or Temporary Notes under this type of Contract, the proceeds shall be applied to the payment of principal of outstanding Permanent and/or Temporary Notes; pending application to the reduction of the notes, the proceeds shall be deposited in the General Fund. An example of the entries to record this type of transaction is shown as Item 1, Transaction No. 3, of Exhibit 5 to this Section.
- (2) Contract for Loan and Annual Contributions--PL-412 Projects. The proceeds from casualty claims arising from damage to or destruction of projects under this type of Contract, to the extent not used for reconstruction, restoration, or replacement, shall be deposited in the General Fund as an unreserved Operating Receipt. An example of the entries to record this type of transaction is shown as Item 2, Transaction No. 3, of Exhibit 5 to this Section.
- (3) Contract for Financial Assistance--PL-671 Projects. The proceeds from casualty claims arising from damage to or destruction of projects under this type of Contract, to the extent not used for reconstruction, restoration, or replacement, shall be deposited in the Debt Service Fund (Account 1181). An example of the entries to record this type of transaction is shown as Item 3, Transaction No. 3, of Exhibit 5 to this Section.
- (4) Administration Contract--PWA and Lanham Act Projects Conveyed for Low-Rent Use. The proceeds from casualty claims arising from damage to or destruction of projects under this type of Contract, to the extent not used for reconstruction, restoration, or replacement, shall be paid promptly to the PHA. An example of the entries to record this type of transaction is shown as Item 4, Transaction No. 3, of Exhibit 5 to this Section.

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1/ Also applicable to PL-412 and PL-671 Projects which have been financed under this form of Contract (Contracts in the form of PHA-2172, PHA-2456, PHA-2456a, or PHA-2488).

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6. Property Lost, Stolen, or Destroyed. All items of expendable and nonexpendable equipment which are lost, stolen, or destroyed shall be supported by a Survey Action (see Section 25-14-2). The entries to remove the cost of such equipment from the property accounts, and to establish a claim against the individual responsible for the loss, if any, are as follows:

- a. During the Development Period. When items of equipment (expendable or nonexpendable) are lost, stolen, or destroyed before the End of the Initial Operating Period, and the Survey Action authorizes the write-off of such equipment without reimbursement, a Journal Voucher shall be prepared to debit Account 1410.18, Equipment Expended, and to credit Account 1465, Dwelling Equipment, or Account 1475, Nondwelling Equipment, as applicable, for the acquisition cost of such equipment. However, if the Survey Action provides that the individual responsible for the loss shall make reimbursement to the Local Authority, the entry to record the claim and write off the cost of the equipment is as follows:

Debit: Account 1129, Accounts Receivable - Sundry  
(For amount of reimbursement due)

Debit: Account 1410.18, Equipment Expended  
(For difference between cost and  
amount of reimbursement due)

Credit: Account 1465, Dwelling Equipment  
or  
Account 1475, Nondwelling Equipment  
(For acquisition cost of equipment)

In the case of nonexpendable equipment, a notation of the loss shall be made on the equipment record card with appropriate reference to the Survey Action.

- b. During the Operations Period

(1) Expendable Equipment. When items of expendable equipment are lost, stolen, or destroyed during the Operations Period, a notation of the loss shall be made on the latest report of physical inventory with appropriate reference to the Survey Action. If the Survey Action authorizes the write off of such equipment without reimbursement, no entry is required in the books of account; however, if the Survey Action provides that the individual responsible for the loss shall make reimbursement to the Local Authority, the entry to record the claim is as follows:

Debit: Account 1129, Accounts Receivable - Sundry

Credit: Account 3595, Other Project Income  
(For amount of reimbursement due)

(Cont'd)

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(2) Nonexpendable Equipment. When items of nonexpendable equipment are lost, stolen, or destroyed during the Operations Period, a notation of the loss shall be made on the equipment record card with appropriate reference to the Survey Action. If the Survey Action authorizes the write off of such equipment without reimbursement, a Journal Voucher shall be prepared to debit Account 6120, Gain or Loss From Disposition of Personal Property, and to credit Account 1400, Land, Structures, and Equipment (and the applicable property account) for the acquisition cost of such equipment. However, if the Survey Action provides that the individual responsible for the loss shall make reimbursement to the Local Authority, the entries to record the amount of reimbursement and to write off the cost of such equipment are the same as those for recording the proceeds from insurance or other claims and writing off the cost of property destroyed or damaged by fire or other casualty (see Transaction Nos. 2 and 3 of Exhibit 5 to this Section).

7. Property Abandoned. When an item of nonexpendable equipment is abandoned because it has been completely worn out and does not have any resale or trade-in value, the following entry shall be made to remove the cost of such equipment from the property records:

Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property

Credit: Account 1400, Land, Structures, and Equipment

The sale of scrap, which may include items of nonexpendable equipment which have been abandoned, shall be recorded as a debit to Account 1111, Cash - General Fund, and a credit to Account 3595, Other Project Income.

8. Fiscal Year Closing of Accounts in the 7500 Group (Operating Expenditures for Property)

a. At the close of a fiscal year the debit balances in Accounts 7515, 7545, and 7560 will represent net operating expenditures for property for that fiscal year, while a credit balance in any of these accounts will represent an operating receipt; the balance in Account 7530, if any, will always be a credit balance representing an operating receipt. The balance in Account 7580 will always be a credit balance representing the proceeds from the disposition of property, including proceeds from casualty claims, which are on deposit in the General Fund pending (1) application to the cost of replacement equipment, (2) application to the cost of reconstruction, restoration, or replacement of damaged property, (3) deposit in the Advance Amortization Fund, (4) deposit in the Debt Service Fund, (5) deposit in the Excess Lands Account, (6) payment of principal on Temporary and/or Permanent Notes, or (7) remittance to the PHA, as applicable (see Section 25-3-3 for definition of Account 7580). Account 7590 may have either a debit or credit

(Cont'd)

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balance at the close of the fiscal year; the debit or credit balance in this account shall at all times be equal to the net amount of the credit or debit balances in the other accounts in this group (Accounts 7515, 7530, 7545, 7560, and 7580).

b. At the end of each fiscal year the balances in Accounts 7515, 7530, 7545, and 7560 shall be reported on Form PHA-2511, Statement of Income and Expenses and Operating Receipts and Expenditures, and then these accounts shall be closed out against Account 7590 in accordance with Section 25-6-5 of this Manual.

ACQUISITION OF ENTIRELY NEW PROPERTY  
WITH OPERATING RECEIPTS

Transaction: A new pick-up truck costing \$2,000 is purchased with Operating Receipts. The entries to record this transaction in accordance with paragraph 4b of this Section are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Combined Cash Journal

Debit: Account 1475.7, Automotive Equipment 1/ \$2,000  
Credit: Account 1111, Cash - General Fund \$2,000  
(To record purchase of new pick-up truck)

Journal Voucher

Debit: Account 7545, Property Betterments and Additions \$2,000  
Credit: Account 7590, Operating Expenditures  
for Property - Contra \$2,000  
(To record in Account 7545 the expenditure for property additions)

NOTE: If a Reserve for Property Betterments and Additions has been established specifically for the purchase of the above vehicle, it will be necessary to make an additional entry to record the use of the reserve as follows:

Journal Voucher

Debit: Account 2830, Reserved Surplus - Reserve for Property  
Betterments and Additions \$2,000  
Credit: Account 7020, Provision for Betterments and  
Additions - Net \$2,000  
(To record use of the Reserve for Property Betterments and Additions It should be noted that the amount to be recorded will not necessarily be the cost of the item purchased, but will be the full amount of the reserve previously established for the purchase of such item.)

1/ To be posted in the Property Ledger but not in the Development Cost Ledger.

PROPERTY BETTERMENTS

Transaction: A manually fired boiler which originally cost \$6,000 is replaced with a mechanically fired boiler costing \$15,000, and the old boiler is sold for \$1,000. The entries to record this transaction in accordance with paragraph 4c of this Section are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Combined Cash Journal

Debit: Account 1111, Cash - General Fund	\$1,000
Debit: Account 6110, Gain or Loss From Disposition of Real Property	5,000
Credit: Account 1460, Dwelling Structures 1/	\$ 6,000
(To record sale of old boiler)	

Journal Voucher

Debit: Account 7590, Operating Expenditures for Property - Contra	\$1,000
Credit: Account 7580, Proceeds From Disposition of Property	\$ 1,000
(To credit Account 7580 with proceeds from sale pending application to the cost of replacement)	

Combined Cash Journal

Debit: Account 1460, Dwelling Structures 1/	\$15,000
Credit: Account 1111, Cash - General Fund	\$15,000
(To record the purchase of a new mechanically fired boiler)	

Journal Voucher

Debit: Account 7545, Property Betterments and Additions	\$15,000
Credit: Account 7590, Operating Expenditures for Property - Contra	\$15,000
(To record the cost of new boiler as an operating expenditure)	

(Cont'd)

1/ To be posted in the Property Ledger but not in the Development Cost Ledger.



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Exhibit 2 (Cont'd)

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Debit: Account 7580, Proceeds From Disposition of  
Property \$1,000

Credit: Account 7545, Property Betterments and  
Additions \$1,000

(To apply proceeds from the sale of old boiler  
to the purchase of the replacement)



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Exhibit 3 (Cont'd)

## ACCOUNTING

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2. PWA AND LANHAM ACT PROJECTS CONVEYED TO LOCAL AUTHORITIES UNDER AN ADMINISTRATION CONTRACT (See paragraph 4d(2)):

Combined Cash Journal

Debit: Account 1111, Cash - General Fund \$ 500

Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property \$1,000

Credit: Account 1475.7, Automotive Equipment 1/ \$1,500

(To record sale of motor vehicle)

Journal Voucher

Debit: Account 7590, Operating Expenditures  
for Property - Contra \$ 500

Credit: Account 7580, Proceeds From Disposition  
of Property \$ 500

(To credit Account 7580 with proceeds from sale  
pending determination as to replacement of  
equipment)

Journal Voucher

Debit: Account 2670, Undistributed Credits -  
Unamortized Administration  
Contract - PHA \$ 500

Credit: Account 2118.3, Accounts Payable - Disposition  
Proceeds - PHA \$ 500

(To remove from Account 2670 an amount equal to  
the proceeds from sale and to credit Account  
2118.3 with the amount payable to the PHA,  
after it is determined that the equipment will  
not be replaced)

Debit: Account 7580, Proceeds From Disposition  
of Property \$ 500 (Cont'd)

1/ To be posted in the Property Ledger but not in the Development Cost  
Ledger.

Credit: Account 7590, Operating Expenditures for  
Property - Contra

\$ 500

(To remove from Account 7580 the amount of  
proceeds from sale credited to Account  
2118.3, after determination that the equip-  
ment will not be replaced)

Combined Cash Journal

Debit: Account 2118.3, Accounts Payable - Disposition  
Proceeds - PHA \$ 500

Credit: Account 1111, Cash - General Fund

\$ 500

(To record payment of the net proceeds from  
sale to the PHA)

-----  
DISPOSITION OF NONEXPENDABLE EQUIPMENT, RESERVATION  
OF PROCEEDS, AND ROUTINE REPLACEMENT

This Exhibit sets forth two types of transactions. Transaction No. assumes the sale of property for cash and the purchase of a replacement as separate transactions. Transaction No. 2 assumes the trade-in of property on the purchase of a replacement.

Transaction No. 1: A typewriter which cost \$100 is sold for \$50, and a new typewriter is purchased at a cost of \$175. The entries to record this transaction in accordance with paragraph 4e of this Section are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Combined Cash Journal

Debit: Account 1111, Cash - General Fund	\$ 50
Debit: Account 6120, Gain or Loss From Disposition of Personal Property	50
Credit: Account 1475.1, Office Furniture and Equipment 1/	\$100

(To record the sale of old typewriter)

Journal Voucher

Debit: Account 7590, Operating Expenditures for Property - Contra	\$ 50
Credit: Account 7580, Proceeds From Disposition of Property	\$ 50

(To credit Account 7580 with proceeds from sale  
pending purchase of replacement)

Combined Cash Journal

Debit: Account 1475.1, Office Furniture and Equipment 1/	\$175
Credit: Account 1111, Cash - General Fund	\$175

(To record purchase of replacement typewriter)

(Cont'd)  
1/ To be posted in the Property Ledger but not in the Development Cost  
Ledger.

-----

Journal Voucher

Debit: Account 7515, Replacement of Equipment \$175

Credit: Account 7590, Operating Expenditures for  
Property - Contra \$175

(To record cost of new typewriter as an  
operating expenditure)

Debit: Account 7580, Proceeds From Disposition  
of Property \$ 50

Credit: Account 7515, Replacement of Equipment \$ 50

(To apply proceeds from sale of old typewriter  
to the purchase of replacement)

Transaction No. 2: A typewriter which cost \$100 is traded in on the purchase of a new typewriter costing \$175. A trade-in allowance of \$50 is received on the old typewriter. The entries to record this transaction in accordance with paragraph 4e of this Section are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Journal Voucher

Debit: Account 1129, Accounts Receivable - Sundry \$ 50

Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property 50

Credit: Account 1475.1, Office Furniture and  
Equipment 1/ \$100

(To record trade-in of old typewriter)

Debit: Account 7590, Operating Expenditures for  
Property - Contra \$ 50

Credit: Account 7580, Proceeds From Disposition of  
Property \$ 50

(To credit Account 7580 for trade-in allowance)

(Cont'd)

1/ See footnote 1 on page 1.

Combined Cash Journal.

Debit: Account 1475.1, Office Furniture and  
Equipment 1/ \$175

Credit: Account 1129, Accounts Receivable - Sundry \$ 50

Credit: Account 1111, Cash - General Fund 125

(To record purchase of replacement typewriter,  
less trade-in allowance)

Journal Voucher

Debit: Account 7515, Replacement of Equipment \$175

Credit: Account 7590, Operating Expenditures  
for Property - Contra \$175

(To record cost of new typewriter as an  
operating expenditure)

Debit: Account 7580, Proceeds From Disposition  
of Property \$ 50

Credit: Account 7515, Replacement of Equipment \$ 50

(To apply trade-in allowance on old typewriter  
to the purchase price of the replacement)

1/ See footnote 1 on page 1.

PROPERTY DAMAGED OR DESTROYED BY FIRE  
OR OTHER CASUALTY, APPLICATION OF  
PROCEEDS FROM INSURANCE OR OTHER  
CLAIMS, AND THE RECONSTRUCTION,  
RESTORATION, OR REPLACEMENT OF  
DAMAGED PROPERTY

This Exhibit sets forth three different types of transactions and the entries to record each such transaction in accordance with paragraph 5 of this Section.

Transaction No. 1: A dwelling unit is damaged by fire, and a check is received from the insurer in the amount of \$510. The restoration cost (repairing the floors, walls, doors, windows, etc.) amounted to \$500. Since the damage to and the subsequent restoration of this dwelling unit did not result in a change in the book value of the project, the entries to record this transaction in accordance with paragraphs 5b(1) and 5c(1) are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Combined Cash Journal

Debit: Account 1111, Cash - General Fund	\$510
Credit: Account 2290, Deferred Credits - Sundry	\$510
(To record the proceeds from insurance)	

Combined Cash Journal

Debit: Account 1290, Deferred Charges - Sundry	\$500
Credit: Account 1111, Cash - General Fund	\$500
(To record the cost of restoration of damaged property as a deferred charge pending completion of the work)	

Journal Voucher

Debit: Account 5630, Casualty Losses - Restoration Costs - (Noncapitalized)	\$500
Credit: Account 1290, Deferred Charges - Sundry	\$500
(To transfer total restoration cost from Account 1290 to Account 5630)	

(Cont'd)



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## ACCOUNTING

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Journal Voucher

Debit: Account 2290, Deferred Credits - Sundry	\$510
Credit: Account 5630, Casualty Losses - Restoration Costs - (Noncapitalized)	\$500
Credit: Account 3595, Other Project Income	10

(To apply proceeds from insurance to the restoration cost, and to credit Account 3595 for the amount by which the proceeds exceeded the restoration cost)

Transaction No. 2: A power lawn mower which cost \$350 is destroyed by fire, and a check is received from the insurer in the amount of \$250; a replacement is acquired at a cost of \$400. Since the loss and subsequent replacement will result in a material change in the book value of the project, the entries to record this transaction in accordance with paragraphs 5b(2) and 5c(2) are shown below. These entries are applicable to all locally owned projects in which the PHA has a financial interest.

Combined Cash Journal

Debit: Account 1111, Cash - General Fund	\$250
Debit: Account 6120, Gain or Loss From Disposition of Personal Property	100
Credit: Account 1475.2, Maintenance Equipment 1/	\$350

(To record proceeds from insurance)

Journal Voucher

Debit: Account 7590, Operating Expenditures for Property - Contra	\$250
Credit: Account 7580, Proceeds From Disposition of Property	\$250

(To credit Account 7580 with proceeds from insurance pending acquisition of replacement)

(Cont'd)

1/ To be posted to the Property Ledger but not to the Development Cost Ledger.

Combined Cash Journal

Debit: Account 1475.2, Maintenance Equipment 1/ \$400  
Credit: Account 1111, Cash - General Fund \$400  
(To record purchase of replacement power mower)

Journal Voucher

Debit: Account 7560, Reconstruction and Restoration of Damaged Property \$400  
Credit: Account 7590, Operating Expenditures for Property - Contra \$400  
(To record purchase of replacement power mower as an operating expenditure)  
Debit: Account 7580, Proceeds From Disposition of Property \$250  
Credit: Account 7560, Reconstruction and Restoration of Damaged Property \$250  
(To apply the proceeds from insurance to the cost of replacement power mower)

Transaction No. 3: A truck costing \$2,000 is involved in an accident and damaged beyond repair. A settlement was made with the insurance company for \$1,200. It was subsequently determined that the truck would not be replaced. The entries to record this transaction for the different kind of projects set forth in paragraph 5d of this Section are shown as Items 1, 2, 3, and 4 below.

1. PL-171 PROJECTS UNDER AN ANNUAL CONTRIBUTIONS CONTRACT 2/:

Combined Cash Journal

Debit: Account 1111, Cash - General Fund \$1,200  
Debit: Account 6120, Gain or Loss From Disposition of Personal Property 800  
Credit: Account 1475.7, Automotive Equipment 1/ \$2,000  
(To record the proceeds from insurance)

(Cont'd)

1/ See footnote 1 on page 2.

2/ Also applicable to PL-412 and PL-671 Projects which have been financed under this form of Contract (Contracts in the form of PHA-2172, PHA-2456, or PHA-2488).

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Exhibit 5 (Cont'd)

## ACCOUNTING

August 1956

Journal Voucher

Debit: Account 7590, Operating Expenditures for  
Property - Contra \$1,200

Credit: Account 7580, Proceeds From Disposition  
of Property \$1,200

(To credit Account 7580 with proceeds from  
insurance pending determination as to  
replacement of damaged property)

Combined Cash Journal

\*Debit: Account 1152, Advance Amortization Fund \$1,200

Credit: Account 1111, Cash - General Fund \$1,200

(To record the transfer of proceeds from  
insurance to the Advance Amortization  
Fund after determination is made not to  
replace the damaged property)

\*NOTE: Where a PL-412 or PL-671 Project is wholly financed by  
a Permanent and/or Temporary Note under an Annual Contributions  
Contract, there is no Advance Amortization Fund in which to  
deposit the proceeds from insurance arising from the destruction  
of property which is not replaced. Therefore, the proceeds shall  
be applied to the reduction of the principal of the Permanent  
and/or Temporary Notes as follows:

Combined Cash Journal

Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(For amount of principal payment on Temporary Notes)

Debit: Account 2311, Permanent Notes Payable  
(For amount of principal payment on Permanent Notes)

Credit: Account 1111, Cash - General Fund \$1,200  
(For total amount applied)

(Cont'd)

Journal Voucher

Debit: Account 7580, Proceeds From Disposition  
of Property \$1,200

Credit: Account 7590, Operating Expenditures  
for Property - Contra \$1,200

(To remove from Account 7580 the amount of  
proceeds from insurance transferred to the  
Advance Amortization Fund, or which has been  
applied to the payment of principal on out-  
standing notes)

2. PL-412 PROJECTS UNDER A CONTRACT FOR LOAN AND ANNUAL CONTRIBUTIONS--  
FORM USHA-700:

Combined Cash Journal

Debit: Account 1111, Cash - General Fund \$1,200

Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property 800

Credit: Account 1475.7, Automotive Equipment <sup>1/</sup> \$2,000

(To record proceeds from insurance)

Journal Voucher

Debit: Account 7590, Operating Expenditures for  
Property - Contra \$1,200

Credit: Account 7580, Proceeds From Disposition  
of Property \$1,200

(To credit Account 7580 with proceeds from  
insurance pending determination as to  
replacement of damaged property)

(Cont'd)

1/ See footnote 1 on page 2.

Journal Voucher

Debit: Account 7580, Proceeds From Disposition  
of Property \$1,200

Credit: Account 7560, Reconstruction and Restora-  
tion of Damaged Property \$1,200

(To credit Account 7560 with proceeds from  
insurance after determination is made not to  
replace the damaged property)

NOTE: After posting the above entries, there will be a  
credit balance of \$1,200 in Account 7560 repre-  
senting an operating receipt equal to the proceeds  
from insurance not used for the replacement of  
damaged property.

3. PL-671 PROJECTS UNDER A CONTRACT FOR FINANCIAL ASSISTANCE:

Combined Cash Journal

Debit: Account 1111, Cash - General Fund \$1,200

Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property \$ 800

Credit: Account 1475.7, Automotive Equipment 1/ \$2,000  
(To record proceeds from insurance)

Journal Voucher

Debit: Account 7590, Operating Expenditures for  
Property - Contra \$1,200

Credit: Account 7580, Proceeds From Disposition  
of Property \$1,200

(To credit Account 7580 with proceeds from  
insurance pending determination as to  
replacement of damaged property)

(Cont'd)

1/ See footnote 1 on page 2.

Combined Cash Journal

Debit: Account 1181, Trust Funds - Debt Service                      \$1,200  
Credit: Account 1111, Cash - General Fund                              \$1,200  
  
(To record the transfer of proceeds from insurance to the Debt Service account after determination is made not to replace the damaged property)

Journal Voucher

Debit: Account 7580, Proceeds From Disposition  
of Property    \$1,200  
Credit: Account 7590, Operating Expenditures  
for Property - Contra                                      \$1,200  
  
(To remove from Account 7580 the amount of proceeds from insurance transferred to the Debt Service account)

4. PWA AND LANHAM ACT PROJECTS CONVEYED TO LOCAL AUTHORITIES UNDER AN ADMINISTRATION CONTRACT:

Combined Cash Journal

Debit: Account 1111, Cash - General Fund                      \$1,200  
Debit: Account 6120, Gain or Loss From Disposition  
of Personal Property                                      \$ 800  
Credit: Account 1475.7, Automotive Equipment <sup>1/</sup>                      \$2,000  
  
(To record proceeds from insurance)

Journal Voucher

Debit: Account 7590, Operating Expenditures for  
Property - Contra    \$1,200  
Credit: Account 7580, Proceeds From Disposition  
of Property    \$1,200  
  
(To credit Account 7580 with proceeds from insurance pending determination as to replacement of damaged property)

(Cont'd)

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<sup>1/</sup> See footnote 1 on page 2.

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Exhibit 5 (Cont'd)

ACCOUNTING

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Journal Voucher

Debit: Account 2670, Undistributed Credits -  
Unamortized Administration  
Contract - PHA \$1,200

Credit: Account 2118.3, Accounts Payable - Disposition  
Proceeds - PHA \$1,200

(To remove from Account 2670 and to establish  
an account payable for the amount of proceeds  
from insurance payable to the PHA, after  
determination is made not to replace the  
damaged property)

Debit: Account 7580, Proceeds From Disposition  
of Property \$1,200

Credit: Account 7590, Operating Expenditures for  
Property \$1,200

(To remove from Account 7580 the amount of  
proceeds from insurance credited to  
Account 2118.3)

Combined Cash Journal

Debit: Account 2118.3, Accounts Payable - Disposition  
Proceeds - PHA \$1,200

Credit: Account 1111, Cash - General Fund \$1,200

(To record the payment of the amount due  
the PHA)

-----  
Accounting for Investments

1. General

a. Section 10.1 of the Small Low-Rent Programs Manual - Operation sets forth the contractual requirements with respect to the investment or deposit of excess monies constituting part of a General Fund under an Annual Contributions Contract, Preliminary Loan Contract, or Administration Contract, and the kind of investments in which such excess monies may be made. It is the purpose of this Section to provide accounting instructions for recording transactions resulting from such investments.

b. Although the contract between the Local Authority and the PHA does not make any reference to the investment of monies on deposit with the Fiscal Agent, circumstances may from time to time make it advisable to invest such monies. Monies on deposit with the Fiscal Agent may be invested only in direct obligations of the United States, such as U.S. Treasury Bills, Notes, Certificates, Bonds, and Series J Savings Bonds (see paragraph 6 of Section 10.1 of the Small Low-Rent Programs Manual - Operation). This Section also includes accounting instructions for recording transactions resulting from such investments.

2. Recording Purchase of Securities From General Fund. The entries required to record the purchase of the various types of securities with monies from the General Fund during the Preliminary Loan Period, Development Period, and/or Operations Period are set forth in the following paragraphs:

a. The purchase of securities, such as U.S. Treasury Bills and Series J Savings Bonds, which are sold by the U.S. Treasury on a discount basis, shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1171, Investments - General Fund  
(For actual cost of securities purchased,  
including brokerage or other fees, if any)

Credit: Account 1111, Cash - General Fund  
(For the amount disbursed)

b. Securities in the form of U.S. Treasury Certificates, Notes, and Bonds, which bear interest at fixed rates payable at specified dates (usually semiannually), are purchased from banks or dealers at market price plus accrued interest from the last interest payment date to the date of  
(Cont'd)

NOTE: This Section supersedes Sections 25-15-1 and 25-15-2 dated 6-26-53.

It has been rewritten to provide for the recording of income from investments on a cash basis instead of an accrual basis; other minor changes have been made throughout the Section.

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purchase. The market price of such securities represents the face value plus a premium or minus a discount, depending on the market. The purchase of securities of this kind shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1171, Investments - General Fund  
(For actual cost of securities purchased,  
including brokerage or other fees, if  
any, but excluding accrued interest, if  
any. Premiums or discounts shall be  
considered to be an increase or reduction  
in the cost of securities)

Debit: Account 1144, Accrued Interest Receivable -  
General Fund Investments  
(For amount of accrued interest paid  
to purchase date, if any)

Credit: Account 1111, Cash - General Fund  
(For total amount disbursed)

c. When excess monies on deposit in the General Fund are transferred to a time or savings deposit account, the transaction shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1171, Investments - General Fund

Credit: Account 1111, Cash - General Fund  
(For amount transferred to a time  
or savings deposit account)

3. Recording Purchase of Securities From Fiscal Agent Funds. The entries required to record the purchase of the various types of securities from monies on deposit with the Fiscal Agent in the Advance Amortization Fund, Annual Contributions Reduction Account, or the Series "A" Reserve Fund are set forth in the following paragraphs:

a. The purchase of securities, such as U.S. Treasury Bills and Series J Savings Bonds, shall be recorded by Journal Voucher as follows:

Debit: Account 1153, Fiscal Agent Funds - Investments  
(For actual cost of securities purchased,  
including brokerage or other fees, if any)

Credit: Account 1152, Fiscal Agent Funds - Advance  
Amortization Fund  
(For cost of securities purchased from  
the Advance Amortization Fund)

(Cont'd)

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Credit: Account 1151.2, Fiscal Agent Funds - Annual  
Contributions Reduction Account 1/  
(For cost of securities purchased from the  
Annual Contributions Reduction Account)

Credit: Account 1151.6, Fiscal Agent Funds - Series "A"  
Reserve Fund 1/  
(For cost of securities purchased  
from the Series "A" Reserve Fund)

b. The purchase of securities in the form of U.S. Treasury Certificates, Notes, and Bonds, which bear interest at fixed rates payable at specified dates (see paragraph 2b above), shall be recorded by Journal Voucher as follows:

Debit: Account 1153, Fiscal Agent Funds - Investments  
(For actual cost of securities purchased,  
including brokerage or other fees, if any,  
but excluding accrued interest. Premiums  
or discounts shall be considered to be an  
increase or reduction in the cost of securities)

Debit: Account 1154, Fiscal Agent Funds - Accrued  
Interest Receivable - Investments  
(For amount of accrued interest paid  
to purchase date, if any)

Credit: Account 1152, Fiscal Agent Funds - Advance  
Amortization Fund  
(For actual cost of securities purchased from the  
Advance Amortization Fund, including accrued  
interest paid to purchase date, if any)

Credit: Account 1151.2, Fiscal Agent Funds - Annual  
Contributions Reduction Account 1/  
(For actual cost of securities purchased from  
the Annual Contributions Reduction Account,  
including accrued interest paid to purchase  
date, if any)

Credit: Account 1151.6, Fiscal Agent Funds - Series "A"  
Reserve Fund 1/  
(For actual cost of securities purchased  
from the Series "A" Reserve Fund, including  
accrued interest paid to purchase date, if any)

(Cont'd)

1/ Applicable to PL-412 Projects which are financed by Series "A" and "B" Bonds, or Series "A" Refunding Bonds.

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4. Recording Interest on Investments

a. Interest on U.S. Treasury Bills. These are non-interest bearing securities which are purchased on a discount basis and are redeemable for par at maturity. The difference between the purchase price and the redemption value represents the amount of interest earned, which shall be recorded in the books of account at the time such securities are redeemed. The entries for recording the sale (or redemption) of securities are set forth in paragraphs 5 and 6 below.

b. Interest on U.S. Treasury Certificates, Notes, and Bonds. These securities bear interest at fixed rates payable at specified dates (usually semiannually). The amount of interest earned shall be recorded at the time such interest is actually received. The entries for recording interest received are set forth in the following paragraphs:

- (1) Prior to the Date of Full Availability 1/, the amount of interest received from investments shall be recorded as follows:

(a) Interest on General Fund Investments

Combined Cash Journal

Debit: Account 1111, Cash - General Fund  
(For amount of interest received)

Credit: Account 1144, Accrued Interest Receivable -  
General Fund Investments 2/

Credit: Account 1420.7, Interest - Income From  
Investments  
(For total amount of interest received,  
less amount of accrued interest paid  
at purchase date, if any)

(b) Interest on Fiscal Agent Funds Investments

Journal Voucher

Debit: Account 1152, Advance Amortization Fund  
(For amount of interest received by  
Fiscal Agent)

(Cont'd)

1/ Or to the date of Permanent Financing, whichever is later, if the Contract so provides.

2/ This portion of the entry is applicable only to the first interest payment date following the purchase of the securities.

Credit: Account 1154, Fiscal Agent Funds - Accrued  
Interest Receivable - Investments 1/  
(For amount of accrued interest paid and  
charged to this account at purchase date, if any)

Credit: Account 1420.7, Interest - Income From  
Investments  
(For total amount of interest received,  
less amount of accrued interest paid  
at purchase date, if any)

- (2) After the Date of Full Availability 2/, the amount of interest received from investments shall be recorded as follows:

(a) Interest on General Fund Investments

Combined Cash Journal

Debit: Account 1111, Cash - General Fund  
(For amount of interest received)

Credit: Account 1144, Accrued Interest Receivable -  
General Fund Investments 1/  
(For amount of accrued interest paid and  
charged to this account at purchase date,  
if any)

Credit: Account 3610, Interest on General Fund  
Investments  
(For total amount of interest received,  
less amount of accrued interest paid  
at purchase date, if any)

(b) Interest on Fiscal Agent Funds Investments

Journal Voucher

Debit: Account 1152, Advance Amortization Fund 3/  
(For amount of interest received by  
Fiscal Agent)

(Cont'd)

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1/ See footnote 2 on page 4

2/ See footnote 1 on page 4

3/ In the case of PL-412 Projects financed by Series "A" and "B" Bonds or Series "A" Refunding Bonds, the amounts received by the Fiscal Agent shall be debited to Account 1151.2, Annual Contributions Reduction Account, or to Account 1151. 6, Series "A" Reserve Fund, as applicable.

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Credit: Account 1154, Fiscal Agent Funds, Accrued  
Interest Receivable - Investments 1/  
(For amount of accrued interest paid and  
charged to this account at purchase date,  
if any)

Credit: Account 5230, Interest on Fiscal Agent Fund  
Investments  
(For total amount of interest received, less  
amount of accrued interest paid at purchase  
date, if any)

c. Interest on U.S. Savings Bonds, Series J. These are non-interest bearing Bonds which are purchased on a discount basis and are redeemable for par at maturity. Securities of this type may also be redeemed prior to maturity at fixed redemption values. The Local Authority need not record the periodic increase in the redemption value of these securities, but may record the interest income (difference between the acquisition cost and redemption value) at the time such securities are actually redeemed. The entries for recording the sale (or redemption) of securities are set forth in paragraphs 5 and 6 below. In cases where the increase in the redemption value of securities has been recorded for prior fiscal years, the Local Authority shall not reverse the entries made for such prior fiscal years, but no further increase in redemption value need be recorded; subsequent increases in redemption values of such securities may be recorded as interest income at the time such securities are actually redeemed.

d. Interest on Time or Savings Deposits. The method of payment of interest on time or savings deposit accounts may vary according to the rules and regulations of the bank or institution. Usually, the interest earned on such accounts is credited to the depositor's account by the bank or institution at specified dates. The entries for recording the amount of interest credited to a time or savings deposit account are set forth in the following paragraphs:

- (1) Prior to the Date of Full Availability 2/, the amount of interest credited to a time or savings deposit account shall be recorded by Journal Voucher as follows:

Debit: Account 1171, Investments - General Fund

Credit: Account 1420.7, Interest - Income From  
Investments  
(For the amount of interest credited  
to a time or savings deposit account)

(Cont'd)

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1/ See footnote 2 on page 4

2/ See footnote 1 on page 4.

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- (2) After the Date of Full Availability 1/, the amount of interest credited to a time or savings deposit account shall be recorded by Journal Voucher as follows:

Debit: Account 1171, Investments - General Fund

Credit: Account 3610, Interest on General Fund  
Investments

(For the amount of interest credited to  
a time or savings deposit account)

5. Recording Sale of General Fund Investments

- a. Prior to the Date of Full Availability 1/, the sale of General Fund Investments (except the withdrawal of funds from a time or savings deposit account--see paragraph 5c below) shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111, Cash - General Fund  
(For net amount received from sale  
of securities (selling price less  
brokerage or other fees) including  
accrued interest to date of sale)

Credit: Account 1171, Investments - General Fund  
(For cost of securities sold)

Debit:  
or Account 1420.7, Interest - Income From  
Credit: Investments  
(For difference between the cost of  
securities sold and the net amount  
received from sale)

- b. After the Date of Full Availability 1/, the sale of General Fund Investments (except the withdrawal of funds from a time or savings deposit account--see paragraph 5c below) shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111, Cash - General Fund  
(For net amount received from sale of  
securities (selling price less brokerage  
or other fees) including accrued interest  
to date of sale)

Credit: Account 1171, Investments - General Fund  
(For cost of securities sold)

(Cont'd)

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1/ See footnote 1 on page 4.

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Debit:  
or       Account 3610, Interest on General Fund  
Credit:       Investments  
              (For difference between the cost of  
              securities sold and the net amount  
              received from sale)

c. When funds on deposit in a time or savings deposit account are withdrawn and deposited in the General Fund, the following entry shall be recorded in the Combined Cash Journal:

Debit: Account 1111, Cash - General Fund

Credit: Account 1171, Investments - General Fund

(For the amount withdrawn from a time or  
savings deposit account and deposited in the  
General Fund)

6. Recording Sale of Fiscal Agent Fund Investments

a. Prior to the Date of Full Availability 1/, the sale of Fiscal Agent Fund Investments shall be recorded by Journal Voucher as follows:

Debit: Account 1152, Advance Amortization Fund  
              (For net amount received from sale of  
              securities (selling price less brokerage  
              or other fees) including accrued interest  
              to date of sale)

Credit: Account 1153, Fiscal Agent Funds - Investments  
              (For cost of securities sold)

Debit:  
or       Account 1420.7, Interest - Income From  
Credit:       Investments  
              (For difference between the cost of securities  
              sold and the net amount received from sale)

b. After the Date of Full Availability 1/, the sale of Fiscal Agent Fund investments shall be recorded by Journal Voucher as follows:

(Cont'd)

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1/ See footnote 1 on page 4.

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Debit: Account 1152, Advance Amortization Fund 1/  
(For net amount received from sale of  
securities (selling price less brokerage  
or other fees) including accrued interest  
to date of sale)

Credit: Account 1153, Fiscal Agent Funds - Investments  
(For cost of securities sold)

Debit:  
or Account 5230, Interest on Fiscal Agent  
Credit: Fund Investments  
(For difference between the cost of securities  
sold and the net amount received from sale)

7. Prorating Interest to Projects. Interest on investments from the General Fund and Fiscal Agent Funds, which is received prior to the Date of Full Availability 2/, shall be equitably prorated to the projects. Thereafter, interest received on investments shall be credited to the applicable income account maintained for all the projects under a single Annual Contributions Contract.
8. Recording Interest Received Between the Date of Full Availability and the End of the Initial Operating Period. Interest received from General Fund Investments after the Date of Full Availability 2/ but prior to the End of the Initial Operating Period shall be credited to Account 2290, Deferred Credits - Sundry, and then transferred to Account 3610, Interest on General Fund Investments, at the beginning of the full Operations Period.
9. Investment Ledger. Investment ledgers shall be established for maintaining a detailed record of all investments purchased from the General Fund or Fiscal Agent funds. A separate Investment Ledger shall be established, by contract, for each Fund from which securities are purchased. The Investment Ledger sheet should provide spaces for such data as (a) date of purchase, (b) description of securities purchased, including serial numbers, if any, (c) issue date, (d) maturity date, (e) interest rate, (f) maturity value, (g) purchase price, (h) brokerage or other fees, and (i) total cost; it should also provide spaces to show the date of sale, the net proceeds received from sale, and the net gain or loss from sale.

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1/ See footnote 2 on page 5.

2/ See footnote 1 on page 4.

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Introduction to Financing Accounting Procedure

1. General

a. Funds required for conducting preliminary surveys and planning of projects under a Preliminary Loan Contract will be obtained from the PHA on a Preliminary Loan Note. Upon execution of an Annual Contributions Contract for the development of projects for which the preliminary surveys and planning have been completed, the funds needed for the development of the projects may be obtained by the sale of Advance Notes to the PHA or the sale of Temporary Notes to others than the PHA until the date of Permanent Financing. At such time as the Local Authority and the PHA determine to be appropriate, the Local Authority will sell Bonds or Series "A" Notes to Permanently Finance the projects, and to provide the additional funds needed to complete the development of the projects. Funds required for the payment of development costs in excess of the amount of Bonds or Series "A" Notes may be obtained by the sale of Permanent Notes to the PHA or Temporary Notes to others than the PHA.

b. The purpose of these Sections 25-16 is to provide the accounting procedure for recording the sale and liquidation of Notes and Bonds, and for recording the accrual and payment of interest thereon.

2. Computation of Interest on Notes and Bonds. Interest on Notes and Bonds shall be computed on a 360-day year basis, allowing 30 days for each month. In order to avoid slight differences in interest computation, the daily interest rate should be carried to six decimals. If the sixth decimal is four or less, drop it; if it is five or more, increase the fifth decimal by one, and then drop the sixth decimal. The day on which a note is dated shall be included, and the day on which it is paid shall be excluded from the interest computation. In the case of Bonds and Series "A" Notes, the interest computation should be checked with the related predetermined amounts shown in the Bond Schedule (see paragraph 4 below).

3. Premiums on Notes and Bonds. Premiums received on Temporary Notes, Series "A" Notes, and Bonds shall not be amortized. The entire premiums on Temporary Notes issued before the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost shall be credited to Account 1420.2; thereafter such premiums shall be credited to Account 5210 (see Sections 25-16-4 and 25-16-6). No part of any premiums received from purchasers of Series "A" Notes and Bonds shall be credited to Development Cost, but shall be credited to Account 5210, Amortization of Premiums on Notes and Bonds (see Section 25-16-6). Premiums shall be deposited in the General Fund before Permanent Financing and in the Advance Amortization Fund as of and after the Date of Permanent Financing.

(Cont'd)

NOTE: This Section supersedes Section 25-16-1 dated 6-26-53. It has been rewritten to include Permanent Financing.

4. Definition of Terms. The definitions of terms commonly used throughout this Manual with respect to the financing of projects are as follows:

- a. Permanently Financed Project. A project is considered to be Permanently Financed upon the delivery of the first issue of Bonds or Series "A" Notes to finance any part of the Development Cost of the project.
- b. Bond Date. The Bond Date is the date as of which any issue of Bonds or Series "A" Notes is dated.
- c. Bond Delivery Date. The Bond Delivery Date is the date as of which any issue of Bonds or Series "A" Notes is delivered to the purchaser.
- d. Bond Schedule. The Bond Schedule is an exhibit in the Bond Resolution setting forth the annual maturities of principal and interest on Bonds or Series "A" Notes, and the amount of the Bond Service Carry-Over.
- e. Bond Service Carry-Over. The Bond Service Carry-Over is the amount shown in the Bond Schedule which will remain in the Debt Service Fund for use for the payment of principal and interest in a subsequent period.
- f. Bond Resolution. The Bond Resolution is an appropriate resolution or ordinance adopted by the Local Authority, and approved by the PHA, which among other provisions:
  - (1) Ratifies the offering of such issue of Bonds or Series "A" Notes;
  - (2) Authorizes such issue of Bonds or Series "A" Notes in the aggregate principal amount to be sold pursuant to the offerings;
  - (3) Establishes (a) the interest to be borne by such issue of Bonds or Series "A" Notes, and (b) a schedule showing (i) the maturities of the Bonds or Series "A" Notes, and (ii) the amount of Bond Service Carry-Over for each year;
  - (4) Designates a bank (called the "Fiscal Agent") which has trust powers, and is and continues to be a member of the Federal Deposit Insurance Corporation;
  - (5) Provides for the establishment of a trust fund (called the "Debt Service Fund") with the Fiscal Agent for the receipt, deposit, and disbursement of annual contributions and other monies in connection with the Permanently Financed Projects.

(Cont'd)

- g. Minimum Development Cost. The Minimum Development Cost of a project is the amount below which the Development Cost of the project will in no event fall, as established upon delivery of Bonds or Series "A" Notes, or the latest revision thereof established upon delivery of a Permanent Note or Temporary Note (see Section 303.2 of the Low-Rent Housing Manual).
- h. Date of Full Availability. The Date of Full Availability is the last day of the month in which substantially all dwelling units in a project become available for occupancy (see Section 219.1 of the Low-Rent Housing Manual).

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Preliminary Notes

1. General. The Preliminary Loan Contract provides that the PHA will purchase Notes from the Local Authority as funds are needed for preliminary surveys and planning of projects. Such Notes are called "Preliminary Notes." Detail accounting instructions for recording the sale and payment of Preliminary Notes are in Section 25-4-4 of this Manual. Limited information is included in this Section to preserve the continuity of the subject.
2. Date of Maturity. Principal and interest on Preliminary Notes are payable on demand, and without demand, forty years from the date of the Preliminary Loan Contract.
3. Payment of Preliminary Notes. Payment of principal and accrued interest on Preliminary Notes is usually made by deduction by the PHA from the first advance made under the Annual Contributions Contract. Sometimes the first advance is made in full by the PHA, in which case payment of principal and interest is made by check drawn on the Preliminary Loan Fund. The Local Authority should not retain Preliminary Loan Funds beyond the time such funds are actually required.

Advance Notes

1. General. The Annual Contributions Contract provides that the PHA will purchase Notes from the Local Authority as funds are needed for the development of the Project. Such Notes are called "Advance Notes." All funds received by the Local Authority from the sale of Advance Notes shall be deposited in the General Fund.
2. Use of Funds. Proceeds from the sale of the first Advance Note for the Development of the Project or Projects under the first Annual Contributions Contract pursuant to a Preliminary Loan Contract shall be applied to the payment of principal and interest on Preliminary Notes, equal to (a) the full cost of all preliminary housing surveys made by the Local Authority, and (b) all costs of planning such first Project or Projects which have been paid from the Preliminary Loan Fund. Planning costs shall include accrued interest on Preliminary Notes from date of issue to date of such payment. Monies becoming available for the development of other Projects for which Annual Contributions Contracts are executed shall also be applied to the payment of Preliminary Notes in amounts equal to all costs of planning such later Project or Projects which have been paid from the Preliminary Loan Fund.
3. Recording Sale of Advance Notes. Upon receipt of the proceeds from the sale of Advance Notes the Local Authority shall make the following entries in the Combined Cash Journal:
  - a. When deduction is made by the PHA (see Section 25-5-4) for the payment of principal and interest on Preliminary Notes:

Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Debit: Account 1400 - Land, Structures, and Equipment  
(Amount of property accounts transferred from  
Preliminary Loan Contract books of account)

Credit: Account 2122 - Notes Payable - Advance Notes -  
PHA  
(Amount of Advance Note issued)

(Cont'd)

- b. When deduction is not made by the PHA for the payment of principal and interest on Preliminary Notes:

Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Credit: Account 2122 - Notes Payable - Advance Notes -  
PHA  
(Amount of Advance Note issued)

Upon transfer of a portion of the proceeds to the Preliminary Loan Fund (see Section 25-4-4) the Local Authority shall make the following entry in the Combined Cash Journal:

Debit: Account 1400 - Land, Structures, and Equipment  
(Amount of property accounts transferred from  
Preliminary Loan Contract books of account)

Credit: Account 1111 - Cash - General Fund  
(Amount of cash transferred)

4. Recording Interest on Advance Notes. Accrued interest on Advance Notes shall be recorded quarterly (or monthly) by journal voucher in the following manner:
- a. Prior to the latest date to which the Annual Contributions Contract provides that interest cost shall be charged to Development Cost:

Debit: Account 1420.1 - Interest Expense - Interest  
to PHA

Credit: Account 2131 - Accrued Liabilities -  
Interest Payable - PHA

- b. Thereafter the entry shall be as follows:

Debit: Account 5610 - Interest on Bonds and Notes  
Payable

Credit: Account 2131 - Accrued Liabilities -  
Interest Payable - PHA

5. Date of Maturity. Principal and interest on Advance Notes are payable on demand, and without demand, forty years from the date of the Annual Contributions Contract, unless an earlier date of payment is specified in the Note.

(Cont'd)

6. Payment Advance Notes. Funds for the payment of principal and interest on Advance Notes are obtained from the following sources:

- a. Proceeds From Temporary Notes. The Local Authority may obtain loans from others than the PHA, generally banks or investment dealers. Such Notes are called "Temporary Notes." They are sold for the purpose of obtaining funds for retiring Advance Notes and/or making additional monies available for the further development of the Project. Such Notes are frequently sold at a small premium. When the transaction is completed on a date later than the date of the Temporary Note, the purchaser pays the accrued interest from the date of the Temporary Note to the date of delivery. To record the transaction, the following entries, to the extent applicable, shall be made in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Debit: Account 2122 - Notes Payable - Advance Notes - PHA  
(Amount of Advance Note retired)

Debit: Account 2131 - Accrued Liabilities - Interest  
Payable - PHA  
(Amount of accrued interest paid)

\*Credit: Account 1420.2 - Interest Expense - Interest  
on Notes - Non-PHA  
(Amount of premium paid by purchaser)

Credit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of Temporary Note issued)

Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid by purchaser)

\*If premiums are received on the sale of Temporary Notes after the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost, they are credited to Account 5210 - Amortization of Premiums on Notes and Bonds.

- b. Residual Receipts. For Projects Not Permanently Financed, Residual Receipts may be used to pay Advance Notes according to Section 418(E) of the Annual Contributions Contract. Since all funds of Nonpermanently Financed Projects are deposited in

(Cont'd)

the General Fund, the following entries shall be made in the Combined Cash Journal when such funds are used to pay Advance Notes:

Debit: Account 2122 - Notes Payable - Advance Notes -  
PHA  
(Amount of Advance Notes retired)

Debit: Account 2131 - Accrued Liabilities - Interest  
Payable - PHA  
(Amount of accrued interest paid)

Credit: Account 1111 - Cash - General Fund  
(Amount of Advance Note and accrued interest  
paid)

Residual Receipts with respect to Permanently Financed Projects may not be used by the Local Authority to pay Advance Notes, but must be deposited with Fiscal Agent.

4. PHA Annual Contributions. For Projects Not Permanently Financed, PHA Annual Contributions, unless otherwise provided in Part I of the Annual Contributions Contract, will become available as of the Date of Full Availability and on each anniversary thereof and shall be applied on Advance Notes to the extent permitted by Section 418(D) of the Annual Contributions Contract. If the full amount of the Annual Contribution is required to be applied to the payment of amounts due the PHA no purpose would be served by sending a check to the Local Authority. Therefore, the PHA may retain the contribution and advise the Local Authority how it was applied. Upon receipt of the information, the Local Authority shall make the following entries by journal voucher:

Debit: Account 2122 - Notes Payable - Advance Notes - PHA  
(Amount applied on principal of Advance Note)

Debit: Account 2131 - Accrued Liabilities - Interest Pay-  
able - PHA  
(Amount applied on accrued interest on Advance Note)

Credit: Account 1124 - Accounts Receivable - PHA  
Annual Contributions  
(Amount of PHA Annual Contribution)



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Temporary Notes

1. General. The Local Authority may, with the approval of the PHA, borrow money by selling Notes to others than the PHA for the development of the Project. Such Notes are called "Temporary Notes."
2. Escrow Notes. Each Temporary Note must be secured by an "Escrow Note." An Escrow Note is an Advance Note, payable to the PHA, and deposited with the PHA, to be held for the account of the Local Authority until the Temporary Note is paid or until the Temporary Note is paid or until the PHA purchases the Escrow Note pursuant to the Requisition Agreement. If payment of the Temporary Note is not otherwise provided for, the PHA is required to purchase the Escrow Note and to pay the proceeds over to the paying agent for the Temporary Note, in payment thereof.
3. Paying Agent. Before permanent financing, fiscal transactions in connection with financing other than direct transactions between the PHA and the Local Authority are conducted through a "Paying Agent." The Paying Agent must be an incorporated bank having trust powers, or an incorporated trust company, and must be a member of the Federal Reserve System, or of the Federal Deposit Insurance Corporation. Such bank or trust company must have unimpaired capital and surplus of not less than the total principal amount of all notes issued by the Local Authority at any one time and for which such bank or trust company is designated as Paying Agent, except that such unimpaired capital and surplus need not exceed one million dollars.
4. Use of Funds. Proceeds from the sale of Temporary Notes, except accrued interest and premiums paid by the purchasers of such Notes sold after Permanent Financing, and amounts applied by the Paying Agent on the payment of principal and interest on Advance Notes, and other Temporary Notes, shall be deposited in the General Fund for the further development of the Project. After Permanent Financing, accrued interest and premiums paid by the purchasers of Temporary Notes shall be deposited with the Fiscal Agent.
5. Recording Sale of Temporary Notes. Upon receipt of the proceeds from the sale of Temporary Notes, the Local Authority shall make the following entries, to the extent applicable, in the Combined Cash Journal:
  - a. When any such proceeds are applied by the Paying Agent to the payment of outstanding Advance Notes:

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\*Debit: Account 1111 - Cash - General Fund  
(Amount of Cash Received)

Debit: Account 2122 - Notes Payable - Advance Notes -  
PIA  
(Amount of Advance Notes retired)

Debit: Account 2131 - Accrued Liabilities - Interest  
Payable - PHA  
(Amount of accrued interest paid)

\*\*Credit: Account 1420.2 - Interest Expense - Interest  
on Notes - Non-PHA  
(Amount of premium paid by purchases)

Credit: Account 2126 - Notes Payable - Temporary  
Notes - Non-PHA  
(Amount of Temporary Note issued)

Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid by purchaser)

b. When any such proceeds are applied by the Paying Agent for  
the payment of outstanding Temporary Notes:

\*Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Debit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of Temporary Notes retired)

Debit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid)

\*\*Credit: Account 1420.2 - Interest Expense - Interest  
on Notes - Non-PHA  
(Amount of premium paid by purchaser)

Credit: Account 2126 - Notes Payable - Temporary  
Notes - Non-PHA  
(Amount of Temporary Note issued)

(Cont'd)

- \* After Permanent Financing, accrued interest paid by purchaser,  
and premium paid by purchaser, shall be deposited in Accounts  
1151 and 1152, respectively.
- \*\* After the last date to which the Annual Contributions Contract  
provides that interest shall be charged to Development Cost pre-  
miums paid by purchaser shall be credited to, Account 5210.
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Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid by purchaser)

6. Recording Interest on Temporary Notes. Accrued interest on Temporary Notes shall be recorded quarterly (or monthly) by journal voucher in the following manner:

- a. Up to the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost:

Debit: Account 1420.2 - Interest Expense - Interest on  
Notes - Non-PHA

Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA

- b. Thereafter the entry shall be as follows:

Debit: Account 5610 - Interest on Bonds and Notes Payable

Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA

7. Date of Maturity. For Projects Not Permanently Financed, Temporary Notes mature on the date agreed upon between the Local Authority and the PHA, and in accordance with the terms of the Note. All Temporary Notes issued in connection with any Project which has been Permanently Financed are payable the first day of the month following an Annual Contributions Date.

8. Payment of Temporary Notes. There is no definitely established sequence of financing which must be followed prior to Permanent Financing. Prevailing circumstances dictate the method (which must be approved by the PHA) of financing. Temporary Notes may be paid from the proceeds of Advance Notes, or other Temporary Notes, as follows:

- a. Proceeds From Advance Notes. When Advance Notes are issued to obtain funds for the payment of principal and interest on Temporary Notes, the following entries shall be recorded in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Debit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA

(Amount of Temporary Note retired) (Cont'd)

Debit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid)

Credit: Account 2122 - Notes Payable - Advance Notes -  
PHA  
(Amount of Advance Note issued)

The PHA does not pay premiums or accrued interest to the Local Authority on Advance Notes purchased.

- b. Proceeds From New Temporary Notes. During the Development Period the Local Authority may resort to short-term financing and repeatedly sell new Temporary Notes to (1) pay off a maturing Temporary Note, and (2) obtain more money for developing the Project. Since such transactions usually result in net cash receipts, they should be recorded in the Combined Cash Journal in the following manner:

\* Debit: Account 1111 - Cash - General Fund  
(Amount of cash received)

Debit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of Temporary Note retired)

Debit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid)

\*\* Credit: Account 1420.2 - Interest Expense - Interest  
on Notes - Non-PHA  
(Amount of premium paid by purchaser)

Credit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of new Temporary Note issued)

Credit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid by purchaser)

(Cont'd)

\* After Permanent Financing, accrued interest paid by purchaser, and premium paid by purchaser shall be deposited in Accounts 1151 and 1152, respectively.

\*\* After the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost premiums paid by purchasers shall be credited to Account 5210.

- c. Residual Receipts. For Projects Not Permanently Financed, Residual Receipts are available for retirement of Temporary Notes according to Section 418(E) of the Annual Contributions Contract. Since all funds of Non-Permanently Financed Projects are deposited in the General Fund, the following entries shall be recorded in the Combined Cash Journal when Residual Receipts are used to pay Temporary Notes:

Debit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of Temporary Note retired)

Debit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid)

Credit: Account 1111 - Cash - General Fund  
(Amount of Temporary Note and accrued interest paid)

- d. PHA Annual Contributions. For Projects Not Permanently Financed, PHA Annual Contributions will, unless otherwise provided in the Annual Contributions Contract, become available as of the Date of Full Availability and on each anniversary thereof and may be applied on Temporary Notes to the extent permitted by Section 418(D) of the Annual Contributions Contract. Upon receipt of the check from the PHA, the Local Authority shall make the following entries in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund  
(Amount of PHA Annual Contribution received)

Credit: Account 1124 - Accounts Receivable - PHA  
Annual Contributions  
(Amount of PHA Annual Contribution)

When directed by the PHA, the Local Authority shall draw a check payable to the holder of the Temporary Note and record it in the Combined Cash Journal:

Debit: Account 2126 - Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of principal paid on Temporary Notes)

Debit: Account 2132 - Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest on Temporary Notes)

(Cont'd)

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Credit: Account 1111 - Cash - General Fund  
(Amount of principal and interest paid)

9. Premiums on Temporary Notes. Premiums received by the Local Authority from the sale of Temporary Notes are usually very minor. As will be noted in the foregoing such premiums are credited to Account 1420.2 if the Temporary Notes are sold prior to the date to which interest is chargeable to Development Cost in accordance with the Annual Contributions Contract. After such date the premiums will be credited to Account 5210. The Annual Contributions Contract provides that premiums on Temporary Notes will be deposited in the Advance Amortization Fund (Account 1152) with the Fiscal Agent after Permanent Financing. Prior thereto, premiums will be deposited in the General Fund as a part of the net proceeds.

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Administrative Notes

1. General. Under certain circumstances and pursuant to the provisions of an Administrative Loan Contract between the Local Authority and the PHA, the PHA may loan funds to Local Authorities to be evidenced by Administrative Notes.
2. Use of Funds. Proceeds from the sale of Administrative Notes shall be used only for the purpose stipulated in the Administrative Loan Contract.
3. Recording Sale of Administrative Notes. Upon receipt of the proceeds from the sale of Administrative Notes the Local Authority shall make the following entries in the Combined Cash Journal:

Debit: Account 1111 - Cash - General Fund

Credit: Account 2123 - Notes Payable - Administrative  
Notes - PHA

4. Recording Interest on Administrative Notes. Accrued interest on Administrative Notes shall be recorded quarterly (or monthly) by journal voucher in the following manner:

Debit: Account 5620 - Interest on Administrative Notes  
Payable

Credit: Account 2131 - Accrued Liabilities - Interest  
Payable - PHA

5. Date of Maturity. Principal and interest on Administrative Notes are payable on demand, and without demand, forty years from the date of the Annual Contributions Contract, unless an earlier date of payment is specified in the Note.
6. Payment of Administrative Notes. Payments of principal and interest on Administrative Notes shall be made from the General Fund, unless the Local Authority is instructed otherwise by the PHA. To record payments from the General Fund, the following entries shall be made in the Combined Cash Journal:

Debit: Account 2131 - Accrued Liabilities - Interest  
Payable - PHA

Debit: Account 2123 - Notes Payable - Administrative Notes -  
PHA

Credit: Account 1111 - Cash - General Fund

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Permanent Financing--New Housing Authority Bonds and Series "A" Notes

1. General

a. At such time as the Local Authority and the PHA determine to be appropriate, the Local Authority will sell Bonds or Series "A" Notes to Permanently Finance a project. The amount of Bonds or Series "A" Notes to be sold will be determined by the Local Authority and the PHA in accordance with Section 412 of the Annual Contributions Contract.

b. Bonds may be issued for an amount equal to or less than the Minimum Development Cost first established. If the first established Minimum Development Cost of a project exceeds the amount of Bonds issued, the difference will be financed by a Permanent Note. The Permanent Note, however, may later be refinanced by a Temporary Note or by a second issue of Bonds.

c. Series "A" Notes are always issued for an amount less than the Minimum Development Cost first established, and the difference financed by a Permanent Note. Usually, the Permanent Note is later refinanced by a Temporary Note.

d. The purpose of this Section is to provide accounting instructions for recording the sale of Bonds, Series "A" Notes, Permanent Notes, and Temporary Notes, and for recording the accrued interest thereon.

2. Fiscal Agent. The Fiscal Agent is the bank with which the Local Authority has established, and which will administer, the Debt Service Fund and the Advance Amortization Fund. The Fiscal Agent receives, deposits, and disburses annual contributions and other monies of Permanently Financed Projects as provided in the Annual Contributions Contract, the Bond Resolution, and the Fiscal Agent Agreement. The Local Authority shall instruct the Fiscal Agent to furnish the PHA and the Local Authority with reports and other data relating to the Debt Service Fund and the Advance Amortization Fund as may reasonably be required (see Section 25-17-1).

3. Recording Sale of Bonds and Series "A" Notes. The proceeds from the sale of Bonds or Series "A" Notes, except (a) accrued interest and premiums paid by the purchasers; (b) deposits required to be made with the Fiscal Agent; and (c) the amount to be applied to the payment of principal and interest on outstanding notes, shall be deposited in the General Fund for the development of the project. When advised by the Closing Bank as to how the proceeds from Bonds or Series "A" Notes have been applied, and upon receipt of the check for the remaining balance, the following entries, to the extent applicable, shall be recorded in the Combined Cash Journal:

(Cont'd)

NOTE: This Section supersedes Section 25-16-6 dated 6-26-53. It has been rewritten to include complete instructions for recording transactions pertaining to Permanently Financed Projects.

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Proceeds From Sale of Bonds

- Debit: Account 1111, Cash - General Fund  
(Amount of cash received)
- Debit: Account 1151, Debt Service Fund  
(Amount remitted to the Fiscal Agent for deposit  
in the Debt Service Fund)
- Debit: Account 1152, Advance Amortization Fund  
(Amount remitted to the Fiscal Agent for deposit  
in the Advance Amortization Fund)
- Debit: Account 2113, Accounts Payable - Performance  
Deposits  
(Amount of Good Faith Deposit previously paid by  
Bond purchaser and deducted from proceeds)
- Debit: Account 2122, Notes Payable - Advance Notes - PHA  
(Amount applied to principal of Advance Notes)
- Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(Amount applied to principal of Temporary Notes)
- Debit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount applied to payment of accrued interest  
on Advance Notes)
- Debit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount applied to payment of accrued interest  
on Temporary Notes)
- Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(Amount of accrued interest paid by Bond purchaser)
- Credit: Account 2341, Bonds - Issued  
(Amount of New Housing Authority Bonds sold)
- Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds  
(Amount of premium paid by Bond purchaser)

(Cont'd)

Proceeds From Sale of Series "A" Notes

- Debit: Account 1111, Cash - General Fund  
(Amount of cash received)
- Debit: Account 1151, Debt Service Fund  
(Amount remitted to the Fiscal Agent for deposit  
in the Debt Service Fund)
- Debit: Account 1152, Advance Amortization Fund  
(Amount remitted to the Fiscal Agent for deposit  
in the Advance Amortization Fund)
- Debit: Account 1410.19, Sundry Overhead  
(Amount of Fiscal Agent's fee deducted  
from proceeds)
- Debit: Account 2122, Notes Payable - Advance Notes - PHA  
(Amount applied to principal of Advance Notes)
- Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(Amount applied to principal of Temporary Notes)
- Debit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount applied to payment of accrued interest  
on Advance Notes)
- Debit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount applied to payment of accrued interest  
on Temporary Notes)
- Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest paid by purchaser  
of Series "A" Notes)
- Credit: Account 2321, Series "A" Notes and Bonds - Issued  
(Amount of Series "A" Notes sold)
- Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds  
(Amount of premium paid by purchaser of the  
Series "A" Notes)

(Cont'd)

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The above entries serve as a guide and should be modified according to existing circumstances. The entries for recording the sale of Bonds are based on the assumption that the Good Faith Deposit was previously deposited in the General Fund and credited to Account 2113, Accounts Payable - Performance Deposits, in accordance with Section 25-5-7.

4. Recording Sale of Permanent Notes

a. Generally, when Bonds or Series "A" Notes are sold for an amount less than the first established Minimum Development Cost of the Project, the Permanent Note issued to finance the difference will be applied to the partial payment of principal of outstanding Advance Notes. The balance due on the Advance Notes, plus accrued interest to the date of Permanent Financing, will be paid from the proceeds of Bonds or Series "A" Notes (see paragraph 3 above). The application of the proceeds of the Permanent Note to the payment of principal of Advance Notes shall be recorded by Journal Voucher as follows:

Debit: Account 2122, Notes Payable - Advance Notes - PHA

Credit: Account 2311, Permanent Notes Payable

b. If at any time it appears that the Development Cost of a project will exceed the Minimum Development Cost theretofore established for such project, regardless of whether such project is Permanently Financed by Bonds or Series "A" Notes, the Local Authority will submit to the PHA for approval a revised Determination of Minimum Development Cost, Form PHA-2397, in accordance with Section 303.2 of the Low-Rent Housing Manual. Upon approval of such revised Minimum Development Cost by the PHA, a Requisition for Funds, Form PHA-402, shall be sent to the PHA for the additional funds required (see Section 303.2 of the Low-Rent Housing Manual). The advances made by the PHA on the Permanent Note, pursuant to a Requisition for Funds, shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1111, Cash - General Fund

Credit: Account 2311, Permanent Notes Payable

5. Recording Sale of Temporary Notes

a. The Local Authority, with the approval of the PHA, may sell Temporary Notes after the date of Permanent Financing for the purpose of retiring all or part of the principal balance of a Permanent Note. When Temporary Notes are delivered to the purchaser, and upon receipt of settlement statement from the Paying Agent (see Section 25-16-4 for functions of "Paying Agent") showing the disposition of proceeds from the sale of the notes, the transaction shall be recorded by Journal Voucher as follows:

(Cont'd)

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Debit: Account 1152, Advance Amortization Fund  
(Amount of premium remitted to the Fiscal  
Agent for deposit in the Advance Amortization  
Fund)

Debit: Account 2311, Permanent Notes Payable  
(Amount applied to payment of principal of  
Permanent Note)

Credit: Account 2126, Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of Temporary Notes sold)

Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds 1/  
(Amount of premium paid by purchasers of  
Temporary Notes)

b. Generally, the accrued interest on Permanent Notes will be paid to the PHA by the Fiscal Agent from funds on deposit in the Debt Service Fund. The transaction shall be recorded in accordance with the instructions in Section 25-17-3. However, if funds are not available in the Debt Service Fund at the time the Temporary Notes are sold, the premium, if any, paid by the purchasers of the Temporary Notes may be remitted to the PHA for application to the partial payment of interest on the Permanent Note, and the PHA may request the Local Authority to advance from its General Fund the amount necessary to pay the balance of the interest due on the Permanent Note to date of payment. In such cases, the entries to record the sale of Temporary Notes and the advance made by the Local Authority for the payment of interest are as follows:

Recording Sale of Temporary Notes

By Journal Voucher

Debit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount of premium remitted to PHA for payment of  
interest on Permanent Note)

Debit: Account 2311, Permanent Notes Payable  
(Amount applied to payment of principal of  
Permanent Note)

(Cont'd)

1/ When Temporary Notes are sold prior to the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost (see paragraph 7), the premium paid by the purchasers of such notes shall be credited to Account 1420.2, Interest on Notes - Non-PHA.

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Credit: Account 2126, Notes Payable - Temporary  
Notes - Non-PHA  
(Amount of Temporary Notes sold)

Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds 1/

Recording Advance by Local Authority

Combined Cash Journal

Debit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(The balance of interest due on Permanent Note)

Credit: Account 1111, Cash - General Fund  
(For total amount advanced)

The amount advanced will be refunded to the Local Authority by the Fiscal Agent upon receipt of the next Accruing Annual Contribution. Also, after payment of the next Accruing Annual Contribution, the Fiscal Agent will be instructed to transfer to the Advance Amortization Fund an amount equal to the premium paid by the purchaser of the Temporary Note and used for the payment of interest on Permanent Notes.

6. Refunding Temporary Notes

a. Generally, Temporary Notes sold after the date of Permanent Financing will mature on, or a few days after, the first of the month following the Annual Contribution Date (see Section 25-17-1 for definition of "Annual Contribution Date"). The Local Authority may, with the approval of the PHA, sell a new series of Temporary Notes for the purpose of refunding the maturing Temporary Notes. Generally, the amount of the refunding Temporary Notes will be less than the maturing Temporary Notes, since a portion of the annual contribution paid on the Annual Contribution Date preceding the maturity date will be available for the payment of interest and a partial payment of principal of the maturing Temporary Notes. (See Section 25-17-3 for entries to record payments of principal and interest on Temporary Notes by the Fiscal Agent.)

b. Sometimes the Fiscal Agent will be instructed to remit to the Paying Agent for the Temporary Notes an amount equal to the total interest due on the maturing Temporary Notes and a specified amount for application to the principal of such Notes. In such cases, the amount of the new Temporary Notes will be applied to the principal of the maturing Temporary Notes, and the premium, if any, paid by the purchaser of the new Temporary Notes will be remitted to the Fiscal Agent for deposit in the Advance

(Cont'd)

1/ See footnote on page 5.

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Amortization Fund. This type of transaction should be recorded by Journal Voucher as follows:

Debit: Account 1152, Advance Amortization Fund  
(For amount of premium remitted to Fiscal Agent  
for deposit in Advance Amortization Fund)

Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(Amount applied to payment of principal of maturing  
Temporary Notes)

Credit: Account 2126, Notes Payable - Temporary  
Notes - Non-PHA  
(Amount of new Temporary Notes sold)

Credit: Account 5210, Amortization of Premium on  
Notes and Bonds 1/  
(Amount of premium paid by purchasers of new  
Temporary Notes)

c. In other cases, the Fiscal Agent may be instructed to withhold from its remittance to the Paying Agent for Temporary Notes an amount equal to the premium to be paid by the purchaser of the new Temporary Notes. If so, the premium paid by the purchaser of the new Temporary Notes will be applied to the interest on the maturing Temporary Notes, and the transaction should be recorded by Journal Voucher as follows:

Debit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of premium paid by purchasers of new  
Temporary Notes and applied to payment of  
interest on maturing Temporary Notes)

Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(Amount applied to payment of principal of maturing  
Temporary Notes)

Credit: Account 2126, Notes Payable - Temporary  
Notes - Non-PHA  
(Amount of new Temporary Notes sold)

Credit: Account 5210, Amortization of Premium on Notes  
and Bonds 1/  
(Amount of premium paid by purchaser of new  
Temporary Notes)

(Cont'd)

1/ See footnote on page 5.

In the above case, the Fiscal Agent will also be instructed to transfer from the Debt Service Fund to the Advance Amortization Fund an amount equal to the premium paid by the purchaser of the new Temporary Notes.

7. Recording Accrued Interest on Notes and Bonds

a. Section 403(A) of the Annual Contributions Contract provides that interest on borrowed monies shall be charged to the Development Cost of the project to the Date of Full Availability. In some cases this Section of the Contract has been amended to provide that interest shall be charged to the Development Cost of the project to the Date of Full Availability or to the date of Permanent Financing, whichever is later.

b. Instructions for the computation of interest are in Section 25-16-1. Accrued interest on all outstanding notes and bonds shall be recorded at the end of each calendar quarter until the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost; thereafter, interest may be recorded quarterly but not less often than at the end of each fiscal year. Entries for recording accrued interest are as follows:

- (1) Prior to the latest date to which the Annual Contributions Contract provides that interest shall be charged to Development Cost:

Debit: Account 1420.1, Interest to PHA  
(Amount of accrued interest on Permanent Notes)

Debit: Account 1420.2, Interest on Notes - Non-PHA  
(Amount of accrued interest on Series "A"  
Notes and Temporary Notes)

Debit: Account 1420.3, Interest on Bonds  
(Amount of accrued interest on Bonds)

Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount of accrued interest on Permanent  
Notes)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest on Series "A"  
Notes and Temporary Notes)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(Amount of accrued interest on Bonds)

(Cont'd)

(2) Thereafter the entry shall be as follows:

Debit: Account 5610, Interest on Bonds and Notes Payable  
(Amount of accrued interest on bonds or notes)

Credit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount of accrued interest on Permanent Notes)

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of accrued interest on Series "A" and  
Temporary Notes)

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(Amount of accrued interest on Bonds)

8. Interest and Principal Payment Dates

a. Interest--Bonds and Series "A" Notes. Interest on Bonds and Series "A" Notes of each issue is payable semiannually in accordance with the Bond Resolution 1/.

b. Principal--Bonds and Series "A" Notes. The first principal payment of Bonds or Series "A" Notes will be due two years after the Bond Date, and thereafter Bonds and Series "A" Notes will mature annually in accordance with the Bond Schedule 2/.

c. Interest and Principal--Permanent Notes. Installments of principal and interest on Permanent Notes are due annually on the first day of the month following the Annual Contribution Date.

d. Interest and Principal--Temporary Notes. Principal and interest on Temporary Notes (and refunding Temporary Notes) are payable on the first day of the month following the Annual Contribution Date, unless a different date of payment is specified in the Note.

9. Bond Date Table. The following table provides examples of the relative timing between Bond Date, Annual Contribution Date, Fiscal Year, and interest and principal payments for Bonds and Series "A" Notes dated the first of any month from January to December:

(Cont'd)

1/ There are some Series "A" Notes outstanding, issued in connection with Series "B" Notes, on which interest is payable annually.

2/ The first principal payment of Series "A" Notes issued in connection with Series "B" Notes is due one year after Bond Date, and thereafter Series "A" Notes mature annually in accordance with the Bond Schedule.



<u>Bond Date</u>	<u>Annual Contributions Date</u>	<u>Fiscal Year Ending</u>	<u>First Int. Paym't. Date</u>	<u>Second Int. Paym't. Date</u>	<u>Third Int. Paym't. Date</u>	<u>4th Int. and 1st Prin. Paym't. Date</u>
1/1/54	6/15/55	12/31/54	7/1/54	1/1/55	7/1/55	1/1/56
2/1/54	7/15/55	3/31/55	8/1/54	2/1/55	8/1/55	2/1/56
3/1/54	8/15/55	3/31/55	9/1/54	3/1/55	9/1/55	3/1/56
4/1/54	9/15/55	3/31/55	10/1/54	4/1/55	10/1/55	4/1/56
5/1/54	10/15/55	6/30/55	11/1/54	5/1/55	11/1/55	5/1/56
6/1/54	11/15/55	6/30/55	12/1/54	6/1/55	12/1/55	6/1/56
7/1/54	12/15/55	6/30/55	1/1/55	7/1/55	1/1/56	7/1/56
8/1/54	1/15/56	9/30/55	2/1/55	8/1/55	2/1/56	8/1/56
9/1/54	2/15/56	9/30/55	3/1/55	9/1/55	3/1/56	9/1/56
10/1/54	3/15/56	9/30/55	4/1/55	10/1/55	4/1/56	10/1/56
11/1/54	4/15/56	12/31/55	5/1/55	11/1/55	5/1/56	11/1/56
12/1/54	5/15/56	12/31/55	6/1/55	12/1/55	6/1/56	12/1/56
1/1/55	6/15/56	12/31/55	7/1/55	1/1/56	7/1/56	1/1/57

10. Payment of Bond and Note Principal and Interest. The Fiscal Agent receives and disburses funds for the principal of and interest on Bonds and Notes in accordance with the Bond Resolution. Accounting instructions to record such transactions are in Sections 25-17-2 and 25-17-3 of this Manual.

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Introduction to Fiscal Agent Transactions

1. General

a. The Fiscal Agent is a bank with which the Local Authority has established, and which will administer, the Debt Service Fund and the Advance Amortization Fund. The Fiscal Agent receives, deposits, and disburses annual contributions and other monies in connection with Permanently Financed Projects as provided in the Annual Contributions Contract, the Bond Resolution, and the Fiscal Agent Agreement.

b. The purpose of these Sections 25-17 is to provide accounting instructions for recording deposits, disbursements, and the transfer of funds by the Fiscal Agent in connection with projects Permanently Financed pursuant to the terms and conditions of an Annual Contributions Contract.

2. Definitions of Terms. The definitions of terms commonly used throughout this Manual with respect to Permanently Financed Projects are as follows:

a. Annual Contribution Date. The Annual Contribution Date is the date upon which the first annual contribution is payable by the PHA and every anniversary thereof. The PHA may make payment of the annual contribution in two installments, the first on the Annual Contribution Date and the second six months thereafter.

b. Accruing Annual Contribution. The Accruing Annual Contribution is the actual amount of annual contribution to be paid by the PHA on each Annual Contribution Date.

c. Debt Service Fund. The Debt Service Fund is a trust fund established with the Fiscal Agent for the deposit and disbursement of annual contributions and other monies in connection with Permanently Financed Projects.

d. Advance Amortization Fund. The Advance Amortization Fund is a Fiscal Agent account provided for the deposit and disbursement of monies relative to Permanently Financed Projects which are required to be used for the retirement of long-term debt, but are in excess of the normal requirements for the payment of interest on and principal of outstanding Bonds, Series "A" Notes, and Permanent Notes.

e. General Terms. As used in this Section, the term "Bonds" also includes Series "A" Notes. The terms "Bond Date," "Bond Service Carry-Over," and "Bond Resolution" have the same meaning with respect to Series "A" Notes as is ascribed thereto in respect to Bonds.

NOTE: This Section supersedes Section 25-17-1 dated 6-26-53. It has been re-written to include instructions pertaining to Permanent Financing.  
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Deposits With the Fiscal Agent

1. General. When Bonds are delivered, and from time to time thereafter, there will be paid to the Fiscal Agent for deposit in the Debt Service Fund and the Advance Amortization Fund, monies as provided in Sections 416 and 417 of the Annual Contributions Contract.

2. Delivery of Bonds

a. Accrued Interest. The accrued interest paid by purchasers of Bonds will be deposited in the Debt Service Fund. Since these transactions will occur only in connection with Permanent Financing, refer to Section 25-16-6 for the manner of recording such transactions, and do not duplicate these entries:

Debit: Account 1151, Debt Service Fund

Credit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(For amount paid by Series "A" Note Purchaser)

or

Credit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds  
(For amount paid by Bond Purchaser)

b. Bond Premium. The premium paid by purchasers of Bonds will be deposited in the Advance Amortization Fund. Since these transactions will occur only in connection with Permanent Financing, refer to Section 25-16-6 for the manner of recording such transactions, and do not duplicate these entries:

Debit: Account 1152, Advance Amortization Fund

Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds

c. Advance To Cover Interest Due Six Months After Bond Date. When Bonds are delivered, the Local Authority will pay, or cause to be paid, to the Fiscal Agent for deposit in the Debt Service Fund an amount equal to (1) the interest on such issue of Bonds becoming due and payable six months after the Bond Date of such issue, less (2) any portion thereof deposited in the Debt Service Fund on account of accrued interest paid by the Bond purchaser. When payment is made to the Fiscal Agent by the Local Authority, record the following entries in the Combined Cash Journal:

Debit: Account 1151, Debt Service Fund

Credit: Account 1111, Cash - General Fund

(Cont'd)

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When payment is made direct to the Fiscal Agent by the Bond purchaser, record the transaction in accordance with instructions in Section 25-16-6.

d. Advance To Cover Interest Due Twelve Months After Bond Date. When Bonds are delivered, the Local Authority will advance, or cause to be advanced, to the Fiscal Agent for deposit in the Debt Service Fund, an amount equal to (1) the interest on such issue of Bonds becoming due and payable twelve months after the Bond Date of such issue, less (2) any portion thereof deposited in the Debt Service Fund on account of accrued interest paid by the Bond purchasers. When payment is made to the Fiscal Agent by the Local Authority, record the following entries in the Combined Cash Journal:

Debit: Account 1151, Debt Service Fund

Credit: Account 1111, Cash - General Fund

When payment is made direct to the Fiscal Agent by the Bond purchasers, record the transaction in accordance with instructions in Section 25-16-6. The Fiscal Agent will reimburse the Local Authority for the advance from the next Annual Contribution received from the PHA, unless the PHA advises the Local Authority to withhold such amount from the amounts otherwise due and payable to the Fiscal Agent, at which time the following entries shall be recorded in the Combined Cash Journal:

Debit: Account 1111, Cash - General Fund

Credit: Account 1151, Debt Service Fund

3. Sale of Temporary Notes--After Permanent Financing

a. Accrued Interest. Usually, Temporary Notes are dated as of the delivery date, and the Local Authority receives no accrued interest. Any amount received, however, from the purchaser of Temporary Notes, after the date of Permanent Financing, will be deposited in the Debt Service Fund, except as otherwise approved by the PHA. Since this transaction will occur only in connection with the sale of Temporary Notes, refer to Section 25-16-6, for the manner of recording such transaction, and do not duplicate these entries:

Debit: Account 1151, Debt Service Fund

Credit: Account 2132, Accrued Liabilities - Interest Payable - Non-PHA

b. Premiums. Generally, premiums received by the Local Authority from the sale of Temporary Notes are small. However, any amount paid by the purchaser of Temporary Notes, after the date of Permanent Financing, will be deposited in the Advance Amortization Fund, except as otherwise approved by the PHA.

(Cont'd)

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Since this transaction will occur only in connection with the sale of Temporary Notes, refer to Section 25-16-6 for the manner of recording such transactions, and do not duplicate these entries:

Debit: Account 1152, Advance Amortization Fund

Credit: Account 1420.2, Interest Expense - Interest  
on Notes - Non-PHA  
(If Temporary Notes are issued before the  
latest date to which the Annual Contributions  
Contract provides that interest shall be charged  
to Development Cost.)

or

Credit: Account 5210, Amortization of Premiums on  
Notes and Bonds  
(If Temporary Notes are issued after the latest  
date to which the Annual Contributions Contract  
provides that interest shall be charged to  
Development Cost.)

4. Deposits To Be Made After the End of Each Fiscal Year

a. Section 416 of the Annual Contributions Contract provides that after the end of each fiscal year the Local Authority shall deposit with the Fiscal Agent in the Debt Service Fund, for the reduction of the annual contribution, the following amounts:

- (1) All Residual Receipts (not heretofore deposited in the Debt Service Fund or applied as provided in subsections (E) and (F) of Section 418 of the Annual Contributions Contract) of all projects which were Permanently Financed on or before the last day of such fiscal year;
- (2) The amount of interest accrued during the fiscal year on each issue of Bonds, from a date which is six months after Bond Date of the Bond Delivery Date, whichever is later, to the Date of Full Availability or to the end of the fiscal year, whichever is earlier;
- (3) The amount of unpaid interest on Permanent and Temporary Notes issued in connection with any Permanently Financed Project, which has accrued from the date of issue to the Date of Full Availability or to the end of the fiscal year, whichever is earlier. The deposits in the Debt Service Fund shall be recorded in the Combined Cash Journal as follows:

Debit: Account 1151, Debt Service Fund

Credit: Account 1111, Cash - General Fund

(Cont'd)

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5. Receipt of Accruing Annual Contribution

a. The Accruing Annual Contribution will be paid by the PHA direct to the Fiscal Agent for deposit in the Debt Service Fund in a manner and for the purpose directed by the PHA pursuant to Section 416 of the Annual Contributions Contract. Such payment by the PHA may be made in full on the Annual Contribution Date, but generally will be made in two installments, the second being made six months after the Annual Contribution Date. Record the payment of the Accruing Annual Contribution by Journal Voucher:

Debit: Account 1151, Debt Service Fund

Credit: Account 1124, Accounts Receivable - PHA  
Annual Contributions

b. In some cases, the Annual Contributions Contract has been amended to provide that the PHA may withhold a portion of the Accruing Annual Contribution for application to the payment of interest on and principal of outstanding Permanent Notes, or for payment to the Paying Agent for Temporary Notes for application to the payment of interest on and principal of outstanding Temporary Notes. The entries for recording the application of that portion of the Accruing Annual Contribution withheld by the PHA are in Section 25-18-1.

6. Proceeds From Disposition of Real Property. Proceeds from the disposition of real property of Permanently Financed Project shall be deposited in the General Fund pending determination of net proceeds, after which net proceeds shall be deposited in the Advance Amortization Fund. The PHA will, upon request, furnish the entries for recording the sale of excess real property on a case basis (see Section 25-14-3).

7. Deposit After Issuance of Actual Development Cost Certificate. Promptly after issuance of the Actual Development Cost Certificate for any project which is Permanently Financed, the Local Authority shall deposit the unexpended development funds of such Project in the Advance Amortization Fund. Record the transaction in the Combined Cash Journal:

Debit: Account 1152, Advance Amortization Fund

Credit: Account 1111, Cash - General Fund

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Disbursements and Transfers by the Fiscal Agent

1. General. The Fiscal Agent will pay principal and interest on Notes and Bonds from monies on deposit in the Debt Service Fund and the Advance Amortization Fund in accordance with Section 416 and 417 of the Annual Contributions Contract, and the Bond Schedule.

2. Bond and Series "A" Note Interest

a. Bond Interest. On the first interest payment date after Bonds have been delivered, and each six months thereafter, the Fiscal Agent will pay from the Debt Service Fund interest due on Bonds in the amount specified in the Bond Schedule. When advised by the Fiscal Agent that interest coupons have been paid, record the following entries by Journal Voucher:

Debit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds

Credit: Account 1151, Debt Service Fund

b. Series "A" Note Interest. On the first interest payment date after Series "A" Notes have been delivered and on each interest payment date thereafter, the Fiscal Agent will pay from the Debt Service Fund interest due on Series "A" Notes in the amount specified in the Bond (Note) Schedule. When advised by the Fiscal Agent that interest coupons have been paid, record the following entries by Journal Voucher:

Debit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA

Credit: Account 1151, Debt Service Fund

3. Bond Principal. The Fiscal Agent will pay from the Debt Service Fund the principal maturing on Bonds at the time and in the amount prescribed in the Bond Schedule. When advised by the Fiscal Agent that Bonds have been retired, record the applicable entries by Journal Voucher:

Debit: Account 2342, Bonds - Retired  
(For the amount of New Housing Authority  
Bonds retired)

Or

Debit: Account 2322, Series "A" Notes and Bonds - Retired  
(For the amount of Series "A" Notes retired)

Credit: Account 1151, Debt Service Fund  
(For the amount of either Bonds or Series "A"  
Notes retired)

(Cont'd)

4. Repayment of Advances. On the first day of the month following the first Annual Contribution Date of a Permanently Financed Project, the Fiscal Agent will reimburse the Local Authority for the advances, if any, made for the payment of interest becoming due on Bonds twelve months after Bond Date, unless the PHA authorizes the Local Authority to withhold the amount of such advances from the amounts otherwise required to be deposited in the Debt Service Fund. Such refunds should be recorded in the Combined Cash Journal as follows:

Debit: Account 1111, Cash - General Fund

Credit: Account 1151, Debt Service Fund

5. Interest on and Principal of Permanent and Temporary Notes

a. The letter from the PHA to the Fiscal Agent, transmitting the check in payment of the Accruing Annual Contribution, or the first installment thereof, will contain instructions as to the amount to be paid to the PHA for payment of interest on and principal of outstanding Permanent Notes and the amount to be paid to the Paying Agent of the Temporary Notes for the payment of interest on and principal of outstanding Temporary Notes. A copy of this letter will be furnished to the Local Authority. Upon receipt of advice from the Fiscal Agent of the amounts paid from the Debt Service Fund on account of interest and principal of Permanent and/or Temporary Notes, a Journal Voucher shall be prepared to record the transaction as follows:

Debit: Account 2131, Accrued Liabilities - Interest  
Payable - PHA  
(Amount of interest paid on Permanent Notes)

Debit: Account 2132, Accrued Liabilities - Interest  
Payable - Non-PHA  
(Amount of interest paid on Temporary Notes)

Debit: Account 2126, Notes Payable - Temporary Notes -  
Non-PHA  
(Amount of principal paid on Temporary Notes)

Debit: Account 2311, Permanent Notes Payable  
(Amount of principal paid on Permanent Notes)

Credit: Account 1151, Debt Service Fund  
(Total amount paid from Debt Service Fund)

b. In some cases, the Annual Contributions Contract has been amended to provide that the PHA may withhold a portion of the Accruing Annual Contribution for application to the payment of interest on and principal of Permanent Notes, or for payment to the Paying Agent for Temporary Notes  
(Cont'd)



for application to the payment of interest on and principal of outstanding Temporary Notes. Such transactions will not be handled by the Fiscal Agent, and the entries for recording the application of that portion of the Accruing Annual Contribution withheld by the PHA are in Section 25-18-1.

6. Transfer of Funds From Debt Service Fund to Advance Amortization Fund. On the first day of the month after each Annual Contribution Date, the Fiscal Agent will transfer from the Debt Service Fund to the Advance Amortization Fund such amount as the PHA may direct. The transfer shall be recorded by Journal Voucher, supported by a copy of the letter from the PHA to the Fiscal Agent directing the action:

Debit: Account 1152, Advance Amortization Fund

Credit: Account 1151, Debt Service Fund

7. Transfer of Funds From Advance Amortization Fund to Debt Service Fund. At the time the Local Authority is advised of the amount of the Accruing Annual Contribution to be paid on the next Annual Contribution Date, the PHA will also include advice as to the amount in the Advance Amortization Fund available for the payment of principal of Permanent and/or Temporary Notes. Upon receipt of this advice, the Local Authority shall instruct the Fiscal Agent to transfer such amount from the Advance Amortization Fund to the Debt Service Fund. The transfer shall be recorded by Journal Voucher as follows:

Debit: Account 1151, Debt Service Fund

Credit: Account 1152, Advance Amortization Fund

The application of funds on deposit in the Debt Service Fund to the payment of principal of Permanent and/or Temporary Notes shall be recorded in accordance with the instructions in paragraph 5 above.

8. Redemption of Bonds

a. When funds are available in the Advance Amortization Fund, the Fiscal Agent, when directed by the Local Authority with the approval of the PHA, will redeem outstanding Bonds prior to maturity in accordance with the terms of the Bond Resolution. Prior to the redemption date specified in the Bond Resolution, the Fiscal Agent may also apply funds on deposit in the Advance Amortization Fund to the purchase of outstanding Bonds when such Bonds are available at a favorable price; however, no Bonds shall be purchased or redeemed prior to the issuance of the Actual Development Cost Certificate for all Permanently Financed Projects, unless otherwise directed by the Local Authority, with the approval of the PHA. Bonds purchased or redeemed at a premium shall be recorded by Journal Voucher as follows:

(Cont'd)

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## ACCOUNTING

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Debit: Account 2342, Bonds - Retired  
(For principal amount of Bonds retired)

Debit: Account 5710, Bond Redemption Premium  
(For amount of premium paid)

Credit: Account 1152, Advance Amortization Fund  
(Total amount paid from Advance Amortization Fund)

Bonds which are purchased at a discount shall be recorded by Journal Voucher as follows:

Debit: Account 2342, Bonds - Retired  
(For principal amount of Bonds retired)

Credit: Account 5220, Bond Purchase Discount  
(For amount of discount)

Credit: Account 1152, Advance Amortization Fund  
(Total amount paid from Advance Amortization Fund)

b. When Bonds are purchased or redeemed prior to maturity, the accrued interest on such Bonds is payable from the Debt Service Fund. The payment of accrued interest shall be recorded by Journal Voucher as follows:

Debit: Account 2133, Accrued Liabilities - Interest  
Payable - Bonds

Credit: Account 1151, Debt Service Fund

9. Transfers From Advance Amortization Fund to Debt Service Fund

a. If on any interest payment date or date of maturity of the Bonds there be a deficiency in the funds available in the Debt Service Fund for the payment of the principal of the Bonds due upon such date, the Fiscal Agent will, pursuant to Section 7(E) of the Bond Resolution, transfer monies in the Advance Amortization Fund to the Debt Service Fund in an amount or amounts sufficient to make up the deficiency or deficiencies in the Debt Service Fund.

b. In the event that sixty-one days after the end of any fiscal year it appears that the balance then on deposit in the Advance Amortization Fund, together with all monies then on deposit in the Debt Service Fund and together with a Fixed Annual Contribution, would be sufficient to pay fully and retire the outstanding Bonds, Permanent Notes, and Temporary Notes issued  
(Cont'd)

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in connection with the Permanently Financed Projects, the Fiscal Agent shall upon such date deposit in the Debt Service Fund for the reduction of annual contributions the balance then remaining in the Advance Amortization Fund. Thereafter no further deposits shall be made in the Advance Amortization Fund, and any deposits which would, except for Section 417(D) of the Annual Contributions Contract, be made to the Advance Amortization Fund shall be made to the Debt Service Fund for the reduction of annual contributions. Transfers shall be recorded by Journal Voucher:

Debit: Account 1151, Debt Service Fund

Credit: Account 1152, Advance Amortization Fund

Accounting for PHA Annual Contributions

1. General. This Section contains the accounting procedure for recording PHA Annual Contributions for projects developed and operated under the Housing Act of 1937, as amended.
2. Recording the Accruing Annual Contribution. The actual amount of annual contribution to be paid by the PHA on each Annual Contribution Date is called the "Accruing Annual Contribution." Following the close of each fiscal year, after receipt of the financial and budgetary reports prepared in accordance with Section 25-6-6, the PHA will compute and advise the Local Authority of the amount of the Accruing Annual Contribution due. Upon receipt of this advice from the PHA, the amount of the Accruing Annual Contribution shall be recorded by Journal Voucher as follows:

Debit: Account 1124, Accounts Receivable - PHA Annual Contributions

Credit: Account 2840, Surplus - Cumulative PHA Contributions

3. Payment of Accruing Annual Contribution

- a. Public Voucher Payment of Annual Contribution. The PHA will prepare and furnish the Local Authority with a draft of a Public Voucher for Payment of Annual Contribution. An original and two copies of this Voucher shall be sent to the Comptroller, Public Housing Administration, Washington 25, D. C. not later than fifteen days prior to the Annual Contribution Date; one copy shall be retained in the Local Authority files.

- b. Recording Payment of Accruing Annual Contribution

- (1) Generally, the Accruing Annual Contribution will be paid directly to the Local Authority's Fiscal Agent. Upon receipt of a copy of the letter from the PHA to the Fiscal Agent transmitting the check for the Accruing Annual Contribution, or for the first or second installment thereof, a Journal Voucher shall be prepared to record the payment as follows:

Debit: Account 1151, Debt Service Fund

Credit: Account 1124, Accounts Receivable - PHA Annual Contributions

(Cont'd)

**NOTE:** This Section supersedes Sections 25-18-1, 25-18-2, 25-18-3, and 25-18-4 dated 3-2-55. The procedure for the accounting for PHA Annual Contributions has been revised to delete the requirement for the preparation of an Annual Statement of Accruing Annual Contribution by the Local Authority and to provide that the amount of the Accruing Annual Contribution be computed and furnished to the Local Authority by the PHA.

(2) In some cases, all or a portion of the Accruing Annual Contribution may be withheld by the PHA for the payment of interest on and principal of Permanent Notes or for sending to the Paying Agent for Temporary Notes for the payment of interest on and principal of outstanding Temporary Notes. Information as to the amount, if any, to be withheld by the PHA, and the application thereof, will be furnished by the PHA upon review of the annual financial statements. Upon receipt of this information from the PHA, a Journal Voucher shall be prepared to record that portion of the Accruing Annual Contribution withheld by the PHA as follows:

Debit: Account 2131, Accrued Liabilities - Interest Payable - PHA  
(Amount applied to payment of interest on Permanent Note)

Debit: Account 2132, Accrued Liabilities - Interest Payable -  
Non-PHA (Amount applied to payment of interest on Temporary  
Notes)

Debit: Account 2126, Notes Payable - Temporary Notes - Non-PHA  
(Amount applied to payment of principal of Temporary Notes)

Debit: Account 2311, Permanent Notes Payable  
(Amount applied to payment of principal of Permanent Note)

Credit: Account 1124, Accounts Receivable - PHA Annual Contribu-  
tions (Total applied to payment of interest and principal  
of Temporary Notes and Permanent Notes)

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SMALL LOW-RENT PROGRAMS MANUAL

PHA

6-26-53

ACCOUNTING

25-19-1

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Revolving Fund

At the present time no provision is made for the use of a Revolving Fund by Small Low-Rent Programs.

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Conversion Accounting Procedure

1. General

a. Purpose. This Section provides instructions for converting the accounting systems for small locally owned PL-412, PL-671, and PL-171 projects, now being maintained pursuant to instructions prescribed in either the LHA Accounting Handbook, dated May 6, 1947, revised December 1, 1948, or the Low-Rent Housing Manual, dated June 5, 1953, to the system of accounting prescribed in this Small Low-Rent Programs Manual - Accounting. Local Authorities authorized to use the Small Low-Rent Programs Manual - Operation, which are now using either of the two Manuals cited above in this paragraph, shall follow the instructions provided in this Section in order to convert the present books of account to the procedure prescribed in this Small Low-Rent Programs Manual - Accounting. Local Authorities now using the Small Low-Rent Programs Manual - Operation which are not using either of the two Manuals cited above in this paragraph, will have no need for the conversion accounting procedure prescribed in this Section, but such Local Authorities shall follow the procedure prescribed in all preceding Sections of this Small Low-Rent Programs Manual - Accounting.

b. Effective Date of Conversion. The instructions contained in this Section shall be effective for projects in the operation stage beginning not later than the first day of the fiscal year next following the fiscal year in which the Local Authority was authorized to use the Small Low-Rent Programs Manual - Operation. It is not necessary to convert the books of account for projects during the development period unless the Local Authority prefers to do so; however, such projects will commence using this Manual at the beginning of the Initial Operating Period (see Section 25-5-9).

c. Chart of Accounts. The Chart and Definitions of Accounts prescribed in Sections 25-3-2 and 25-3-3 of this Manual shall be used in making the conversion.

d. Books of Account and Records. The General Ledger and the Income and Expense Analysis Ledger shall be closed as of the date of conversion, and a new General Ledger containing the Operating Income and Operating Expense Accounts shown in Section 25-3-2 of this Manual shall be established and maintained in accordance with Sections 25-6-1 to 25-6-7, inclusive, of this Manual. The ledgers maintained prior to the conversion date shall be retained in accordance with Section 25-20-1 of this Manual.

(Cont'd)

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## 2. Conversion Chart

a. Asset, Liability, Reserve, and Debt Service Accounts. There appears as Exhibit 1 to this Section a Conversion Chart for Asset, Liability, Reserve, and Debt Service Accounts. On the left side of the Chart there are listed accounts taken from the Chart of Accounts in Section 301.1 of the LHA Accounting Handbook; on the right side of the Chart there are listed the corresponding accounts, prescribed in Section 25-3-2 of this Manual, to which the conversion is to be made. While the Conversion Chart is self-explanatory, it will be noted that some of the accounts shown in Section 301.1 of the LHA Accounting Handbook are no longer required; and some accounts have been consolidated. Clarifying comments on certain of these accounts appear as footnotes in Exhibit 1. A number of Asset and Liability accounts shown in Sections 603 of the Low-Rent Housing Manual are not required by Small Low-Rent Programs, and such accounts have not been included in Sections 25-3 of this Manual. Discontinuance of the use of such accounts at the time of conversion obviates the need for a Conversion Chart for these accounts.

b. Income and Expense Accounts. Inasmuch as there has been a drastic change made in the Operating Income and Operating Expense Accounts shown in this Manual by the elimination of some accounts and the consolidation of other accounts, prescribed in the LHA Accounting Handbook and the Low-Rent Housing Manual, and by discontinuing the distribution of labor costs to the various repair, maintenance, and replacement accounts, it is not possible to prepare a Conversion Chart for such accounts. For this reason it is also not possible to convert the balances in the Operating Income and Operating Expense Accounts at any time during a fiscal year. Therefore, the conversion should, in general, be made at the beginning of the fiscal year mentioned in paragraph 1b of this Section by commencing the use of the new Operating Income and Operating Expense Accounts at that time. However, if a Local Authority prefers to make the conversion during a fiscal year, it may do so by reclassifying all items of income and expense retroactively to the beginning of the fiscal year in accordance with the account definitions prescribed in Section 25-3-3 of this Manual.

c. Development Cost Accounts. No change has been made in the Chart and Definitions of Development Cost Accounts. Therefore, a Conversion Chart for such accounts is not necessary, and as stated in paragraph 1b above, it is not necessary to convert the books of account for projects in the Development Period unless the Local Authority prefers to do so.

(Cont'd)

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3. Method of Conversion. Since it is intended generally, to convert the books of account for Small Programs at the beginning of a Fiscal Year there should be no balances in the Income and Expense Accounts to be converted. In order to convert the balances in the Asset, Liability, and Reserve Accounts, a journal voucher, (Section 25-5-3, Exhibit 6) shall be prepared transferring such balances from the old General Ledger to the new General Ledger in accordance with the Conversion Chart, Exhibit 1, of this Section. Thereafter, the new General Ledger shall be maintained by using the accounts prescribed in the Chart and Definitions of Accounts in Sections 25-3-2 and 25-3-3 of this Manual.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS  
OF  
LOCALLY OWNED PL-412 AND PL-671 PROJECTS  
OF 200 UNITS, OR LESS

Chart in LHA Accounting Handbook,  
Section 301.1 (Revised) 12-1-48

Chart in Small Low-Rent  
Programs Manual - Accounting,  
Section 25-3-2

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1111	Cash - Development Fund	1111	Cash - General Fund
1112	Cash - Administration Fund	1111	Cash - General Fund
1113	Cash - Reserve Fund	1111	Cash - General Fund
1114	Cash - Security Deposit Fund	1114	Cash - Security Deposit Fund
		1/ 1111	Cash - General Fund
1117	Cash - Petty Cash Fund	1117	Cash - Petty Cash Fund
1118	Cash - Change Fund	1117	Cash - Petty Cash Fund
1122.1	Accounts Receivable - Tenants	1122	Accounts Receivable - Tenants
1123.3	Accounts Receivable - PHA - Annual Contributions	1124	Accounts Receivable - PHA - Annual Contributions
1129.1	Accounts Receivable - Sundry - Development	1129	Accounts Receivable - Sundry
1129.2	Accounts Receivable - Sundry - Administration	1129	Accounts Receivable - Sundry
1129.3	Accounts Receivable - Sundry - Advances for Material Stored	1129	Accounts Receivable - Sundry
1129.4	Accounts Receivable - Sundry Reserve Fund	2/None	No comparable account

(Cont'd)

For numerical footnotes see Page 11 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1129.5	Accounts Receivable - Sundry 2/None Security Deposit Fund		No comparable account
1129.9	Accounts Receivable - Sundry - 1129 Other		Accounts Receivable - Sundry
1130	Notes Receivable 3/None		No comparable account
1141	Matured Interest Receivable - 1144 Interest on LHA Investments Reserve Funds		Accrued Interest Receivable - General Fund Investments
1142	Matured Interest Receivable - 1144 Interest on LHA Investments Other Funds		Accrued Interest Receivable - General Fund Investments
1143	Matured Interest Receivable -4/1154 Interest on Fiscal Agent Investments		Accrued Interest Receivable - Advance Amortization Fund Investments
1151	Fiscal Agent Funds - 5/1151.1 Rental Debt Service Account		Fiscal Agent Funds - Rental Debt Service Account
1152	Fiscal Agent Funds - Annual 5/1151.2 Contributions Reduction Account		Fiscal Agent Funds - Annual Contributions Reduction Account
1153	Fiscal Agent Funds - Excess 5/1151.3 Lands Account		Fiscal Agent Funds - Excess Lands Account
1154	Fiscal Agent Funds - Series 5/1151.4 "A" Bond Fund		Fiscal Agent Funds - Series "A" Bond Fund
1155	Fiscal Agent Funds - Series 5/1151.5 "B" Bond Fund		Fiscal Agent Funds - Series "B" Bond Fund

(Cont'd)

For numerical footnotes see Page 11 of this Exhibit.

ACCOUNTING

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1156	Fiscal Agent Funds - Series "A" Reserve Fund	5/1151.6	Fiscal Agent Funds - Series "A" Reserve Fund
1157	Fiscal Agent Funds - General Bond Reserve Fund	5/1151.7	Fiscal Agent Funds - General Bond Reserve Fund
1172	Investments - Reserve Funds	1171	Investments - General Fund
1173	Investments - Administration Funds	1171	Investments - General Fund
1174	Investments - Fiscal Agent Funds	6/1153	Fiscal Agent Funds - Investments - Advance Amortization Fund
1175	Investments - Security Deposits	1171	Investments - General Fund
1181	Trust Funds - Debt Service	7/1181	Trust Fund - Debt Service
1211	Deferred Charges - Prepaid Insurance - Fixed Premiums	1211	Deferred Charges - Prepaid Insurance
1212	Deferred Charges - Prepaid Insurance - Returnable Premiums	1212	Deferred Charges - Insurance Deposits
1231	Deferred Charges - Prepaid Utilities - Water Rates	1290	Deferred Charges - Sundry
1240	Deferred Charges - Prepaid Salaries and Wages	1290	Deferred Charges - Sundry
1250	Deferred Charges - Debt Requirements	8/None	No comparable account

(Cont'd)

For numerical footnotes see Pages 11 and 12 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1261	Deferred Charges - Inventories Fuel	1290	Deferred Charges - Sundry
1262	Deferred Charges - Inventories Paint Supplies	1290	Deferred Charges - Sundry
1269	Deferred Charges - Inventories Other	1290	Deferred Charges - Sundry
1270	Deferred Charges - Prepaid Rent	1290	Deferred Charges - Sundry
1280	Deferred Charges - Prepaid Payment in Lieu of Taxes	1290	Deferred Charges - Sundry
1290	Deferred Charges - Sundry	1290	Deferred Charges - Sundry
1293	Deferred Charges - Sundry - Earned Annual Leave	9/None	No comparable account
1400	Development Costs	1400	Land, Structures, and Equipment
1500	Incompleted Contracts	1800	Uncompleted Contracts
1610	Undistributed Debits - Undeterminate Expenditures	1290	Deferred Charges - Sundry
1620	Undistributed Debits - Ineligible Expenditures	1129	Accounts Receivable - Sundry
1640	Undistributed Debits - Payroll Expense	10/None	No comparable account
1650	Undistributed Debits - Miscellaneous Overhead Expense	10/None	No comparable account
1691	Undistributed Debits - Sundry - Central Office Expense	10/None	No comparable account

(Cont'd)

For numerical footnotes see Page 12 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
1699	Undistributed Debits - Sundry - Other	10/None	No comparable account
2111	Accounts Payable - Development	2111	Accounts Payable - Vendors and Contractors
2112	Accounts Payable - Contract Retentions - Development	2112	Accounts Payable - Contract Retentions
2113	Accounts Payable - Administration	2111	Accounts Payable - Vendors and Contractors
2114	Accounts Payable - Contract Retentions - Administration	2112	Accounts Payable - Contract Retentions
2115	Accounts Payable - Unclaimed Salaries and Wages	2119	Accounts Payable - Sundry
2116	Accounts Payable - Management Contracts	11/2111	Accounts Payable - Vendors and Contractors
2117.1	Accounts Payable - Income Tax Withholdings	2117.1	Accounts Payable - Income Tax Withholdings
2117.2	Accounts Payable - Employees Savings Bond Deductions	2117.2	Accounts Payable - Employees Savings Bond Deductions
2117.3	Accounts Payable - Pension Fund Deductions and Contributions	2117.3	Accounts Payable - Pension Fund Deduc- tions and Contributions
2117.4	Accounts Payable - Federal Old Age and Survivors Insurance Tax Deductions and Contributions	2117.4	Accounts Payable - Federal Old Age and Survivors Insurance Tax Deductions and Contributions
2118.9	Accounts Payable - PHA - Other	2118	Accounts Payable - PHA

For numerical footnote see Page 12 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>		<u>Account Number</u>	<u>Account Title</u>
2119.9	Accounts Payable - Sundry - Other		2119	Accounts Payable - Sundry
2121	Notes Payable - Notes Authorized - PHA			
2122	Notes Payable - Notes      Net		2122	Notes Payable - Advance Notes - PHA
	Unissued - PHA			
2123	Notes Payable - Notes Authorized - Temporary			
2124	Notes Payable - Notes      Net		2126	Notes Payable - Temporary Notes - Non-PHA
	Unissued - Temporary			
2125	Notes Payable - Notes Authorized - PHA - Escrow	12/None		No comparable account
2126	Notes Payable - Notes Issued - PHA - Escrow	12/None		No comparable account
2127	Notes Payable - Notes Authorized - Administra- tive Loans      Net		2123	Notes Payable - Admin- istrative Notes - PHA
2128	Notes Payable - Notes Unissued - Administra- tive Loans			
2129	Notes Payable - Sundry		2129	Notes Payable - Sundry Notes
2131	Accrued Liabilities - Annual Leave	9/None		No comparable account
2132.1	Accrued Liabilities - Interest on Notes - PHA		2131	Accrued Liabilities - Interest Payable - PHA
2132.2	Accrued Liabilities - Interest on Notes - Temporary		2132	Accrued Liabilities - Interest Payable - Non-PHA

For numerical footnotes see Page 12 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
2132.9	Accrued Liabilities - Interest on Notes - Sundry	2132	Accrued Liabilities - Interest Payable - Non-PHA
2133	Accrued Liabilities - Interest Other	2132	Accrued Liabilities - Interest Payable - Non-PHA
2134.1	Accrued Liabilities - Utilities - Water Expense	2139	Accrued Liabilities - Sundry
2134.2	Accrued Liabilities - Utilities - Electricity	2139	Accrued Liabilities - Sundry
2134.3	Accrued Liabilities - Utilities - Gas	2139	Accrued Liabilities - Sundry
2134.9	Accrued Liabilities - Utilities - Sundry	2139	Accrued Liabilities - Sundry
2135	Accrued Liabilities - Salaries and Wages	2139	Accrued Liabilities - Sundry
2136	Accrued Liabilities - Insurance	2139	Accrued Liabilities - Sundry
2137	Accrued Liabilities - Payment in Lieu of Taxes	2137	Accrued Liabilities - Payment in Lieu of Taxes
2139	Accrued Liabilities - Sundry	2139	Accrued Liabilities - Sundry
2141	Matured Debt - Interest	13/2133	Accrued Liabilities - Interest Payable - Bonds
2142	Matured Debt - Principal	14/None	No comparable account
2210	Deferred Credits - Tenants' Security Deposits	2114	Accounts Payable - Tenants' Security Deposits

For numerical footnotes see Pages 12 and 13 of this Exhibit.



CONVERSION CHART

FOR

ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
2220	Deferred Credits - Deposits During Development Period	2113	Accounts Payable - Performance Deposits
2240	Deferred Credits - Tenants' Prepaid Rents	2210	Deferred Credits - Tenants Prepaid Rents
2250	Deferred Credits - Prepaid PHA Annual Contributions	15/None	No comparable ac- count
2321	Fixed Liabilities - ) Series "A" Bonds - ) Authorized )	— Net 2341	Fixed Liabilities - Bonds - Issued
2322	Fixed Liabilities - ) Series "A" Bonds - ) Unissued )		
2323	Fixed Liabilities - Series "A" Bonds - Matured	2342	Fixed Liabilities - Bonds - Retired
2331	Fixed Liabilities - ) Series "B" Bonds - ) Authorized )	— Net 2341	Fixed Liabilities - Bonds - Issued
2332	Fixed Liabilities - ) Series "B" Bonds - ) Unissued )		
2333	Fixed Liabilities - Series "B" Bonds - Retired	2342	Fixed Liabilities - Bonds - Retired
2341	Fixed Liabilities - ) Other Bonds - ) Authorized )	— Net 2341	Fixed Liabilities - Bonds - Issued
2342	Fixed Liabilities - ) Other Bonds - ) Unissued )		
2343	Fixed Liabilities - Other Bonds - Retired	2342	Fixed Liabilities - Bonds - Retired
2400	Contract Awards	2400	Contract Awards
2540	Reserve - Development Cost Liquidation	16/None	No comparable ac- count

For numerical footnotes see Page 13 of this Exhibit

CONVERSION CHART

FOR

ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
2550	Reserve - Debt Service	<u>17</u> /None	No comparable account
2560	Reserve - Working Capital	<u>18</u> /None	No comparable account
2571	Reserve - Operating Improvements - Regular Account	2830	Surplus - Reserved Surplus - Reserve for Property Betterments and Additions
2572	Reserve - Operating Improvements - Special War Account	2830	Surplus - Reserved Surplus - Reserve for Property Betterments and Additions
2580	Reserve - Annual Contribution Allowance	<u>19</u> /None	No comparable account
2590	Reserve - Operating Reserve	2820	Surplus - Reserved Surplus - Operating Reserve
2610	Capital - Appropriated	2850	Surplus - Cumulative Donations
2630	Capital - Donations	2850	Surplus - Cumulative Donations
2700	Earned Surplus	<u>20</u> /2700	Current Year Surplus or Deficit
		2810	Surplus - Unreserved Surplus
		6010	Prior Year Adjustments - Affecting Residual Receipts
5111	Debt Service - Interest - Advance Loan Notes <u>21</u> /	5610	Interest on Bonds and Notes Payable

For numerical footnotes see Pages 13 and 14 of this Exhibit.

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CONVERSION CHART  
FOR  
ASSET, LIABILITY, RESERVE, AND DEBT SERVICE ACCOUNTS

<u>Account Number</u>	<u>Account Title</u>	<u>Account Number</u>	<u>Account Title</u>
5112	Debt Service - Interest - Temporary Loan Notes <u>22/</u>	5610	Interest on Bonds and Notes Payable
5113	Debt Service - Interest - Series "A" Bonds <u>23/</u>	5610	Interest on Bonds and Notes Payable
5114	Debt Service - Interest - Series "B" Bonds <u>24/</u>	5610	Interest on Bonds and Notes Payable
5121	Debt Service - Retirement of Principal - Advance Loan Notes <u>25/</u>	None	No comparable ac- count.
5122	Debt Service - Retirement of Principal - Temporary Loan Notes <u>26/</u>	None	No comparable ac- count
5123	Debt Service - Retirement of Principal - Series "A" Bonds <u>27/</u>	None	No comparable ac- count
5124	Debt Service - Retirement of Principal - Series "B" Bonds <u>28/</u>	None	No comparable ac- count
5131	Debt Service - Redemption Premiums	5710	Bond Redemption Premiums
5132	Debt Service - Refunding Interest	5610	Interest on Bonds and Notes Payable
5140	Debt Service - Provision for Unmatured Debt Service <u>29/</u>	None	No comparable ac- count
5900	Sundry Interest	5690	Sundry Interest Paid

For numerical footnotes see Page 14 of this Exhibit.

FOOTNOTES

- 1/ Account 1111, Cash - General Fund. If local laws or ordinances do not require the segregation of Security Deposits Funds they may be deposited in the General Fund.
- 2/ Account 1129.4, Accounts Receivable - Sundry - Reserve Fund and Account 1129.5, Accounts Receivable - Sundry - Security Deposit Fund. Any balance in these accounts, off-set by contra accounts payable, representing a deficiency in the transfer of funds between bank accounts under the same Annual Contributions Contract, should be closed out by a debit to the payable account and a credit to the receivable account.
- 3/ Account 1130, Notes Receivable. This account has been discontinued. Any Notes covering rents should not be reflected in this account and the original account receivable should remain in Account 1122.1, Accounts Receivable - Tenants. The tenant account should be noted to indicate that a Note has been obtained. Notes covering items other than rent should be reflected in Account 1129.2, Accounts Receivable - Sundry - Administration with an appropriate notation. Any balance in Account 1130 should be transferred to either Account 1122 or Account 1129 before conversion.
- 4/ Account 1143, Matured Interest Receivable - Interest on Fiscal Agent Investments. Interest Receivable on Fiscal Agent Investments (Series "A" Reserve Funds) is comparable to interest on investments of Advance Amortization Funds. Therefore, Account 1154, Accrued Interest Receivable - Advance Amortization Fund Investments, shall be utilized, the title of the account notwithstanding.
- 5/ Accounts 1151 to 1157, inclusive, Fiscal Agent Funds. Since all funds deposited with the Fiscal Agent are for the purpose of debt service, balances in Accounts 1151 to 1157, inclusive, would normally be closed into Account 1151, Debt Service Fund. For the purpose of analyses, at present, decimal sub-accounts under Account 1151 shall be maintained.
- 6/ Account 1174 Investments - Fiscal Agent Funds. The source of funds, whether Series "A" Reserve Funds or Advance Amortization Funds, is the same. They are "Fiscal Agent Funds" in either case. Therefore, transfer any balance in Account 1174 to Account 1153, Investments - Advance Amortization Fund.
- 7/ Account 1181, Trust Fund - Debt Service. Local Authorities administering PL-671 Projects which are not Permanently Financed are authorized to continue the use of this account.

FOOTNOTES

- 8/ Account 1250, Deferred Charges - Debt Requirements. This account has been discontinued. This account should reflect a "zero" balance at the end of the Fiscal Year. If such is not the case, the PHA will provide special instructions based on the specific case.
- 9/ Account 1293, Deferred Charges - Sundry - Earned Annual Leave and Account 2131, Accrued Liabilities - Annual Leave. These accounts have been discontinued for projects authorized to follow this Manual. The PHA will not require monetization of annual leave on such projects. If the Local Authority desires to express the contingent liability on its Balance Sheet, it may be accomplished by use of a footnote.
- 10/ Account 1640, Undistributed Debits - Payroll Expense; Account 1650, Undistributed Debits - Miscellaneous Overhead Expense; Account 1691, Undistributed Debits - Sundry - Central Office Expense; and Account 1699, Undistributed Debits - Sundry - Other. These accounts have been discontinued. It is believed that Local Authorities with small programs will not require these accounts in that all items normally debited to such accounts will be distributed to the proper expense account.
- 11/ Account 2116, Accounts Payable - Management Contracts. This account has been discontinued. Management Contracts and Development Contracts shall be recorded in Account 1800, Uncompleted Contracts, and Account 2400, Contract Awards. Management Contracts shall not be charged to expense accounts or credited to Accounts Payable until materials or services have been received.
- 12/ Account 2125, Notes Payable - Notes Authorized - PHA - Escrow and Account 2126, Notes Payable - Notes Issued - PHA - Escrow. These accounts have been discontinued. The principal of the Escrow Note issued to the PHA should be shown as a footnote on the Balance Sheet.
- 13/ Account 2141, Matured Debt - Interest. This account has been discontinued. A credit balance represents matured interest coupons which have not been paid by the Fiscal Agent. Transfer any balance to Account 2133, Accrued Liabilities - Interest Payable - Bonds.
- 14/ Account 2142, Matured Debt - Principal. This account has been discontinued. A credit balance represents matured principal, Series "A" and Series "B" Bonds, that has not been paid by the Fiscal Agent. Close the balance of Account 2142 in Account 2323, Series "A" Bonds - Matured, and Account 2333, Series "B" Bonds - Retired, in the applicable amounts, before Conversion.

FOOTNOTES

- 15/ Account 2250, Deferred Credits - Prepaid PHA Annual Contribution. This account has been discontinued. Debit Account 2250, and credit Account 2840, Surplus - Cumulative PHA Contributions, with the maximum PHA Annual Contribution. Credit Account 2250, and debit Account 1124, Accounts Receivable - PHA Annual Contributions, with the Accruing PHA Annual Contribution for the fiscal year immediately preceding the date of conversion.
- 16/ Account 2540, Reserve - Development Cost Liquidation. This account has been discontinued. Transfer balance to Account 2810, Surplus - Unreserved Surplus.
- 17/ Account 2550, Reserve - Debt Service. This account has been discontinued. Transfer balance to Account 2810, Surplus - Unreserved Surplus.
- 18/ Account 2560, Reserve - Working Capital. This account has been discontinued. Eliminate the Reserve for Working Capital from the General Ledger by debiting Account 2560 and crediting Account 1400, Development Costs, and from the Development Cost Analysis Ledger by crediting Account 1470.4, Working Capital.
- PL-412 Projects. Funds previously reserved for Working Capital shall remain in the General Fund, Account 1111.
- PL-671 Projects. Funds previously reserved for Working Capital shall remain in the General Fund, Account 1111; Provided, that if the Actual Completion Certificate has been issued, such funds shall be deposited in the Trust Fund, Account 1181.
- 19/ Account 2580, Reserve - Annual Contribution Allowance. This account has been discontinued. Eliminate the credit balance by debiting Account 2580 and crediting Account 6010, Prior Year Adjustments - Affecting Residual Receipts.
- 20/ Account 2700, Earned Surplus. Change the title of Account 2700, after the date of conversion, to "Current Year Surplus or Deficit".
- PL-412 Projects. Normally, the balance in Account 2700 may be transferred to Account 2810, Surplus - Unreserved Surplus. If items are found affecting Account 6010, Prior Year Adjustments - Affecting Residual Receipts, which were overlooked, such account should be used.
- PL-671 Projects. Account 2700, Earned Surplus, should not reflect any balance at the close of the fiscal year.

FOOTNOTES

- 21/ Account 5111, Debt Service - Interest - Advance Loan Notes. This account has been discontinued. Transfer the balance to Account 5610, Interest on Bonds and Notes Payable.
- 22/ Account 5112, Debt Service - Interest - Temporary Loan Notes. This account has been discontinued. Transfer the balance to Account 5610, Interest on Bonds and Notes Payable.
- 23/ Account 5113, Debt Service - Interest - Series "A" Bonds. This account has been discontinued. Transfer the balance to Account 2810, Surplus - Unreserved Surplus and Account 5610, Interest on Bonds and Notes Payable, in the applicable amounts.
- 24/ Account 5114, Debt Service - Interest - Series "B" Bonds. This account has been discontinued. Transfer the balance to Account 2810, Surplus - Unreserved Surplus, and Account 5610, Interest on Bonds and Notes Payable, in the applicable amounts.
- 25/ Account 5121, Debt Service - Retirement of Principal - Advance Loan Notes. This account has been discontinued. Reverse any balance by debiting Account 5140, Debt Service - Provision for Unmatured Debt Service, and crediting Account 5121.
- 26/ Account 5122, Debt Service - Retirement of Principal - Temporary Loan Notes. This account has been discontinued. Reverse any balance by debiting Account 5140, Debt Service - Provision for Unmatured Debt Service, and crediting Accounting 5122.
- 27/ Account 5123, Debt Service - Retirement of Principal - Series "A" Bonds. This account has been discontinued. Transfer any balance to Account 2540, Reserve - Development Cost Liquidation.
- 28/ Account 5124, Debt Service - Retirement of Principal - Series "B" Bonds. This account has been discontinued. Transfer any balance to Account 2540, Reserve - Development Cost Liquidation.
- 29/ Account 5140, Debt Service - Provision for Unmatured Debt Service. This account has been discontinued. Transfer any balance to Account 2550, Reserve - Debt Service.

PHA-2555  
January 1958

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred \$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:

Taxing Body

Amount

\$.....

.....

.....

Total Deductions

\$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_



\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred \$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:

<u>Taxing Body</u>	<u>Amount</u>
--------------------	---------------

\$.....

.....

.....

Total Deductions \$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred

\$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:

Taxing Body

Amount

\$.....

.....

.....

Total Deductions

\$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred \$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:

Taxing Body

Amount

\$.....

.....

.....

Total Deductions

\$ \_\_\_\_\_

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

1958

(Name of Local Authority)

(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s).

Project No(s).

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred \$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing bodies in the amount indicated:

<u>Taxing Body</u>	<u>Amount</u>
_____	\$.....
_____	.....
_____	.....
Total Deductions	\$ _____

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
(Name of Local Authority)

\_\_\_\_\_  
(Location)

STATEMENT OF EXPENSES INCURRED FOR PUBLIC SERVICES  
TO WHICH THE PROJECTS ARE ENTITLED UNDER THE  
PROVISIONS OF THE COOPERATION AGREEMENT

For Fiscal Year Ended

Contract No(s). \_\_\_\_\_

Project No(s). \_\_\_\_\_

Expenses Incurred

Schools	\$.....
Fire protection (hydrant services, etc.)	.....
Police protection	.....
Street maintenance	.....
Street lighting	.....
Snow removal	.....
Garbage removal	.....
Trash removal (ashes, etc.)	.....
Sewer maintenance	.....
Other (Specify) _____	.....

Total Expenses Incurred \$ \_\_\_\_\_

Deductions will be made from the payments in lieu of taxes due the taxing  
bodies in the amount indicated:

<u>Taxing Body</u>	<u>Amount</u>
_____	\$.....
_____	.....
_____	.....
Total Deductions	\$ _____

Prepared By:

Approved By:

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_