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PROPOSED UNIFORM CHARTS OF ACCOUNTS  
TO BE USED IN PHASE II AND PHASE III OF  
OPERATION BREAKTHROUGH

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

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FOR

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BY  
HOMER HOYT INSTITUTE

MAY 1970

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C.

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## CHAPTER I

### IN SUMMARY

The Department of Housing and Urban Development is in need of Uniform Charts of Accounts which could be used in Phase II and Phase III of Operation Breakthrough.

Uniform cost accounting standards could provide a common framework for better estimating and monitoring of costs under various construction techniques. It is clear from the response to the Requests for Proposals to HUD that such uniformity does not now exist and that any meaningful comparisons of cost among various companies are not now possible.

The cumulative benefits deriving from establishment of a uniform cost accounting system would outweigh any costs of implementation of such a system.

## RECOMMENDATIONS

- . Two Charts of Accounts are proposed to be used in Phases I and II of Operation Breakthrough - one a Condensed Chart to be a mandatory requirement, the other a detailed Chart to be used voluntarily to gain experience in its use with the ultimate aim of putting it into effect.
- . The Department of Housing and Urban Development make it mandatory for all future participants in Operation Breakthrough program to use the Detailed Uniform Chart of Accounts.
- . HUD should set up its information system now under development in accordance with definitions and coding under the detailed uniform system.
- . HUD should adapt the Uniform Detailed Chart of Accounts for all its programs.
- . Uniformity should be provided for gauging the useful life of buildings with the guide outlined or something similar.
- . Selected financial ratios should be provided HUD by Operation Breakthrough participants on a continual, perhaps quarterly, basis.

## CHAPTER II

### THE STUDY'S BACKGROUND

The Housing and Urban Development Act of 1968 -- Public Law 90-448 -- directed the Secretary of Housing and Urban Development "...to encourage large-scale experimentation in the use of new housing technologies." Under Section 108, New Technologies in the Development of Housing for Lower Income Families, Subsection (a) directs the Secretary to institute a program under which qualified public and private organizations will submit plans for the development of housing for lower income families, using new and advanced technologies, on Federal land made available for that purpose or other land which is suitable.

Subsection (b) directs the Secretary to approve up to five plans utilizing new housing technologies which are submitted to him under the program, considering (among other things) the potential of the technology employed and the ability of the organization submitting the plan to produce at least 1,000 dwelling units a year utilizing that technology.

Subsection (c) directs the Secretary to seek to achieve the construction of at least 1,000 dwelling units a year over a 5-year period for each of the various types of technologies proposed in the plans approved.

Subsection (d) authorizes the transfer to the Secretary of certain Federal land which is excess property for use in carrying out the program.

Subsection (e) directs the Secretary to report at the earliest practicable date with respect to projects assisted under the program, together with his recommendations.

Subsection (f) amends section 233 of the National Housing Act to authorize FHA insurance of mortgages covering projects carried out under the new program. It also makes the same benefits (e.g., interest subsidies) with respect to any mortgage insured under section 233 as would have been available under the basic section of the act pursuant to which it is insured.

In 1969, the Department of Housing and Urban Development (HUD) issued a Request For Proposals for the implementation of Section 108. After receiving more than 600 proposals, HUD selected 22 and as of April, 1970, was about to enter into contracts for the design and development of housing systems, including innovative concepts, Phase I; manufacture, testing, erection on prototype sites, and demonstration of prototype units, Phase II; and for large scale volume production and marketing of the housing systems, Phase III. Since a number of these Housing System Producers will do the entire job of delivering a finished house to the occupant, from the design and engineering, through factory manufacture, to site acquisition, design, marketing and finance, a very broad range of cost activities must be provided for. To have a uniform system for recording, reporting and treatment of cost information, the Department is in need of a uniform chart of accounts, that will provide the necessary cost detail, both for the manufacture of the housing system parts and for the assembly and erection of the parts in the field to make a completed building.

The Department asked the Homer Hoyt Institute, a non-profit research organization at The American University, to develop and prepare for publication a Uniform Chart of Accounts for use in Phase II and Phase III of what is HUD now popularly termed Operation BREAKTHROUGH (Section 108 of the 1968 Housing Act).

These accounts, HUD prescribed, shall incorporate appropriate details of the cost of factory or field production and field assembly for all BREAKTHROUGH systems. The chart of accounts should have sufficient flexibility to be applicable to widely differing housing systems based on structural materials that vary from wood to concrete, plastic and metal, and have varying proportions of factory finish and conventional site finish work.

In response to this request, the Homer Hoyt Institute undertook under negotiation award contract H1237, dated April 13, 1970, to make the study. Within the short time allotted to make the study (30 days), the Institute proceeded to (a) review all existing major cost systems as used in construction, with special emphasis on residential construction, (b) review existing literature on cost accounting techniques used in construction, (c) study the cost systems used by the 22 accepted "Breakthrough" housing systems producers, (d) review cost systems of selected other producers who had submitted proposals under Operation Breakthrough and studied those which would likely have some application, (e) examine some standard factory systems now in use by firms manufacturing homes and sectionalized modular units,

(f) examine other construction systems used by government agencies including those of HUD, and (g) consult with CPA's doing work in this field as well as cost estimators and comptrollers.

Only limited amount of time and effort was given to the examination of factory cost accounting systems. HUD has asked that "The emphasis, shall be in adapting the accounting system used for on-site conventional construction and broadening such system to include the additional areas of cost information required for the purpose of the Housing System Producers, not usually found in site construction accounting systems".

## CHAPTER III

### EXISTING SYSTEMS

Traditionally, most of the residential construction in the United States has been done by what is loosely defined as "conventional" methods. In a sense this term means that construction of housing units is accomplished piece by piece on the site rather than having a complete unit delivered to the site and set on foundation. Various studies indicate residential units largely are built by "conventional" construction methods. The National Association of Home Builders, in three studies of builders - members done over a period of 10 years (1954-1964-1969) reported that the proportion of conventionally built units remained exactly the same over the period. A little over three-quarters of all builders responding in the survey used this type of production and only about five percent of all builders used factory built homes.<sup>1</sup>

Even among the builders building apartments there is a high degree of conventional construction. Again, the same study showed that 70% of all builders use conventional methods; only 5.1% used factory built units and 8.6% used fabrication of major parts. The conventionally built units accounted for 70% of all housing starts.

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<sup>1</sup>National Association of Home Builders, 1959, 1964 and 1969 Builders Survey.

Important to note is the traditionally heavy emphasis on single family unit construction. Fifteen years ago less than 10% of all housing starts were in multi-family construction. Ten years ago (1959) this had risen to only 18.2% of the total. However, in the last two years proportion of multi-family unit construction rose to 40%; in 1968 it was 40.4%, in 1969, 44.7%.

Significantly, multi-family construction did not change fundamentally traditional methods of construction, since 80% of all multi-family units built were of the garden type apartment, or walk-ups. These types did not require different construction methods or techniques.

This is by way of stressing that housing construction still is being built by conventional methods, and that the cost accounting practices followed pretty much these methods of construction.

Cost accounting evolved from the traditional single family concept. Little by little the emphasis shifted into rental units but even here changes were slow in coming.

## NEED FOR UNIFORMITY

For some time, it had been apparent within the residential building industry itself that more uniformity in cost accounting was needed. What was being used were adaptations and conglomerations of various forms developed individually by builders, accountants, and business people. In most cases charts of accounts developed from estimating forms. Even though these forms varied widely in length and definition of various items, the basic elements of direct costs almost always were identified in about the same manner.

Even direct cost accounting has little uniformity until about 10 years ago when the National Association of Home Builders began seeking some standard for accounting control. The NAHB publication, Blueprint for Profit, established cost estimate procedures as well as some basic criteria for conducting sound business. A later NAHB publication, Business Forms for Builders, identified further some needed business forms, and suggested certain cost accounting principles and accounts. Finally, a Chart of Accounts for All Builders spelled out in detail specific categories of cost. This was left to the discretion of builders.

Another area omitted was cost accounting multi-family construction. Only in 1970 was an effort begun to plug this gap and work is continuing.

Other publications which needs mentioning (For a detailed information see bibliography) are: The CSI Format for Building Specifications, Manual of Labor Units, Standard Filing System and Alphabetical Index, Suggested

Guide for Field Cost Accounting for Building Contractors and Uniform System for Construction Specifications, Data Filing and Cost Accounting.

Outside the private sector, the Military developed their own system of cost accounting based on Department of Defense instructions designed to achieve uniformity among services.

About a year ago, The National Academy of Sciences, Building Research Advisory Board, suggested using in relation to Section 108 of the 1968 Housing an approach developed by The Metropolitan Toronto School Board in the Study of Educational Facilities. Largely, the Academy's suggestion was ignored. In retrospect, it would appear that the basic approach of the Toronto School system to the overall problem as well as the identifications of basic breakdown of elements of cost is vastly superior to anything else available in the United States. On more detailed examination, it still appears it would be fairly simple to apply the Canadian system designed for school construction to residential housing in the United States.

## CHAPTER IV

### UNIFORM CHARTS OF ACCOUNTS

Potential Benefits. When the price of a housing unit is established without a common understandable definition of various cost elements and cost terms, no firm conclusion is possible as to its competitive price vis a vis other units. Confusion currently exists over even such an elementary definition of the cost per square foot. This can be seen from the study of proposals submitted in Operation Breakthrough. The proposals are replete with misconceptions of what the cost per square foot is. By proposers' own standards, some elaborate cost estimates included more than 40 basic items while others excluded from 10 to 15 items which are intrinsic to the cost per square foot.

To derive any accurate comparisons of cost from these proposals would be almost impossible.

Therefore, some degree of uniformity, if only by arriving at a common definition of what the cost per square foot means and thereby obtaining a total cost figure if nothing else, would certainly be helpful. This, then, should be one area where uniformity in asking for future proposals, should be mandatory.

Another area of derivatory potential benefit would be in the actual construction of housing, by monitoring progress under Phase II and Phase III on a uniform basis.

A third area of benefit would be a "spin-off" into private industry operations where uniformity is acutely needed.

A standard cost accounting system could also facilitate development of a uniform financial ratio among companies, a mechanism not now available.

As yet, there has been no ideal method developed which would serve all possible purposes in cost accounting procedures. The cost accounting system recommended here is one of possible alternatives. It is certainly detailed enough to cover many variations. It can be expanded to handle situations as yet unforeseen. But any chart of accounts is only a tool in the overall management process. It must be cautioned that any Uniform Chart of Accounts will not automatically change the accounting procedures of contractors or subcontractors. They have developed their own standards and systems and are not likely to change them quickly.

## PROPOSED CHARTS OF ACCOUNTS

Recommended by The Homer Hoyt Institute are two courses to follow, a Detailed Chart of Accounts and a Condensed Chart of Accounts. The De-tailed Chart of Accounts is based on the National Association of Home Builders' Chart of Accounts with enlargement into two major areas: (1) expansion of direct cost, and (2) expansion of management and operating expenses.

It is recognized, however, that it will take some time, perhaps from six to 12 months, for all companies to adapt to this Detailed Chart of Accounts. For that reason, a Condensed form of Chart of Accounts also was developed which could be implemented immediately and be made mandatory as an interim system.

Nevertheless, it is strongly urged that the companies also make use of the Detailed Chart of Accounts in order to gain familiarity with it and obtain the necessary experience so that it may be implemented at a later date.

The two Charts of Accounts (Detailed and Condensed) are attached here.

As noted earlier, the basic Chart of Accounts was designed primarily for single family conventionally-built units. However, the 10 basic sections included in the Chart of Accounts are responsive to the needs of any kind of construction as can be seen from examination of it.

The Detailed Chart of Accounts was adapted to new techniques to be used in Operation Breakthrough, but only in the two areas mentioned - direct costs and management and operating expenses.

The main problem was in the area of the direct cost accounts. This was solved by breaking down this major category to accepted definitions and codes (such as preparation, framing, concrete, etc.). Additionally, coding and categories were added to pick up such items as total exterior walls, interior walls, roof systems, and total unit delivered on site.

For those systems which have no need for identification of small cost items (such as are traditionally used in on-site construction) and which will provide pre-finished units, take them to site, erect them in one, or more, pieces, an alternative was suggested:

Use under Section B-Structure-Factory or Site Production only one cost item 14310-Rough Structure as a cost of the units FOB plant, skip the remainder of B, and continue with Section C on-site erection cost for factory or pre-finish units. Here add the cost of transportation, plus whatever it takes to finish the unit on site. Then continue with clean-up and inspection 14380 for the total of direct cost.

As has been noted, this recommended Chart of Accounts is the ideal, but it is not likely that all 22 selected teams will be able to use all of the cost coding under Phase II and Phase III of Operation Breakthrough. This Chart of Accounts should be used as much as possible by all companies, however, along with the recommended mandatory Condensed Chart of Accounts.

The Department of Housing and Urban Development should make it mandatory for all participants in future Requests for Proposals to use and provide information by the same basic codes as outlined. Further, it is recommended that HUD set up its information system now under development in accordance with the definitions and coding of this Chart of Accounts.

The recommended interim Condensed Chart of Accounts follows basic code-numbering of the longer form. The advantage of this condensed form is easy identification of some major cost areas.

### USEFUL LIFE

In addition to a Uniform Chart of Accounts, uniformity is necessary in information concerning the useful life of a building. Recommended below is a list of items with a code number identifying the item for which information should be obtained.

USEFUL LIFE OF BUILDING

|         |                            |
|---------|----------------------------|
| 14308   | Foundations                |
| 14310   | Modular Units              |
| 14313   | Structure                  |
| 14319   | Electrical                 |
| 14321   | Plumbing                   |
| 14321 a | Unitized Bath              |
| 14321 b | Unitized Kitchen           |
| 14323   | Heating & Air Conditioning |
| 14329   | Hot Water Heater           |
| 14331   | Roof System                |
| 14335   | Windows and Doors          |
| 14339   | Exterior Trim              |
| 14341   | Exterior Paint             |
| 14343   | Stairs                     |
| 14351   | Drywall and Panelling      |
| 14353   | Tile                       |
| 14358   | Floor Covering             |
| 14361   | Cabinets                   |
| 14373   | Disposal                   |
| 14374   | Refrigerator               |
| 14375   | Interior Paint             |
| 14378   | Elevators                  |
| 14379   | Others (Specify)           |

## FINANCIAL RATIOS

To obtain a fuller picture of a company's performance it may well be advisable for a proposer to provide the Department of Housing and Urban Development with uniform financial ratios. This would be intended to give the Department a comparable position of one company vis a vis another.

A list of suggested financial ratios is presented below:

### Financial Ratios

Current assets to current debt

Net profit on net sales

Net profit on net worth

Net profit on working capital

Net sales to net worth

Net sales to working capital

Net sales to inventory

Fixed assets to net worth

Current debt to net worth

Total debt to net worth

Inventory to working capital

Current debt to working capital

Net sales to fixed assets

CONDENSED CHARTS OF ACCOUNTS

(Mandatory)

|        |   |
|--------|---|
| 10000  | ASSETS  |
| 10000  | Cash  |
| 11000  | Short-Term Investment                                   |
| 12000  | Receivables   |
| 13000  | Construction materials inventory and raw land inventory |
| 14100  | Cost of developed land                                  |
| 14200  | Finished Lots   |
| 14300  | Direct construction costs                               |
| 14301  | Preparation-footings-foundation                         |
| 14304  | Site work   |
| 14306  | Utility connections                                     |
| 14308  | Footings and foundations                                |
| 14309  | Other   |
| 14310  | Structure   |
| 14311  | Floor system  |
| 14313  | Exterior Walls  |
| 14314  | Interior Walls  |
| 14315  | Concrete  |
| 14317) | Sheet Metal   |
| 14371) |   |
| 14319) | Electrical  |
| 14365) |   |
| 14321) | Plumbing  |
| 14367) |   |
| 14323) | Heating   |
| 14369) |   |
| 14331  | Roofing System  |
| 14333  | Masonry   |
| 14335  | Windows and Doors                                       |

|       |        |  |
|-------|--------|--|
|       | 14337  | Insulation                                     |
|       | 14339  | Exterior Trim                                  |
|       | 14341) | Painting                                       |
|       | 14363) |  |
|       | 14343  | Stairs   |
|       | 14351  | Drywall and Plaster                            |
|       | 14353  | Ceramic Tile                                   |
|       | 14355  | Finished carpentry & trim                      |
|       | 14358  | Flooring                                       |
|       | 14361  | Cabinets & vanities                            |
|       | 14373  | Appliances & appointments                      |
|       | 14380  | Clean up and inspection                        |
|       | 14383  | Landscaping                                    |
| 14390 |        | On-Site Erection cost including transportation |
|       | 14391  | Transportation                                 |
|       | 14392  | Equipment operations                           |
|       | 14393  | Mechanical Hook-ups                            |
|       | 14394  | Finishing                                      |
|       | 14399  | Others   |
| 14400 |        | Indirect construction costs                    |
| 15000 |        | Finished Houses inventory                      |
| 16000 |        | Other current assets                           |
| 17000 |        | Investment and other assets                    |
| 18000 |        | Property, plant and equipment                  |
| 19000 |        | Accumulated depreciation                       |
| 20000 |        | LIABILITIES AND NET WORTH                      |
| 30000 |        | SALES AND OTHER REVENUES                       |
| 40000 |        | COST OF SALES                                  |
| 50000 |        | FINANCING EXPENSES                             |
|       | 50110  | Interest on construction loans                 |
|       | 50200  | Fees, commitment, origination, or standby      |
|       | 50300  | Interest on notes and mortgages                |

|       |       |                                    |
|-------|-------|------------------------------------|
|       | 50500 | Discounts on mortgages (points)    |
|       | 50600 | Closing costs paid for customers   |
|       | 50700 | Hazard or builder's risk insurance |
|       | 50900 | Other financing costs              |
| 60000 |       | MARKETING EXPENSES                 |
| 70000 |       | OPERATING AND MANAGEMENT EXPENSE   |
|       | 70000 | Renting expenses                   |
|       | 71000 | Administrative expenses            |
|       | 72000 | Professional expenses              |
|       | 73000 | Operating                          |
|       | 73100 | Utilities                          |
|       |       | 73110 Heating                      |
|       |       | 73120 Lighting                     |
|       |       | 73130 Water                        |
|       |       | 74140 Phone                        |
|       | 73200 | Engineering                        |
|       | 73300 | Janitorial                         |
|       | 73400 | Trash removal                      |
|       | 73500 | Extermination                      |
|       | 73600 | Snow removal                       |
|       | 73700 | Other                              |
|       | 74000 | Maintenance and repair             |
|       |       | 76100 Exterior                     |
|       |       | 74200 Interior                     |
|       |       | 74300 Grounds                      |
|       |       | 74400 Motor vehicles               |
|       |       | 74500 Equipment                    |
|       |       | 74900 Others                       |
|       | 75000 | Taxes                              |
|       | 76000 | Insurance                          |
|       | 77000 | Financial expenses                 |
|       | 78000 | Depreciation expenses              |
|       | 79000 | Other expenses                     |

80000 GENERAL AND ADMINISTRATIVE EXPENSES

90000 OTHER INCOME AND EXPENSES

Profit

Total Cost

SUMMARY OF CONSTRUCTION COST MAJOR ITEMS

14100 Development cost of land

14300 Construction cost

14301 Preparation-Footings-Foundation

14310 Structure

14390 On-site erection and transportation

40000 COST OF SALES

50000 FINANCING EXPENSES

60000 MARKETING EXPENSES

70000 OPERATING AND MANAGEMENT EXPENSES

80000 GENERAL AND ADMINISTRATIVE EXPENSES

Profit

Total Cost

# Chart of Accounts <sup>\*</sup>

## 10000 SERIES • ASSETS

### 10000 • CASH

**10100 • CASH ON HAND •** Control for all petty cash accounts whether maintained in office or by construction superintendent in the field.

**10200 • CASH ON DEPOSIT—GENERAL •** Demand deposits in banks for all regular trade receipts and disbursements.

**10300 • CASH ON DEPOSIT—PAYROLL •** Imprest accounts for payroll checks. Replenish each pay period by an amount equal to the total of all paychecks issued.

**10400 • CASH ON DEPOSIT—HELD IN TRUST •** Brokerage sales deposits and attendant escrow funds held for distribution.

**10500 • CASH ON DEPOSIT—ESCROW OR PLEDGED ACCOUNTS •** Deposits in escrow on purchases of property, or funds on deposit pledged to cover the completion of contracts in lieu of performance bond.

### 11000 • SHORT-TERM INVESTMENTS

**11100 • STOCKS •** Temporary investments in stocks of nonaffiliated companies for production of income.

**11200 • BONDS •** Short-term investment in Government securities, bonds, and notes for production of income.

**11300 • SAVINGS DEPOSITS •** Funds deposited in banks and savings-and-loan accounts for the purpose of obtaining interest income.

### 12000 • RECEIVABLES

**12100 • ACCOUNTS RECEIVABLE—TRADE •** Amounts due for construction (including customers' orders for extras), management or other services performed on open account.

**12200 • ACCOUNTS RECEIVABLE—OTHER •** Amounts due from persons or organizations which do not arise from typical functions of business.

**12300 • NOTES RECEIVABLE—TRADE •** Unpaid balance of notes received in full or partial settlement of open or short-term accounts.

**12400 • NOTES RECEIVABLE—OTHER •** Notes due from persons or organizations which do not arise from typical functions of business.

#### 12500 • MORTGAGES RECEIVABLE

**12510 •** First mortgages receivable • First mortgage taken from purchaser in lieu of cash.

**12520 •** Second lien notes • Second mortgage taken from purchaser in lieu of cash.

**12600 • DUE ON CONSTRUCTION AND DEVELOPMENT LOANS •** Amounts due from financing institutions on construction and development loans. Charge with the amount of the mortgage issued and credit Account 21600, Construction loans payable. This account credited with funds drawn as construction progresses.

**12700 • CONTRACTS RECEIVABLE •** Amounts due on contracts arising from sales.

**12800 • ACCRUED INTEREST RECEIVABLE •** Interest accrued but not received from all sources, e.g., bonds, notes, mortgages, etc.

**12900 • ALLOWANCE FOR DOUBTFUL ACCOUNTS •** Amount provided to cover estimated loss from uncollectible accounts and notes receivable.

### 13000 • CONSTRUCTION MATERIALS INVENTORY AND RAW LAND INVENTORY

**13100 • CONSTRUCTION MATERIALS INVENTORY •** Control account for book value of construction materials purchased and stored, i.e., *not* delivered directly to a job in progress and charged directly to it. Credit as material is drawn from stock for use in specific houses on a cost-per-item basis or by allocation. (Cost of construction materials delivered directly to a job in progress and charged directly to that job should be charged to Account 14300, Work-in-process inventory, Direct construction costs.)

#### 13200 • RAW ACREAGE

**13210 •** Purchase price of raw land • Purchase price paid for raw land including any attendant fees.

**13220 •** Financing and interest • Financial costs incident to the purchase of raw land.

**13230 •** Realty taxes • General real estate assessments applicable to raw acreage.

**13290 •** Other • All other expenses applicable to raw acreage. Examples are insurance, legal fees, marketing research fees, etc.

### 14000 • WORK-IN-PROCESS INVENTORY

#### 14100 • DEVELOPMENT COST OF LAND

**14110 •** Cost of platted lots (from 13200) • Total of costs incurred on land selected for immediate development. Transfer from 13200 Account.

**14112 •** Financing and interest • Financial costs incident to the development of raw land.

**14113 •** Realty taxes • Real estate assessments applicable to land being developed.

**14114 •** Bonding fees • Costs of bonds guaranteeing development.

\*Expansion of The Accounting System for ALL Builders, National Association of Home Builders, Journal of Homebuilding, August 1965. BLUE SCREENED AREAS SHOW THE EXPANDED PORTION OF THE ORIGINAL CHARTS OF ACCOUNTS.

14120 • Land planning • Layout and planning charges and land planners' fees incident to the development of raw land.

14121 • Engineering • Surveying and engineering fees and services related to the development of raw land.

14130 • Rough grading • Costs incurred in general land grading, land cut or fill, and major cuts and fills for the development of building sites.

14131 • Street grading • Cost of grading for streets.

14140 • Street paving • Costs incurred for base and finish of public streets.

14141 • Curbs and gutters • Costs of installing street curbs and gutters.

14142 • Sidewalks • Costs of installing main pedestrian walkways along street frontages but not access walks to individual homes (walks in public areas).

14150 • Storm sewers—drainage • Costs of installing underground storm sewers and lot stubs, major drainage ditches, culverts, lift stations for storm drainage, etc.

14160 • Sanitary sewers • Costs of installing sanitary sewers including stubs for lots or sewer connection charges.

14170 • Water • Costs of installing mains and water supply lines and stubs for lots, or water connection charges.

14180 • Electricity • Costs of installing electric and telephone supply lines, including special fees and charges.

14181 • Gas • Cost of gas mains to property lines.

14190 • Other • All other costs incident to the development of raw land. Examples are street lighting, tree removal, etc.

14199 • Development cost of land credit • As a matter of convenience, this credit balance account may be used as an interim device to record transfers on a lump sum basis of a prorata share of costs incurred and recorded in the several accounts from 14100 to 14200, pending completion of an entire tract.

#### 14200 • FINISHED LOTS

14210 • Finished lots (from 14100) • Total costs incurred for finished lots or the development of land transferred from Account 14199.

14220 • Financing and interest • Financial costs incident to finished lots.

14230 • Realty taxes • Real estate assessments applicable to finished lots.

14240 • Purchase price of finished lots • Purchase price paid for finished lots bought from another entity, including any attendant fees.

14290 • Other • All other costs applicable to finished lots; for example, costs of razing existing structures.

NOTE: Transfer of costs accumulated in 14200 accounts will be made to Cost of sales at the time sale is recorded.

14300 • DIRECT CONSTRUCTION COSTS • Control account for all direct construction costs including permits, materials, labor, subcontracts,

equipment rentals, and payroll taxes and employee benefits on direct labor incident to the construction of buildings or direct site improvements. Charges to this account are supported by job-cost records. Credit this account with all transfers to Finished houses inventory or to Cost of sales.

Charge only those items on a house which would not occur if this particular house were not built. Do not include any financing costs, mortgage discounts, marketing costs, or indirect construction costs.

This is an account most subject to misuse, hence listed here are some borderline accounts which are commonly misclassified:

Permits and surveys.

Fees specifically identified with a house.

Direct labor.

Subcontracts.

Materials used on a house.

Working foreman's wage.

Equipment rental.

Material from warehouse.

Heating equipment.

These costs should be charged to Account 14300 and detailed in the job-cost records as explained in Section III of the manual.

The following costs should be charged to other accounts as indicated below:

Callbacks (14471).

Architectural fees (14413).

Job office materials (14440).

Superintendent's salary (14411).

Equipment maintenance (14421).

Warehouse expense (14450).

Heat during construction (14461).

Construction loan costs

(50100 and subaccounts).

Points on mortgage (50500).

Sales commissions (60120 or 60140).

The above does not include all possible questionable costs. The principal test of whether a cost should be charged to Account 14300 would be whether or not it is a construction cost directly variable with a specific house. Financial, marketing and nonvariable costs would not be charged to this account.

#### 14300 • Direct Construction Costs

##### A. SITE WORK

#### 14301 • Preparation-Footings-Foundations

14302-01 Building Permits Fees

14302-02 Plans & Blueprints

14302-03 Utility Permits, Fees, Deposits

14302-04 Engineering, staking

14302-05 Surveys, layouts

14302-06 HBA assessment

14302-07 Fire & builders risk ins.

14302-08 Other

- 14304-00 • Site Work  
 14304-01 Cleaning & grubbing  
 14304-02 Hauling trees  
 14304-03 Demolition  
 14304-04 Other
- 14306-00 • Utility Connections  
 14306-01 Water service  
 14306-02 Sewer service  
 14306-03 Gas service  
 14306-04 Electrical service  
 14306-05 Telephone service  
 14306-06 Other

- 14308-00 • Footings & foundations  
 14308-01 Excavation, back fill  
 14308-02 Fill dirt & hauling  
 14308-03 Footings  
 14308-03 a. Concrete  
 14308-03 b. Reinforcement rods  
 14308-03 c. Pierholes & Piers  
 14308-04 Foundations  
 14308-04 a. Concrete block  
 14308-04 b. Brick  
 14308-04 c. Masonry cement  
 14308-04 d. Sand  
 14308-04 e. Ties  
 14308-04 f. Foundation bolts  
 14308-04 g. Durawall  
 14308-05 Water proofing  
 14308-06 Termite proofing  
 14308-07 Rough grading  
 14308-08 Foundation drainage  
 14308-08 a. Drain tile  
 14308-08 b. Gravel & area ways  
 14308-09 Other  
 14308-10 Labor

## B. STRUCTURE-FACTORY OR SITE PRODUCTION

NOTE: FOR UNITS COMPLETELY FINISHED  
 IN FACTORY USE 14310 AND C

- 14310 • Rough Structure- Or Total Cost Of Unit  
 FOB Plant
- 14311-00 • Floor System  
 14311-01 Steel posts  
 14311-02 Beams columns, & lintels  
 14311-02 a. Flitch plated  
 14311-02 b. Angle irons  
 14311-03 Ornamental iron work  
 14311-05 Steel deck  
 14311-06 Flooring  
 14311-09 Other
- 14313-00 • Framing - exterior walls  
 14313-01 Matériel  
 14313-02 Nails  
 14313-03 Rough hardware  
 14313-04 Labor
- 14314-00 • Framing - interior walls

- 14315-00 • Concrete  
 14315-01 Concrete formwork  
 14315-02 Structural concrete form  
 14315-03 Structural concrete slab  
 14315-04 Stairs (concrete)  
 14315-05 Pre-cast decks & porches  
 14315-06 Garage & carport slab  
 14315-07 House & basement slab  
 14315-07 a. Reinforcing steel  
 14315-07 b. Polyethylene  
 14315-08 Other  
 14315-09 Labor

- 14317-00 • Rough Sheet Metal  
 14317-01 Gutters & downspouts  
 14317-02 Metal deck & Roof edging  
 14317-02 a. Flashing  
 14317-02 b. Valley tin  
 14317-03 Other  
 14317-04 Labor
- 14319-00 • Rough Electrical  
 14319-01 Electrical rough in regular  
 14319-02 Electrical rough in low voltage  
 14319-03 Rough telephone  
 14319-04 Other  
 14319-05 Labor

- 14321-00 • Rough Plumbing  
 14321-01 Plumbing rough-in  
 14321-02 Plumbing sump & discharge  
 14321-03 Plumbing gas piping  
 14321-04 Labor

- 14323-00 • Rough Heating, vent, & air-cond.  
 14323-01 Heating rough-in  
 14323-02 Ventilation  
 14323-03 Air-conditioning rough-in  
 14323-04 Other  
 14323-05 Labor

## 14330 • Full Enclosure

- 14331-00 • Roofing System  
 14331-01 Asphalt shingles  
 14331-02 Wood shingles & shakes  
 14331-03 Tile & slate  
 14331-04 Metal  
 14331-05 Felt  
 14331-06 Nails  
 14331-07 Other  
 14331-08 Labor  
 14331-09 Total roofing system for prefinish  
 roofing
- 14333-00 • Masonry  
 14333-01 Chimney  
 14333-02 Fireplace  
 14333-02 a. Fire brick  
 14333-02 b. Ash dump  
 14333-02 c. Fireplace unit (metal)  
 14333-02 d. Flue tile  
 14333-03 Brick veneer  
 14333-04 Brick, stone & block walls

- 14333-05 Masonry floors
- 14333-06 Stucco
- 14333-07 Portland cement
- 14333-08 Masonry labor
- 14335-00 • Windows & Doors
  - 14335-01 Windows (glazing)
    - 14335-01 a. Screens
    - 14335-01 b. Storm windows
  - 14335-02 Exterior doors
    - 14335-02 a. Screen doors
  - 14335-03 Interior & closet doors
  - 14335-04 Sliding glass doors
    - 14335-04 a. Sliding screens
  - 14335-05 Garage doors
  - 14335-06 Other
  - 14335-07 Labor
- 14337-00 • Insulation
  - 14337-01 Foundation
  - 14337-02 Roof, ceiling
  - 14337-03 Walls
  - 14337-04 Floor
  - 14337-05 Weatherstripping, vapor barrier
  - 14337-06 Sound insulation
  - 14337-07 Labor
- 14339-00 • Exterior Trim
  - 14339-01 Wood siding
  - 14339-02 Metal siding
  - 14339-03 Other siding
  - 14339-04 Shutters
  - 14339-05 Posts & columns
  - 14339-06 Exterior finish hardware
    - 14339-06 a. Gable vents (louvers)
    - 14339-06 b. Gable vent screens
  - 14339-07 Cornices & rake trim
  - 14339-08 Trellises
  - 14339-09 Labor
- 14341-00 • Exterior Paint
  - 14341-01 Exterior paint & stain
  - 14341-02 Labor
- 14343-00 • Stairs
  - 14343-01 Service & Finish stairs
    - 14343-01 a. Stringers
    - 14343-01 b. Risers
    - 14343-01 c. Treads
    - 14343-01 d. Baluster
    - 14343-01 e. Rails
    - 14343-01 f. Starting newels
    - 14343-01 g. Disappearing stairs
  - 14343-02 Labor
- 14350 • Finishing Trades
  - 14351-00 • Drywall & Plaster
    - 14351-01 Drywall
    - 14351-02 Nails
    - 14351-03 Plaster
    - 14351-04 Ceiling suspension
    - 14351-05 Acoustical ceiling
    - 14351-06 Luminous ceiling
    - 14351-07 Labor
- 14353-00 • Ceramic Tile
  - 14353-01 Tube alcove & shower stall
  - 14353-02 Bath wainscot
  - 14353-03 Ceramic floors
  - 14353-04 Plastic walls
  - 14353-05 Labor
- 14355-00 • Finish Carpentry & Trim
  - 14355-01 Baseboard & shoe
    - 14355-01 a. Door & window trim
    - 14355-01 b. Ceiling trim
    - 14355-01 c. Chair rail
    - 14355-01 d. Special mold & trim
    - 14355-01 e. Nails (finish)
  - 14355-02 Wood paneling
    - 14355-02 a. Wainscot
  - 14355-03 Closet (shelves)
  - 14355-04 Finish hardware
  - 14355-05 Fireplace mantel
  - 14355-06 Clean up
  - 14355-07 Other
  - 14355-08 Labor
- 14358-00 • Flooring
  - 14358-01 Under layment
  - 14358-02 Oak flooring (strip or parquet)
  - 14358-03 Slate flagstone floor
  - 14358-04 Resilient flooring (vinyl)
  - 14358-05 Terrazzo
  - 14358-06 Carpeting
  - 14358-07 Labor
- 14361-00 • Cabinets & Vanities
  - 14361-01 Kitchen cabinets
    - 14361-01 a. Counter top (kitchen)
  - 14361-02 Bath vanities
    - 14361-02 a. Counter top (bath)
    - 14361-02 b. Medicine cabinets & mirrors
  - 14361-03 Tub enclosures & shower doors
  - 14361-04 Bookshelves & other cabinets
  - 14361-05 Labor
- 14363-00 • Interior Decoration
  - 14363-01 Interior painting & staining
  - 14363-02 Wallpaper & wall covering
  - 14363-03 Sand & finish floors
- 14365-00 • Finish Electrical
  - 14365-01 Finish wiring contract
  - 14365-02 Electrical appl. & hook-up
    - 14365-02 a. Electric range & oven
    - 14365-02 b. Vent hood
    - 14365-02 c. Disposal
    - 14365-02 d. Exhaust fans
    - 14365-02 e. Water heater
  - 14365-03 Electrical lighting & fixtures
    - 14365-03 a. Doorbell or chimes
- 14367-00 • Finish Plumbing
  - 14367-01 Finish plumbing contract
  - 14367-02 Finish plumbing (kitchen)
    - 14367-02 a. Dishwasher
    - 14367-02 b. Water heaters (gas)
    - 14367-02 c. Refrigerator
  - 14367-03 Finish plumbing (other)

- 14369-00 • Finish Heating, vent., air-cond.
- 14369-01 Finish heating system contract
- 14369-02 Finish air-cond. system
- 14369-03 Finish ventilation
- 14371-00 • Finish Sheet Metal
- 14371-01 Finishing & Interior sheet metal
- 14371-02 Labor
- 14373-00 • Appliances & Appointments
- 14373-01 Appliances & appointments
- 14373-01 a. Refrigeration equip.
- 14373-01 b. Washer & Dryer
- 14373-01 c. Garage door opener
- 14373-01 d. Closet rods
- 14373-01 e. Blinds & drapes
- 14373-01 f. Mirrors
- 14373-01 g. Towel bar, soap grab
- 14373-02 Other
- 14373-03 Labor

14380 • Clean Up and Inspection

- 14381-00 • Building Clean Up
- 14381-01 Rough clean-up
- 14381-02 Finish clean-up
- 14383-00 • Landscaping
- 14383-01 Final grading
- 14383-01 a. Fill dirt
- 14383-01 b. Top soil
- 14383-01 c. Gravel
- 14383-02 Drives
- 14383-03 Walks
- 14383-04 Patios
- 14383-05 Lawn, shrubs, trees
- 14383-05 a. Sod
- 14383-05 b. Seed
- 14383-05 c. Shrubs
- 14383-05 d. Trees
- 14383-06 Site improvement
- 14383-06 a. Fences and screens
- 14383-06 b. Splash blocks
- 14383-07 Other
- 14383-09 Labor

C. ON SITE ERECTION COSTS

NOTE: USE FOR FACTORY PRE-FINISHED UNITS SHIPPED TO SITE.

- 14390 • On-site erection cost including transportation
  - Erecting of structure on site after delivery. All labor and materials needed to set the unit in place.
- Note: Expand sections as needed, using accounts of direct cost under B.
- 14391 • Transportation
- 14392 • Equipment operations
- 14393 • Mechanical hook-ups
- 14394 • Finishing
- 14399 • Others

**14400 • INDIRECT CONSTRUCTION COSTS •**  
 These charges are more or less variable with volume but not likely to be in exact proportion to volume and are not precisely attributable to one specific house.

14410 • Salaries, wages and fees

14411 • Superintendents • Wages of supervisory foremen for time spent in organizing, planning or supervising production crews. Does not include the company general superintendent who is charged to General and administrative expense. Does not include the working foremen who work on a specific job along with their crew.

14412 • Purchasing • Salaries of persons who perform purchasing functions. Company supervisory

personnel in this area are charged to General and administrative expense.

14413 • Architectural and drafting • Salaries and wages of architectural and drafting personnel; fees for outside firms. Company supervisory personnel are charged to General and administrative expense.

14414 • Other (time keepers, watchmen, etc.) • Salaries and wages of personnel directly engaged in the construction of buildings who are not identified with a specific unit in the job-cost records.

14415 through 14419 • Other accounts as needed.

14420 • Equipment expenses • (On owned equipment)

14421 • Repairs • Maintenance and repair costs on equipment.

14422 • Fuel, oil and lubrication • Servicing costs for construction equipment, such as bulldozers, generators, compressors, etc.

14423 • Operators' salaries and wages • Wages of full or part-time employees directly attributable to the operation of equipment, the other costs for which are included in these 14420 accounts.

14424 • Taxes and insurance • Taxes and insurance required on construction equipment.

14425 • Depreciation • Depreciation of all construction equipment and tools.

14426 through 14428 • Other accounts as needed.

14429 • Rental income credit • Credit amount charged to jobs (14300) for use of owned equipment. The total of 14421 through 14428, less 14429, equals gain or loss on use of owned equipment.

14430 • Automobile and truck expenses

14431 • Repairs • Maintenance and repair costs of automobiles and trucks, including minor repairs and major overhauls.

14432 • Fuel, oil and lubrication • Servicing costs.

14433 • Operators' salaries and wages • Wages of drivers directly attributable to construction operations when not chargeable to a specific job.

14434 • Taxes and insurance • Property damage and liability insurance; licenses and fees; and taxes on vehicles used by construction department.

14435 • Depreciation • Depreciation on all vehicles operated by construction department.

14440 • Field office expenses • Maintenance and repairs, utilities, telephone and other expenses incidental to a field office, including erection and moving.

14450 • Warehousing expense • Costs incurred in material-handling and storage which would not be incurred if materials were delivered to the house site by the supplier. Costs incidental to the erection and maintenance of warehouse facilities are included here. Use subsidiary accounts to further classify costs.

14459 • Warehouse income credit • It is often desirable to determine the actual cost of operating a warehouse, where quantity purchases require storage, as opposed to buying for direct shipment to the job. This objective may be accomplished by crediting this account for an amount equal to the prevailing industry rate for services rendered. The net difference between

the balance in this account and the actual costs charged to Account 14450 would represent the gain or loss derived as a result of operating a warehouse for the company. Account 14300, Direct construction costs, would be charged for these warehouse services.

14460 • Maintenance expense • Applicable to houses during construction and until delivered to customer.

14461 • Heat • Temporary heating costs and temporary hookups to turn heat on.

14462 • Electricity • Temporary electric hookups and related utility bills.

14463 • Water • Temporary water hookups and related utility bills.

14464 • Lawn care • Costs required to maintain the lawn prior to transfer to customer.

14465 • Repairs • Repair costs prior to the completion of construction or transfer to customer.

14466 • Other • All other maintenance expenses such as street cleaning, temporary walks, weather protection, etc.

14470 • Other expenses

14471 • Warranty expense • Labor and material required to repair, replace or service any item deemed defective as a result of poor materials or workmanship after possession by owner, or upon transfer of the home from the construction to the sales department, after closing the job-cost account on the particular house; e.g., warped door, leaky roof, failure of equipment, etc.

14472 • Lost time • Cost of time spent away from the job by nonsalaried employees as a result of attendance at meetings, public relations activities, paid vacations, time of production personnel in estimating jobs during working hours, etc., or time lost by just waiting on the job for an occurrence such as material delivery.

14473 • Direct cost adjustment after closing Account 14300 • Adjustments for average labor rates or miscellaneous charges or credits not accounted for in cost accounts after closing of individual house accounts in 14300.

14474 • Small tools and supplies • Cost of expendable hand tools, shovels, Skilsaws, small power tools, extension cords, etc., used in construction but not depreciated.

14475 • Bonding of construction • Cost of bonds guaranteeing building completion.

14479 • Miscellaneous • All other indirect construction costs, e.g., vandalism, arbitrated adjustments, product insurance, etc.

14480 • Products research • These are expenses incurred in testing new products or systems.

14499 • Burden absorbed—credit • Credit with all transfers from the 14400 accounts. When a house is completed charge a prorata portion of indirect construction costs to Account 15100 at the same time direct construction costs are charged to that account. Direct transfers to cost of sales may be made if Account 15100 is not used on houses sold at or before completion. NOTE: *This is a contra account.*

## 15000 • FINISHED-HOUSES INVENTORY

15100 • FINISHED HOUSES • Construction costs incurred which are directly related to or assigned to completed houses. These costs will be transferred from Accounts 14300 and 14499 at the time the house is completed.

15200 • TRADE-INS • Cost of trade-in houses held for resale (but not those held as an investment), including maintenance, refurbishing and carrying costs until resold. Add subaccounts as needed.

15300 • REPOSSESSIONS • Cost of repossessions held for resale, including maintenance, refurbishing and carrying costs until resold. Add subaccounts as needed.

15400 • MODEL HOMES • Construction costs of finished houses, including additions to costs because of use as models.

## 16000 • OTHER CURRENT ASSETS

16100 • REFUNDABLE DEPOSITS • Deposits with municipalities and utility companies held for performance or completion of operation.

16200 • PREPAYMENTS

16210 • Prepaid insurance • Charge all insurance premiums to this account. Credit with the expense as it is amortized and charged to the appropriate expense accounts.

16220 • Prepaid rent • Charge all rent paid in advance to this account. Credit with the expense at the time it is incurred.

16230 • Prepaid commitment fees • Charge with commitment fees paid in advance and credit at the time the expense is incurred.

16240 • Prepaid interest • Charge with interest paid in advance and credit at the time the expense is incurred.

16250 • Prepaid taxes • Charge with taxes at the time they are paid and credit monthly for the applicable prorata expense.

16300 • SALARY ADVANCES • Charge with salary advances and credit with repayments.

16400 • PAYROLL TRANSFER • Clearing account for payroll disbursements and reimbursement checks.

16500 • DUE FROM AFFILIATES • Short-term receivables due from affiliates.

16900 • OTHER • Current costs or amounts due which are not otherwise classified.

## 17000 • INVESTMENTS AND OTHER ASSETS

### 17100 • INVESTMENTS—LONG TERM

17110 • Subsidiaries • Capital stock of affiliated companies to be carried for an indefinite period of time.

17120 • Shopping centers • Costs related to the acquisition of shopping centers to be held as a long-term investment.

17130 • Depreciation—shopping centers • Accumulated depreciation on assets carried in Account 17120.

17140 • Rental housing • Construction or purchase costs plus improvements of housing to be held for rental income.

17150 • Depreciation—rental housing • Accumulated depreciation on assets carried in Account 17140.

17160 • Rental building • Construction or purchase costs plus improvements of buildings other than housing to be held for rental income.

17170 • Depreciation—rental buildings • Accumulated depreciation on assets carried in Account 17160.

17180 • Land • Cost of land held for long-term investment.

17200 • CASH SURRENDER VALUE OF OFFICERS' LIFE INSURANCE • Accumulated cash surrender net value of any outstanding loans on life insurance carried on officers of the company.

17300 • DUE FROM PUBLIC AGENCIES • Expenditures for public improvements to be reimbursed by municipalities from future appropriations.

17400 • DUE FROM AFFILIATED COMPANIES • Amounts due from affiliated companies which are to be carried for an indefinite period of time.

17500 • DUE FROM OFFICERS • Amounts due from company officers which are to be carried for an indefinite period of time. May be interest-bearing notes or open account.

17600 • ORGANIZATION EXPENSE • Legal fees, corporate charter fees and other organization costs which are normally capitalized. Amortization of these fees should be credited directly to this account.

## 18000 • PROPERTY, PLANT AND EQUIPMENT

18100 • LAND • Only land acquired for the purpose of constructing company offices, warehouses, etc. (Land held for investment should be charged to Account 17180).

18200 • BUILDINGS • Only the costs related to offices, field offices, warehouses and other company structures used in the operation of the business. (Do not include buildings held for investment).

18300 • FURNITURE AND EQUIPMENT • Office furniture and fixtures and small equipment used by administrative and office personnel.

18400 • MOTOR VEHICLES • Automobiles and trucks owned by the company.

18500 • CONSTRUCTION EQUIPMENT • The cost of all construction equipment capitalized but not including licensed motor vehicles charged to Account 18400. (Small tools with a nominal value would be charged to Account 14474.)

18600 • MODEL HOUSE FURNISHINGS • Cost of model house furniture and furnishings including carpeting, draperies, curtains and blinds. Credit with amounts realized from sale of these items.

18900 • OTHER • Capitalized assets not otherwise classified.

## 19000 • ACCUMULATED DEPRECIATION

19200 • BUILDINGS • Accumulated depreciation on assets carried in Account 18200.

19300 • FURNITURE AND EQUIPMENT • Accumulated depreciation on assets carried in Account 18300.

19400 • MOTOR VEHICLES • Accumulated depreciation on assets carried in Account 18400.

19500 • CONSTRUCTION EQUIPMENT • Accumulated depreciation on assets carried in Account 18500.

19600 • MODEL HOUSE FURNISHINGS • Accumulated depreciation on assets carried in Account 18600.

19900 • OTHER • Accumulated depreciation on assets carried in Account 18900.

## 20000 SERIES • LIABILITIES AND NET WORTH

### 21000 • CURRENT LIABILITIES

#### 21100 • DEPOSITS BY CUSTOMERS

21110 • Deposits on purchases • Potentially refundable deposits held pending credit approval of the buyer. When deposit is no longer refundable transfer to Account 21700.

21120 • Customers' prepayment of taxes and insurance • Funds received from customers pending settlement which are to be turned over to a third party at the time the sale is closed.

21130 • Tenants' security deposits • Refundable tenants' deposits held to secure proper care of a unit.

21140 • Work equity deposits • Credit for total down payment, charging Account 14300, Direct construction costs, for the noncash portion. When the sale is closed charge this account and credit sales. A work-equity plan is provided in some sections of the country to enable a purchaser, who lacks enough cash for the down payment, to complete the house (painting, clean up, etc.) in lieu of a portion of the sales price.

#### 21200 • ACCOUNTS PAYABLE

21210 • Trade accounts payable • Amounts payable on open account with suppliers, subcontractors, etc.

21290 • Other accounts payable • Other short-term open accounts due to nontrade individuals or companies.

#### 21300 • NOTES PAYABLE

21310 • Trade notes payable • Unpaid balance of notes issued in settlement of open or short-term accounts.

21390 • Other notes payable • Notes payable to banks, and other financial institutions, officers, and other individuals.

21400 • DEFERRED INCOME • Credit with advance payments by tenants or other sources for which income is not yet earned. Charge this account at the time the revenue is actually earned and credit the appropriate income account.

21500 • ACCRUED TAXES PAYABLE

21510 • Employee payroll taxes.

21511 • Federal withholding tax • Credit with funds withheld from employees and charge with payments to the District Director.

21512 • State withholding tax • Credit with funds withheld from employees and charge with payments to the state income tax division.

21513 • FICA tax • Credit with funds withheld from employees and charge with payments to the Federal government.

21520 • Employer taxes and insurance

21521 • FICA tax • Credit with the employer's share of FICA liability and charge with payments to the Federal government.

21522 • Workmen's compensation fund • Credit with the monthly expense and charge with payments made.

21523 • Federal unemployment tax • Credit with the liability for Federal unemployment tax and charge with payments to the Federal unemployment compensation fund.

21524 • State unemployment tax • Credit with the liability for state unemployment tax and charge with payments to the state unemployment compensation fund.

21530 • Sales and use tax • Credit with the amount of tax received from purchasers and charge with payments to the taxing authority. (Taxes paid on material used in construction are charged to Account 14300).

21540 • Realty tax • Credit with the liability incurred to date and charge with payments to the taxing authority.

21550 • Personal property and inventory taxes

21551 • Personal property tax • Credit with the liability incurred to date and charge with payments to the taxing authority.

21552 • Inventory tax • Credit with the liability incurred to date and charge with payments to the taxing authority.

21560 • Income taxes payable

21561 • Federal income tax • Credit with the current liability for Federal income taxes and charge with payments to the Federal government.

21562 • State income tax • Credit with the current liability for state income taxes and charge with payments to the state taxing authority.

21590 • Other • All tax liabilities not otherwise classified, such as a franchise tax.

21600 • CONSTRUCTION AND DEVELOPMENT LOANS PAYABLE • Control account for direct loans from all lending institutions for construction and development financing. Charge Account 12600, Due on construction loans, for the total amount of the loan.

21700 • CUSTOMER PAYMENTS ON CONTRACTS • Down payments which are not refundable and advances on firm contracts. Charge this account and credit Account 30300, House sales, when sale is closed.

21800 • ACCRUED INTEREST PAYABLE • Credit with interest accrued and payable. Charge with payments. Subaccounts may be maintained for each note or mortgage.

21900 • OTHER CURRENT LIABILITIES

21910 • Accrued salaries and wages • Control account for accrued salaries and wages and related special funds, e.g., accrued carpenters' welfare fund.

21920 • Accrued commissions • Commissions earned but not yet paid. Charge account at time of payment.

21930 • Due to affiliates • Amounts due to affiliated corporations on open account.

## 22000 • NONCURRENT LIABILITIES

22100 • LONG-TERM NOTES PAYABLE • Liability for notes due beyond one year.

22200 • MORTGAGES PAYABLE • Control account for mortgages due beyond one year on rental property, land and buildings used in operations, etc.

22900 • OTHER • Long-term liabilities not otherwise classified.

## 25000 • NET WORTH

25100 • PREFERRED STOCK • Face value of preferred stock outstanding.

25200 • COMMON STOCK • Par value or stated value of common stock outstanding.

25300 • PAID-IN CAPITAL • Amounts received which are in excess of par or stated value of common stock.

25400 • RETAINED EARNINGS • Prior years accumulation of earnings.

25500 • PROFIT AND LOSS—YEAR TO DATE • Current year accumulation of earnings.

25600 • CAPITAL ACCOUNTS

25610 • Partnership • Separate account maintained for each partner indicating accumulated equity to date.

25620 • Proprietorship • Accumulated investment and earnings of individual proprietor.

25700 • DRAWING ACCOUNTS

25710 • Partnership • Accumulated withdrawals. Separate account for each partner. Should be closed to capital account at end of year.

25720 • Proprietorship • Withdrawals from original investment or accumulated earnings. Should be closed to capital account at the end of year.

25900 • OTHER • Equity accounts not otherwise classified above such as Treasury stock.

## 30000 SERIES • SALES AND OTHER REVENUE

**30100 • SALE OF RAW LAND** • Revenue from sale of raw land not yet subdivided and without improvements.

**30200 • FINISHED-LOT SALES** • Revenue received from the sale of partially or fully developed lots, as such.

### 30300 • HOUSE SALES

**30310 • BASIC HOUSE SALES** • Revenue received from sale of finished houses, including lot.

**30320 • EXTRA SALES ON CUSTOMERS' ORDERS** • Special orders by customers which are not included in the basic contract.

**30400 • TRADE-IN SALES** • Revenue received from sale of houses originally received as partial payment of another sale.

**30500 • RENTAL INCOME** • Revenue received from rental of investment property, office space, etc.

**30600 • INVESTMENT INCOME** • Revenue received from investments other than rental property, such as dividends, interest income on bonds and savings deposits, etc.

**30700 • BROKERAGE AND COMMISSION INCOME** • Revenue derived from commissions earned on the sale of houses, and from the management of rental property.

**30800 • WAREHOUSE INCOME** • Revenue received from a warehouse operation where space has been rented out to other organizations.

**30900 • MISCELLANEOUS JOB INCOME** • Revenue received from construction work other than the primary operation of building houses. An example might be the revenue received from subcontracting work for other builders.

**31000 • EQUIPMENT RENTAL INCOME** • Revenue derived from the rental of heavy construction equipment to other builders.

**31900 • OTHER SERVICES SOLD** • Revenue received from other services such as bookkeeping services charged to owners of managed properties.

## 40000 SERIES • COST OF SALES

**40100 • COST OF RAW LAND SOLD** • Purchase price and related expense and fees on raw acreage sold; transfer from Account 13200 at the time of the sale.

### 40200 • COST OF FINISHED LOTS SOLD

Purchase price and development costs of land sold as finished lots; transfer from Account 14200 at the time of the sale.

## 40300 • COST OF HOUSES SOLD

**40310 • COST OF BASIC HOUSES SOLD** • Purchase price and/or construction and development costs of houses sold, including cost of finished lots; transfer from Accounts 14200 and 15100 at the time of the sale.

of special orders by customers which are not included in the basic contract.

**40400 • COST OF TRADE-INS SOLD** • Trade-in allowance, maintenance, refurbishing and other carrying costs of trade-ins sold; transfer from Account 15200 at the time of the sale.

**40700 • DIRECT COSTS RELATED TO BROKERAGE AND COMMISSION INCOME** • Direct costs including brokers' fees and salesmen's salaries and commissions.

**40800 • DIRECT COSTS RELATED TO WAREHOUSE** • Depreciation or rent, salaries and other direct costs incurred to derive income from warehouse operations.

**40900 • DIRECT COSTS RELATED TO MISCELLANEOUS JOB INCOME** • Direct and indirect construction costs related to subcontracting work performed for others.

**41000 • DIRECT COSTS RELATED TO EQUIPMENT RENTAL INCOME** • Depreciation, operators' salaries and other direct costs incurred to derive income from the rental of equipment.

**41900 • DIRECT COSTS RELATED TO OTHER SERVICES SOLD** • Salaries and other direct costs incurred to derive income from other services.

## 50000 SERIES • FINANCING EXPENSE

### 50100 • INTERIM FINANCING CONSTRUCTION LOANS

**50110 • INTEREST ON CONSTRUCTION LOANS** • Interest during construction operations until date building is completed for inventory or occupancy.

**50120 • FEES AND APPRAISALS** • Service charges and loan commissions paid to lending institutions.

**50130 • INSPECTIONS** • Fees for inspections by lending institutions and governmental insuring agencies such as the Veterans Administration or Federal Housing Administration.

**50140 • TITLE AND RECORDING** • Fees charged for recording; searching and title insurance on construction loan.

**50200 • FEES—COMMITMENT, ORIGATION OR STANDBY** • Fees on permanent financing commitments.

**50300 • INTEREST ON NOTES AND MORTGAGES** • Interest charges on loans with commercial banks and other lending institutions which are not related or directly tied to houses under construction or administrative office buildings.

**50310 • INTEREST ON CONSTRUCTION LOANS FOR COMPLETED HOUSES** • Interest on construction loans on houses which are completed but not sold. Interest during construction operations should be charged to Account 50110.

**50500 • DISCOUNTS ON MORTGAGES (POINTS)**  
• Discounts paid on permanent financing for customers.

**50600 • CLOSING COSTS PAID FOR CUSTOMERS** • Closing costs related to the sale of finished houses which would otherwise be paid by the purchaser, but in this instance paid by the company.

**50700 • HAZARD OR BUILDER'S RISK INSURANCE** • Insurance coverage during construction and while awaiting sale or occupancy.

**50900 • OTHER FINANCING COSTS** • Those costs not otherwise classified.

## 60000 SERIES • MARKETING EXPENSE

### 60100 • SALARIES AND COMMISSIONS

**60110 • SALES MANAGER'S COMPENSATION**  
• Compensation for the management of other sales personnel, including bonuses or incentives.

**60120 • COMMISSIONS TO SALESMEN** • Commission paid sales personnel on sales of homes including any drawing account allowances.

**60130 • SALARIES TO SALESMEN** • Direct salaries for noncommission activities, not including draws against present or future commissions.

**60140 • COMMISSIONS TO OUTSIDE BROKERS** • Broker commissions paid to outside brokerage agencies for sales.

**60150 • MULTIPLE LISTING FEES** • Payments to a centralized brokerage service.

**60190 • OTHER SALES OFFICE SALARIES** • Clerical and other personnel directly attributable to the sales department or sales office.

**60200 • ADVERTISING** • Cost of advertising which is directly related to selling a specific job or community. General public relations costs would be charged to Account 89090, Miscellaneous, general and administrative expense.

**60210 • NEWSPAPER** • Costs related to classified and display advertising. Include artwork, copywriting, media space, etc., (not including help-wanted advertising, etc.).

**60220 • RADIO** • Radio time purchased for advertising purposes and related costs.

**60230 • TELEVISION** • Television time purchased for advertising purposes and related costs.

**60240 • BROCHURES AND CATALOGUES** • Costs of designing, printing and mailing brochures and catalogues.

**60250 • SIGNS** • Photography, typography, printing, artwork, copywriting, materials and supplies required to make a sign.

**60260 • DIRECT MAIL** • Photography, typography, printing, artwork, copywriting, stationery and postage required for direct mail advertising.

**60270 • EXHIBITS AND DISPLAYS** • Photography, typography, printing, artwork, copywriting, labor, materials and other supplies required to produce exhibits and displays.

**60280 • PUBLIC RELATIONS** • Control account for all publicity costs such as writers, photography, public relations counsel, meetings, luncheons, etc., which are directly related to the sale of a specific house or community.

**60290 • AGENCY COMMISSIONS** • Fees paid to agencies which assist in setting up advertising programs.

### 60300 • SALES OFFICE EXPENSE

**60310 • PROCESSING OF CASES** • Costs related to the closing of sales or obtaining appraisals, commitments, or takeouts.

**60320 • MAINTENANCE** • Heat, light, lawn care, cleanup and supplies required for the proper maintenance of the sales office.

### 60400 • MODEL HOUSE EXPENSE

**60410 • LANDSCAPING NOT IN SALES PRICE**  
• Cost of specially installed items for show or demonstration purposes less any anticipated recovery upon sale of the home.

**60420 • LIGHTING** • Lighting equipment and installation of floodlights, etc.

**60430 • EXCESS CONSTRUCTION EXPENSE**  
• Expense incurred because it is the first of a new series, or costs to expedite rapid construction of a model.

**60440 • ENTRANCE TO MODEL AREA** • Maintenance and construction of entrance to model area and special area plantings for marketing purposes.

**60450 • DEPRECIATION OF MODEL HOME FURNISHINGS** • Depreciation expense on furniture and accessories carried in Account 18600.

### 60500 • MODEL HOUSE MAINTENANCE

**60510 • HEAT** • Cost of heating model home.

**60520 • LIGHT** • Cost of lighting interior of model home.

**60530 • LAWN CARE** • Labor and material for lawn cutting, pruning, watering, seeding, fertilizing.

**60540 • CLEANUP** • Labor for window washing, daily cleanup, and paint touch-up.

**60550 • REPAIRS •** Carpentry repairs and other maintenance charges, resulting from use or damage.

**60600 • SALES SHOWROOM EXPENSE •** Cost of setting up and maintaining a sales showroom.

**60700 • SALES TRAINING EXPENSE**

**60710 • COURSES—EXTERNAL •** Fees for training sessions, classes, and seminars, outside the organization.

**60720 • COURSES—INTERNAL •** Expense incurred for training sessions, speakers, literature and material, meeting costs, fees and dinner meetings within the organization.

**60730 • TRAVEL AND TRANSPORTATION •** Transportation and lodging related to sales training.

**60800 • MARKET RESEARCH AND CONSULTATION •** Fees and expenses for sales consulting or market research on current operations.

**60900 • OTHER MARKETING DEPARTMENT EXPENSE**

**60910 • TRAVEL AND ENTERTAINMENT •** Travel and entertainment expenses incurred by salesmen in promoting new business.

**60920 • AUTO EXPENSE •** Cost of maintenance and depreciation on company cars or a mileage allowance provided to salesmen.

## **70000 SERIES • OPERATING AND MANAGEMENT EXPENSE—REAL ESTATE**

**70000 • RENTING EXPENSES**

**70100 • ADVERTISING**

**70200 • COMMISSIONS**

**70300 • CREDIT REPORTS**

**70900 • OTHER**

**71000 • ADMINISTRATIVE EXPENSES**

**71100 • SALARIES**

**71110 • PROPERTY MANAGEMENT**

**71120 • OFFICE**

**71190 • OTHER**

**71200 • OFFICE EXPENSES**

**71300 • MANAGEMENT AND SERVICE FEES**

**71400 • DATA PROCESSING**

**72000 • PROFESSIONAL SERVICES**

**72100 • LEGAL**

**72200 • ACCOUNTING**

**72300 • MARKET RESEARCH**

**72900 • OTHER**

**73000 • OPERATING EXPENSES**

**73100 • UTILITIES**

**73110 • HEATING**

**73120 • LIGHTING**

**73130 • WATER**

**73140 • TELEPHONE AND TELEGRAPH**

**73200 • ENGINEERING**

**73300 • JANITORIAL**

**73400 • SCAVENGER SERVICE**

**73500 • EXTERMINATING**

**73600 • SNOW REMOVAL**

**73700 • OTHER CONTRACTUAL SERVICES**

**73800 • VEHICLE EXPENSES**

**73900 • OTHER**

**74000 • MAINTENANCE AND REPAIRS EXPENSES**

**74100 • PAINTING**

**74120 • ROOF REPAIRS**

**74190 • OTHER**

**74200 • BUILDING INTERIORS**

**74210 • REDECORATING**

**74220 • ELEVATOR MAINTENANCE**

**74230 • HEATING AND AIR CONDITIONING**

**74240 • APPLIANCES**

**74250 • PLUMBING**

**74260 • ELECTRICAL**

**74290 • OTHER**

**74300 • GROUNDS landscaping**

**74400 • MOTOR VEHICLES**

**74500 • EQUIPMENT**

**74900 • OTHER**

**75000 • TAXES**

**75100 • REAL ESTATE TAXES**

**75200 • PERSONAL PROPERTY TAXES**

**75300 • FRANCHISE TAXES**

**75400 • LICENSE FEES**

**75900 • OTHER**

**76000 • INSURANCE**

**76100 • PROPERTY DAMAGE AND LIABILITY**

**76200 • HAZARD**

**76300 • MULTIPLE PERIL**

**76900 • OTHER**

**77000 • FINANCIAL EXPENSE**

**77000 • INTEREST ON MORTGAGE PAYABLE**

**77200 • INTEREST ON LONG-TERM NOTES PAYABLE**

**77300 • OTHER INTEREST**

**77400 • MORTGAGE INSURANCE**

**77900 • OTHER**

**78000 • DEPRECIATION EXPENSE**

**78100 • RENTAL BUILDINGS**

**78200 • ELEVATORS**

**78300 • EQUIPMENT**

**78310 • BUILDING EQUIPMENT**

**78320 • MAINTENANCE EQUIPMENT**

**78400 • MOTOR VEHICLES**

**78500 • FURNITURE AND EQUIPMENT**

**78900 • OTHER**

## 79000 • OTHER MANAGEMENT AND OPERATING EXPENSES

• Operating and management expenses of real estate investments not otherwise classified, such as bookkeeping service.

**NOTE:** The cost center represented by the 70000 series of accounts will be used only when a management department or activity is maintained to operate rental-income producing property or to record costs of managing property for other owners. Accounts may be expanded as required to accommodate the activities involved.

## 80000 SERIES • GENERAL AND ADMINISTRATIVE EXPENSE

*General and administrative expenses do not vary directly with volume and are frequently referred to as fixed expenses. However, they may vary as a result of a management decision.*

### 81000 • SALARIES

**81100 • OWNERS** • Salaries paid to proprietor or partners or officers with proprietary interest.

**81200 • OFFICERS** • Salaries paid to company officers other than owners.

**81300 • MANAGEMENT** • Salaries paid to upper and middle management personnel, other than 81100 and 81200. Managers are those who get things done through other people.

**81400 • OTHER SALARIES** • Salaries and wages paid to clerical and other personnel below the managerial category (those who do the work themselves rather than primarily supervise other people).

**81500 • PAYROLL TAXES AND EMPLOYEE BENEFITS**

**81510** • Health and accident insurance • Health and accident insurance premiums paid by the company for all personnel other than direct construction workers.

**81520** • Retirement and pension plan • Premiums and/or contributions on retirement and pension plans paid by the company for all personnel other than direct construction workers (not including contribution to profit-sharing plan.)

**81530** • FICA taxes • Employer's share of FICA taxes on the salaries of all personnel other than direct construction workers.

**81540** • Workmen's compensation • Insurance premiums and/or other payments of the employer on salaries of all company personnel other than direct construction workers.

**81550** • State unemployment compensation • Tax paid to the state unemployment compensation fund which applies to company personnel other than direct construction workers.

**81560** • Federal unemployment compensation • Tax paid to the Federal unemployment compensation fund which applies to company personnel other than direct construction workers.

### 82000 • OFFICE EXPENSE

**82010** • RENT • Rental payments for administrative office space.

**82020** • SUPPLIES • Printing, stationery, drafting, blueprinting, and office supplies.

**82030** • POSTAGE • Charge to administrative expense for all mailing charges except those specifically applicable to another function or department.

**82040** • REPAIRS AND MAINTENANCE • Control account for all interior and exterior administrative office building maintenance and repairs, including interior remodeling not capitalized, janitorial services, landscaping, window washing, etc.

**82050** • INTEREST • Interest charges on mortgage on administrative office building.

**82060** • OFFICE MACHINES AND EQUIPMENT EXPENSE • All contracts and other charges for maintenance or rental on typewriters, adding machines, calculators, computers, copiers, etc.

**82070** • HEAT, LIGHT AND POWER • Cost of utilities which serve the administrative offices.

**82080** • TELEPHONE AND TELEGRAPH • Include standard monthly charge and long-distance calls not applied to other functions or departments.

**82090** • CONTRACT OFFICE SERVICES • Contractual obligations for disposing of trash, cleaning the office, servicing office equipment, etc.

**82190** • MISCELLANEOUS OFFICE EXPENSE • Office expenses not otherwise classified.

### 83000 • DEPRECIATION AND AMORTIZATION

**83010** • BUILDINGS • Depreciation charges on company buildings such as administrative offices, warehouses, etc.

**83020** • FURNITURE AND EQUIPMENT • Depreciation charges on furniture, fixtures, office machines and equipment.

**83030** • MOTOR VEHICLES • Depreciation charges on company-owned vehicles, but not including vehicles used for direct construction, or sales department (60920).

**83040** • AMORTIZATION OF LEASEHOLD IMPROVEMENTS • Amortization of improvements to office buildings leased from another entity.

**83050** • AMORTIZATION OF ORGANIZATION EXPENSE • Write-off of organization expenses, including legal fees, corporate charter fees, etc.

**83090** • OTHER • Depreciation and amortization charges not otherwise classified.

### 84000 • TAXES

**84010** • SALES AND USE TAXES • Tax on purchase of office equipment and other general supplies, but not including tax related to the purchase of direct construction materials.

**84020** • REALTY TAXES • Tax on property used for company offices and realty taxes not charged elsewhere.

**84030** • PERSONAL PROPERTY AND INVENTORY TAXES • Assessment on personal property owned by the company.

**84040 • LICENSE FEES •** Registrations, municipal fees, operating permits, etc.

**84090 • OTHER •** Any taxes not otherwise classified, such as state tax on capitalization and franchise tax.

## **85000 • INSURANCE**

**85010 • HAZARD •** Fire and extended coverage on buildings and contents (not including that on houses in construction, 50700).

**85020 • PROPERTY DAMAGE AND LIABILITY ON VEHICLES •** Coverage for company-owned vehicles, but not including construction trucks and vehicles which should be charged to Account 14434.

**85030 • GENERAL LIABILITY •** Cost of liability insurance other than on vehicles such as general and product liability insurance.

**85090 • OTHER •** Any insurance premiums not otherwise classified.

## **86000 • PROFESSIONAL FEES**

**86010 • ACCOUNTING •** Audit charges, assistance in the preparation of statements, tax advice, and other services rendered by an outside accounting firm.

**86020 • LEGAL •** Charges submitted by legal counsel for all services rendered.

**86030 • MARKET RESEARCH •** Market analysis pertaining to the possible acquisition of property, but not including consultants for marketing on current projects which should be charged to Account 60800.

**86090 • OTHER •** Professional fees not otherwise classified.

## **87000 • TRAVEL AND ENTERTAINMENT**

**87010 • AUTOMOBILE EXPENSE •** Gas, oil, repairs and maintenance, licenses and fees, mileage reimbursements and other automobile expenses incurred by administrative and office personnel. Add subaccounts as needed.

**87020 • TRANSPORTATION EXPENSE •** Transportation other than automobile.

**87030 • MEETINGS •** Expenses incurred by officers and employees in representing the company before groups, attendance at industry meetings, etc.

**87040 • BUSINESS ENTERTAINMENT •** Expenses incurred for entertainment for business purposes, e.g., customers, suppliers, etc.

**87090 • OTHER •** Other travel and entertainment charges incurred by administrative and office personnel.

**88000 • CONTRIBUTIONS •** All charitable donations.

## **89000 • OTHER**

**89010 • BONDING EXPENSE •** Charges for the bonding of company employees. (Bonding for development is charged to Account 14114. Account 14475 is charged for construction bonds.)

**89020 • CORPORATE EXPENSE •** Trustees' fees, escrow charges and other miscellaneous charges not directly related to the construction or sales operations.

**89030 • CONTRIBUTION TO PROFIT-SHARING PLAN •** Employer contributions to an employee profit-sharing trust or plan, or any distribution and bonus or profits to employees.

**89040 • DIRECTORS' FEES •** Fees and expenses paid to the board of directors.

**89050 • DUES AND SUBSCRIPTIONS •** Trade association dues and contributions, magazines, newspapers, trade journals, business publications, reports, and manuals.

**89090 • MISCELLANEOUS •** Charges not otherwise classified above.

## **90000 SERIES • OTHER INCOME AND EXPENSE**

### **91000 • OTHER INCOME**

**91010 • DISCOUNTS •** Purchase discounts not recorded as a reduction of the applicable expense.

**91020 • REBATES OR REFUNDS •** Rebates or refunds which cannot be identified with a specific expense.

**91030 • INCOME FROM OTHER INVESTMENTS •** Income derived from stocks, bonds, savings accounts and other investments where this is not a major segment of total revenue. Otherwise Account 30600 should be credited.

**91040 • BROKERAGE AND COMMISSION INCOME •** Income derived from the sale of houses in the form of commissions where this is not a major segment of total revenue. Otherwise Account 30700 should be credited.

**91050 • GAIN ON SALE OF ASSETS •** To record gain on sale of autos, furniture, equipment and other fixed assets.

**91060 • RECOVERY OF BAD DEBTS •** Revenue received from customers and others whose accounts had previously been written off.

**91070 • OTHER SERVICES SOLD •** Revenue received from bookkeeping and other services where this is not a major segment of total revenue. Otherwise Account 31100 should be credited.

**91090 • OTHER •** Income not otherwise classified.

### **92000 • OTHER EXPENSE**

**92010 • BAD DEBT EXPENSE •** Open accounts or notes receivable which are considered uncollectible and are written off.

**92020 • LOSS ON SALE OF ASSETS •** To record loss on sales of autos, furniture, equipment and other fixed assets.

### **93000 • PROVISION FOR INCOME TAXES**

**93010 • FEDERAL INCOME TAXES •** Provision for Federal income taxes on current income.

**93020 • STATE INCOME TAXES •** Provision for state income taxes on current income.

## CHAPTER V

### MANUFACTURED HOMES CHART OF ACCOUNTS

No universal Chart of Accounts for manufactured home producers is in use today. Each industrialized producer has his own accounting system and each one is different. Therefore, a system of accounting based on an adaptation of the Detailed and Condensed Uniform Chart of Accounts was developed herein. In this chapter account categories are added to accommodate the different terminology and production techniques employed by industrialized housing producers. The categories developed here are for use by the manufactured home producer with the more detailed Uniform Chart of Accounts in reporting and controlling his costs. The Department of Housing and Urban Development can employ this accounting system in controlling its "cost-plus" contracts for Operation Breakthrough and other FHA-insured housing projects.

For example, a producer of module units can report the cost of the module in terms of materials and labor FOB the manufacturing plant and add the costs of transportation, site preparation, erection, clean up and landscaping, factory overhead and profit to develop the completed unit costs. A panel and core home producer may choose to detail his costs for each component. Each manufacturer may show as little or as much detail as he chooses or as his contract requires. He may even elect to add new sub-categories of his own to the existing Chart of Accounts. But, the essential elements of a uniform accounting system for the manufactured home producer are shown here.

The differences between the Chart of Accounts for factory produced units and the Detailed Chart of Accounts shown in Chapter 4 are in the two series of 14310-00 (Direct Factory Costs) and 14390-99 to 14399-00 (On-Site Erection Costs). The categories numbered 14310-01 to 14310-12 include the completed modules, panels and sections which may be treated as separate items when they are manufactured and shipped as completed units. The series of categories numbered 14310-13 to 14310-23 list the various interior components and structural systems that also can be treated as pre-assembled units. Items 14310-24 through 14310-27 include the service subsystems that are often shipped as pre-assembled packages from the factory and the numbers 14310-28 through 14310-29 are the finishing steps performed in the factory.

The On-Site Erection Costs are sub-divided for a variety of on-site construction procedures. Completed modules that require only moving to a foundation, connecting utilities, and some last minute finishing would use only the categories 14391-00, 14392-99, 14393-00 and 14394-00. A sectional builder or panel and core producer with a relocatable on-site factory would use all of the major categories under the On-Site Erection Costs, (14390-00) section.

All of these numbered categories list the basic items only. Each can be expanded. Further, this Chart of Accounts for Manufactured Home Producers is for use with the Detailed or Condensed Chart of Accounts shown in Chapter 4.

CONDENSED CHART OF ACCOUNTS FOR MANUFACTURED HOMES

|       |  |
|-------|--|
| 10000 | ASSETS   |
| 10000 | Cash   |
| 11000 | Short-Term Investments                                     |
| 12000 | Receivables  |
| 13000 | Construction materials inventory<br>and raw land inventory |
| 14100 | Cost of developed land                                     |
| 14200 | Finished lots  |
| 14300 | Direct construction costs                                  |
| 14301 | Preparation-footings-foundation                            |
| 14304 | Site work  |
| 14306 | Utility connections  |
| 14308 | Footings and foundations                                   |
| 14309 | Other  |

|          |                                     | <u>Materials</u> | <u>Labor</u> |
|----------|-------------------------------------|------------------|--------------|
|          | <u>Main Structural System</u>       |                  |              |
| 14310-01 | Shell                               | —                | —            |
| 14310-02 | Module                              | —                | —            |
| 14310-03 | Structural framing                  | —                | —            |
| 14310-04 | Roof/Ceiling                        | —                | —            |
| 14310-05 | Roof                                | —                | —            |
| 14310-06 | Floor/Ceiling                       | —                | —            |
| 14310-07 | Floor                               | —                | —            |
| 14310-08 | Exterior Wall (load bearing)        | —                | —            |
| 14310-09 | Exterior Wall (non-load<br>bearing) | —                | —            |
| 14310-10 | Interior Wall (load bearing)        | —                | —            |
| 14310-11 | Interior Wall (non-load<br>bearing) | —                | —            |
| 14310-12 | Other                               | —                | —            |

|           |                           | <u>Materials</u> | <u>Labor</u> |
|-----------|---------------------------|------------------|--------------|
|           | <u>Components</u>         |                  |              |
| 14310-13  | Panels                    | _____            | _____        |
| 14310-13a | Wall                      | _____            | _____        |
| 14310-13b | Ceiling                   | _____            | _____        |
| 14310-13c | Floor                     | _____            | _____        |
| 14310-14  | Roof Trusses              | _____            | _____        |
| 14310-15  | Doors and door frames     | _____            | _____        |
| 14310-16  | Windows and window frames | _____            | _____        |
| 14310-17  | Stairs                    | _____            | _____        |
| 14310-18  | Dormers                   | _____            | _____        |
| 14310-19  | Chimneys and fireplaces   | _____            | _____        |
| 14310-20  | Appliances                | _____            | _____        |
| 14310-21  | Cabinetry                 | _____            | _____        |
| 14310-22  | Furnishings               | _____            | _____        |
| 14310-23  | Other                     | _____            | _____        |

Service Subsystems

|           |                              |       |       |
|-----------|------------------------------|-------|-------|
| 14310-24  | Service Cores                | _____ | _____ |
| 14310-24a | Kitchen                      | _____ | _____ |
| 14310-24b | Bath                         | _____ | _____ |
| 14310-24c | Utility                      | _____ | _____ |
| 14310-25  | Heating and Air Conditioning | _____ | _____ |
| 14310-26  | Plumbing                     | _____ | _____ |
| 14310-27  | Electrical                   | _____ | _____ |

Finishes

|           |                                   |       |       |
|-----------|-----------------------------------|-------|-------|
| 14310-28  | Interior finishes                 | _____ | _____ |
| 14310-28a | Drywall                           | _____ | _____ |
| 14310-28b | Paneling                          | _____ | _____ |
| 14310-28c | Painting                          | _____ | _____ |
| 14310-28d | Other                             | _____ | _____ |
| 14310-29  | Exterior finishes                 | _____ | _____ |
| 14310-29a | Paneling                          | _____ | _____ |
| 14310-29b | Masonry                           | _____ | _____ |
| 14310-29c | Other                             | _____ | _____ |
| 14310-30  | Off-Site Factory Equipment Set-up | _____ | _____ |

This item applies only in cases where the costs of changing or setting up existing factory equipment can be considered a direct cost of producing specific housing units. Amortization or depreciation of equipment is not included in this item.

|          |  |
|----------|--|
| 14390-00 | ON SITE ERECTION COSTS                       |
| 14391-00 | Transportation                               |
| 14392-00 | Equipment Operations (Erection and Movement) |
| 14392-01 | Cranes                                       |
| 14392-02 | Fork-lift                                    |
| 14392-03 | Other  |
| 14392-09 | Labor  |
| 14393-00 | Mechanical Hook-ups                          |
| 14393-01 | Sewer  |
| 14393-02 | Water  |
| 14393-03 | Electrical                                   |
| 14393-04 | Gas  |
| 14393-05 | Other  |
| 14393-09 | Labor  |
| 14394-00 | Finishing                                    |
| 14394-01 | Section and panel connection                 |
| 14394-02 | Floor connection                             |
| 14394-03 | Roof connection                              |
| 14394-04 | Exterior finishing                           |
| 14394-05 | Water proofing                               |
| 14394-06 | Masonry                                      |
| 14394-07 | Other  |
| 14394-09 | Labor  |
| 14395-00 | On-Site Factory Production Facility          |
| 14395-01 | Site preparation                             |
| 14395-02 | Concrete slab foundation                     |
| 14395-03 | Asphalt paving                               |
| 14395-04 | Building assembly                            |
| 14395-05 | Building disassembly                         |
| 14395-06 | Break up concrete and asphalt                |
| 14395-07 | Clean-up site                                |
| 14395-08 | Other  |
| 14395-09 | Labor  |
| 14399-00 | Other  |

14400   INDIRECT CONSTRUCTION COSTS

14500   FACTORY INDIRECT COSTS

    14510   Salaries & Wages

    14520   Property, plant and equipment

    14530   Utilities

    14540   Taxes and insurance

    14550   Office supplies and expenses

    14560   Materials and tools

    14570   Inventory and warehousing

    14580   Maintenance

    14590   Other

15000   FINISHED HOUSES INVENTORY

16000   OTHER CURRENT ASSETS

17000   INVESTMENTS AND OTHER ASSETS

18000   PROPERTY, PLANT AND EQUIPMENT

19000   ACCUMULATED DEPRECIATION

20000   LIABILITIES AND NET WORTH

30000   SALES AND OTHER REVENUES

40000   COST OF SALES

50000   FINANCING EXPENSES

60000   MARKETING EXPENSES

70000   OPERATING AND MANAGEMENT EXPENSES

80000   GENERAL AND ADMINISTRATIVE EXPENSES

90000   OTHER INCOME AND EXPENSES

## MANUFACTURED HOME COST EXAMPLES

The Uniform System of Accounts was developed for use for recording and summarizing the construction of buildings. However, it is necessary to make certain changes for manufacturing housing units as well. The following are examples of such modifications which can be used in practice for manufacturing housing units in general.

### APPENDIX

#### 1. **MANUFACTURED HOME COST EXAMPLES**

A. The first example is for a mobile home set in a permanent foundation.

#### **MOBILE HOME COST EXAMPLES**

#### **CONVENTIONALLY-CONSTRUCTED HOME COST EXAMPLES**

#### **APARTMENT MANAGEMENT EXPENSE EXAMPLES**

14101

14102

14103

14104

14105

B. The second example is for a mobile home set in a mobile park which is set in a permanent foundation. The home is constructed on a concrete slab. This example is for a permanent concrete slab.

Note: These numbers are those used in the suggested Chart of Accounts.

## MANUFACTURED HOME COST EXAMPLES

The Uniform System of Accounts was designed for use for conventional on-site construction of housing. However, this accounting system can be used for manufactured housing projects as well. This system provides examples of cost accounting systems used by several companies that manufacture housing units in a plant.

### I. Single Family Housing

- A. The first example is of a house erected on a steel foundation with concrete piers. The house shell could be either a modular or a sectional unit fabricated in a plant located off-site.

|       |  |
|-------|--|
| 14308 | Steel foundation, stoop and concrete piers |
| 14310 | House package (FOB point of fabrication)   |
| 14391 | Transportation                             |
| 14392 | Erection (includes crane)                  |
| 14383 | Landscaping and gravel around foundation   |
| 14400 | Overhead for site contractors              |
|       | Profit                                     |

- B. The second single family example is for a house fabricated in a mobile plant which is set up at the construction site. The house is constructed on a concrete slab. This example is of a pre-cast concrete unit.

Note: Code numbers are those used in the suggested Charts of Accounts.

Site Preparation

14304-01 Clearing  
14304-02 Hauling Trees  
14308-07 Grading

Site Improvements

14306-00 Utility lines  
14383-00 Sidewalks  
14383-00 Streets  
14383-00 Off-street parking lots  
14383-00 Landscaping  
14383-00 Parks/open space  
14383-00 Park equipment

|                      |                             | <u>Material</u> | <u>Labor</u> |
|----------------------|-----------------------------|-----------------|--------------|
| Housing Construction |                             |                 |              |
| 14308-00             | Foundation work             | _____           | _____        |
| 14310-00             | Concrete structure and roof | _____           | _____        |
| 14310-00             | Front and rear walls        | _____           | _____        |
| 14341-00             | Exterior finishes           | _____           | _____        |
| 14310-11             | Interior partitions         | _____           | _____        |
| 14361-00             | Prefinished kitchen units   | _____           | _____        |
| 14358-00             | Flooring                    | _____           | _____        |
| 14323-00 )           | Heating and ventilating     | _____           | _____        |
| 14369-00 )           |                             |                 |              |
| 14321-00 )           | Plumbing                    | _____           | _____        |
| 14367-00 )           |                             |                 |              |
| 14319-00 )           | Electrical                  | _____           | _____        |
| 14365-00 )           |                             |                 |              |

Other costs

14302-07 Insurance  
70000 Field set-up and supervision  
14400 Overhead  
  
Profit

II. Townhouses

A. The first example is for a townhouse structure which can consist of two units or more.

|           |                             |
|-----------|-----------------------------|
| 14308-00  | Foundation                  |
| 14310-01  | Shell assembly              |
| 14310-01a | Direct materials            |
| 14310-01b | Direct labor                |
| 14310-24  | Internal Component Assembly |
| 14310-24a | Direct materials            |
| 14310-24b | Direct labor                |
| 70000     | Indirect expenses           |
| 14400     | Overhead                    |
|           | Profit                      |

For a more detailed breakdown of items, the following summary of materials is offered:

|            |                  |
|------------|------------------|
| 14310-01   | Shell walls      |
| 14310-01   | End walls        |
| 14323-00 ) | Heating          |
| 14369-00 ) |                  |
| 14321-00 ) | Plumbing         |
| 14367-00 ) |                  |
| 14319-00 ) | Electrical       |
| 14365-00 ) |                  |
| 14310-10   | Interior walls   |
| 14361-00   | Kitchen cabinets |
| 14373-00   | Appliances       |
| 14308-00   | Foundations      |

B. A second approach for a cost accounting of townhouses is shown below:

Structure

14308-00 Foundation  
14315-00 Precast (columns, beams, slabs)  
14324-00) Erection  
          ) Topping

Horizontal Systems

14331-00 Roofing  
14358-00 Flooring

Vertical Systems

14310-09 Party walls  
14310-11 Interior partitions  
14335-03 Interior doors and bifolds  
14335-02 Exterior doors  
14335-01 Exterior windows  
14310-08 Exterior walls  
14313-00 Furred ceilings  
14313-00 Parapets  
14343-00 Stairs

Mechanical

14321-00) Plumbing  
14367-00)  
14319-00) Electrical  
14365-00)  
14323-00) Heating  
14369-00)  
14373-00 Kitchen appliances and cabinets

III. Garden Apartments

A. The first garden apartment cost accounting example includes more detail than the previous single family and townhouse examples showed. Any of these systems can be expanded or reduced to meet the specific accounting purposes. This example is for modular type of construction.

14311-00 Floor System  
14311-05 ) Steel deck  
          ) Precast concrete deck  
14311-06 ) Flooring  
          ) Floor channel  
14313-00 Exterior walls (End and Front Walls)  
14313-01 ) Steel studs  
          ) Top and bottom plates  
14351 Wall covering  
14337 ) Insulation (exterior walls only)  
          ) Polyurethane tape  
14339 ) Exterior coverage  
          ) Fasteners  
14331-00 Roof Construction  
14331-04 Metal roof deck  
          ) Precast concrete deck  
14331-07 ) Wool  
          ) Fasteners  
14335-00 Windows  
14335-02 Exterior doors  
          Aluminum clad  
          Sliding glass  
14339-00 Tape and Paint  
14351-04 Ceilings  
          Canvas  
          Aggregate  
          Surrounds  
          Coverage

14314-00 Interior Walls  
     14313 Steel studs  
           Coverage  
           Plates  
 14335-00 Interior Trim  
     14335-03 Prepainted  
               Wood doors and hardware  
     14355-03 Closet shelves  
 14343-00 Interior Stairs  
 14343-00 Prefabricated steel with concrete treads  
 14365-00 Electrical Wiring  
 14323-00 Heating  
     14369-01 Gas Furnace  
     14323-01 Metal ductwork  
     14369-01 Registers  
     14369-01 Flu  
 14321-00 Plumbing and bath fixtures  
     14367-03 Stool  
     14361-03 Unitub  
     14361-02 Lavatory  
     14361-02 Medicine cabinet  
     14367-02b Water heater  
     14321-03 Gas lines  
 14361-00 Kitchen cabinets and appliances  
     14361-01 Sink and fixtures  
     14361-01a Countertop  
     14373-01 Gas range  
     14373-01a Refrigerator  
     14361-01 Cabinets  
     14373-01 Garbage disposal

B. In this example the construction of the shell and panels of the apartment unit are performed in a mobile factory located on the construction site.

14395-00 Plant preparation/relocation

14395-01 Site preparation

14395-02 Concrete slab foundation

14395-03 Asphalt paving

14395-04 Building assembly

14395-05 Building disassembly

14395-06 Break up concrete and asphalt

14395-07 Clean up site.

14392-00 Erection costs

14392-01 Cranes

14392-09 Labor

Structural Items

14308-01 Excavation

14308-04 Foundations

14315-03 Ground floor slab

14313-00) Resilient flooring  
) Carpeting-matting

14335-02) Interior doors  
) Wardrobe-doors and shelving

14361-00 Kitchen cabinets

14367-02 Kitchen and bath vents

14367-02 Range-oven

14367-02c Refrigerator

14367-00 Plumbing items

14367-03 Bathtub and shower

14367-03 Tub and shower enclosure

14367-03 Water closets

14367-03 Lavatories

14367-03 Sinks

14373-01 Washer/dryers  
14367-02b Water heaters  
14367-03 Bath fittings  
14323-00 Heating  
    14323-01 Forced-air heating  
14365-00 Electrical  
    14365-00 Services  
    14365-00 Outlets  
14343-00 Stairs  
    14343-01 Landings  
    14343-01b Risers  
    14343-01c Solid walls (exteriors)  
    14343-01e Landing rail

IV. High Rise

High-rise buildings are fairly standard in construction and component requirements. They all require structural steel for strength and a great deal of concrete for floors and walls for fire safety. The following examples represent two different cost accounting approaches.

- A. This is a system for the construction costs of a 250-unit high-rise apartment building.

Structural Enclosure

|          |                                   |
|----------|-----------------------------------|
| 14308-01 | Excavation                        |
| 14308-04 | Foundations                       |
| 14315-03 | Floor slabs                       |
| 14315-09 | Topping and cement work           |
| 14310-08 | Exterior bearing walls            |
| 14310-09 | Exterior non-bearing walls        |
| 14331-00 | Stairs                            |
| 14310-11 | Curtain walls                     |
| 14335-01 | Windows                           |
| 14363-02 | Interior finish on exterior walls |
| 14331-00 | Roofing                           |
| 14317-00 | Sheet metal                       |
| 14308-08 | Dampproofing and water proofing   |

Interior package

|          |                      |
|----------|----------------------|
| 14358-00 | Floor surface        |
| 14310-11 | Interior partitions  |
| 14363-01 | Painting             |
| 14337-00 | Insulation           |
| 14335-03 | Doors                |
| 14361-01 | Kitchen cabinets     |
| 14361-02 | Bathroom accessories |

14335-00 Hardware  
14355-00 Miscellaneous millwork  
14358-00 Bath surface  
14361-02 Medicine cabinets  
14367-00 Plumbing  
14369-00 Heating and ventilating  
14365-00 Electrical  
14371-00 Miscellaneous metal  
14373-00 Appliances

B. This is an accounting method which can be used for low-rise as well as for high-rise buildings.

- 14308-00 Foundations
- 14308-01 Excavation
- 14308-03 Caissons
- 14308-03a Concrete
- 14308-03b Reinforcing

Structure

- 14310-00 Precast

Exterior Enclosure

- 14331-00 Roofing and insulation
- 14317-02) Flashing
- ) Facia and cant
- 14308-04 Basement sash
- 14308-05 Damp proofing
- 14308-09 Caulking
- 14317-00 Miscellaneous iron

Interiors

- 14351-01 Drywall
- 14355-00 Carpentry and millwork
- 14358-04 Resilient tile
- 14361-02 Bathroom accessories
- 14361-01 Kitchen equipment
- 14361-00 Miscellaneous equipment
- 14363-00 Painting
- 14317-00 Miscellaneous iron
- 14379-00 Elevators
- 14367-00 Plumbing
- 14369-00 HVAC
- 14305-00 Electrical
- 14400-00 Overhead

A SUMMARY OF ITEMS USUALLY USED IN APARTMENT CONSTRUCTION

AS A COST CATEGORY UNDER MAINTENANCE

Maintenance Projection

Range  
Refrigerator  
Hot Water Heater  
Outside Painting  
Rubbish Removal  
Snow Removal  
Exterminator  
Cleaning  
Custodian  
Management  
Vacancy  
Elevator  
Decorating  
Landscaping and Maintenance of Grounds  
Swimming-Pool Recreation Center  
Heating and Air-Conditioning  
Electrical System  
Kitchen, Laundry, and Bathroom Systems  
Porches, Sidewalks, Driveways, and Miscellaneous  
All Plumbing Fixtures  
Roof  
Floor  
Gutters  
Light Fixtures  
Disposal

SOME BASIC CATEGORIES USUALLY USED IN  
APARTMENT CONSTRUCTION AS COST ITEMS IN  
OWNERSHIP AND OPERATING EXPENSES

Ownership and Operating Costs

Electric Utilities

Gas Utilities

Water

Telephone

Insurance

Taxes

Mortgage

Office Overhead

EXAMPLE A

MOBILE HOME COST EXAMPLE A

Many systems are used to control the costs of mobile home production. The list of items shown here is a proposed system adapted from the Detailed Uniform Chart of Accounts.

|          |          |                            |
|----------|----------|----------------------------|
| 14311-00 |          | <u>Underframe</u>          |
|          | 14311-05 | Steel framing              |
|          | 14311-09 | Wheel assemblies           |
| 14358-00 |          | <u>Flooring</u>            |
|          | 14358-01 | Under layment              |
|          | 14358-04 | Coverings                  |
| 14313-00 |          | <u>Walls</u>               |
|          | 14313-01 | Studs and framing          |
|          | 14339-02 | Exterior cover             |
|          | 14355-02 | Interior paneling          |
|          | 14313-03 | Fasteners                  |
|          | 14313-03 | Sidewall stringers         |
| 14335-00 |          | <u>Doors &amp; Windows</u> |
|          | 14335-01 | Window sashes              |
|          | 14335-01 | Windows                    |
|          | 14335-02 | Exterior door sashes       |
|          | 14335-02 | Exterior doors             |
| 14331-00 |          | <u>Roofing System</u>      |
|          | 14331-00 | Framing trusses            |
|          | 14331-04 | Cover                      |
|          | 14351-04 | Ceiling                    |
| 14337-00 |          | <u>Insulation</u>          |
|          | 14337-02 | Roof, ceiling              |
|          | 14337-03 | Walls                      |
|          | 14337-04 | Floor                      |
|          | 14337-05 | Weatherstripping           |

|            |   |
|------------|---|
| 14319-00   | <u>Rough Electrical</u>                             |
| 14321-00   | <u>Rough Plumbing</u>                               |
| 14323-00   | <u>Rough Heating, Vent. &amp; Air Conditioning</u>  |
| 14365-00   | <u>Finish Electrical</u>                            |
| 14365-01   | Finish wiring                                       |
| 14365-02   | Electrical Appl. & hook up                          |
| 14365-03   | Electrical lighting & fixtures                      |
| 14367-00   | <u>Finish Plumbing</u>                              |
| 14367-02   | Finish plumbing-kitchen                             |
| 14367-03   | Finish plumbing-other                               |
| 14369-00   | <u>Finish Heating, Vent. &amp; Air Conditioning</u> |
| 14369-01   | Finish heating system                               |
| 14369-02   | Finish air conditioning                             |
| 14369-03   | Finish ventilation                                  |
| 14373-00   | <u>Appliances and Appointments</u>                  |
| 14373-01 a | Refrigerator  |
| 14373-01 b | Washer and dryer                                    |
| 14373-02   | Other   |
| 14355-00   | <u>Finish Carpentry &amp; Trim</u>                  |
| 14355-01   | Interior trim                                       |
| 14355-02   | Wainscot  |
| 14355-03   | Closets   |
| 14355-04   | Finish Hardware                                     |
| 14361-00   | <u>Cabinets &amp; Vanities</u>                      |
| 14361-01   | Kitchen cabinets                                    |
| 14361-02   | Bath vanities & medicine cabinets                   |
| 14361-03   | Tub enclosures & shower doors                       |
| 14361-04   | Bookshelves and other cabinets                      |

EXAMPLE B

MOBILE HOME COST EXAMPLE B

Since a mobile home is a manufactured housing unit, the chart of accounts for manufactured units shown in Chapter 5 could be used for controlling the costs of mobile homes as well. This example uses the Manufactured Homes Uniform Charts of Accounts.

|          |                               |                  |              |
|----------|-------------------------------|------------------|--------------|
| 14300    | Direct Construction Costs     |                  |              |
|          | <u>Main Structural System</u> | <u>Materials</u> | <u>Labor</u> |
| 14310-12 | Underframe                    | _____            | _____        |
| 14310-07 | Floor                         | _____            | _____        |
| 14310-04 | Roof/Ceiling                  | _____            | _____        |
| 14310-08 | Exterior walls                | _____            | _____        |
| 14310-11 | Interior walls                | _____            | _____        |
|          | <u>Components</u>             |                  |              |
| 14310-15 | Doors and door frames         | _____            | _____        |
| 14310-17 | Stairs (outside)              | _____            | _____        |
| 14310-20 | Appliances                    | _____            | _____        |
| 14310-21 | Cabinetry                     | _____            | _____        |
| 14310-22 | Furnishings                   | _____            | _____        |
|          | <u>Service Subsystems</u>     |                  |              |
| 14310-24 | Service Cores                 | _____            | _____        |
|          | 14310-24a Kitchen             | _____            | _____        |
|          | 14310-24b Bath                | _____            | _____        |
|          | 14310-24c Utility             | _____            | _____        |
| 14310-25 | Heating and air conditioning  | _____            | _____        |
| 14310-26 | Plumbing                      | _____            | _____        |
| 14310-27 | Electrical                    | _____            | _____        |

|          | <u>Finishes</u>                        | <u>Materials</u> | <u>Labor</u> |
|----------|--|------------------|--------------|
| 14310-28 | Interior finishes                      |                  |              |
|          | 14310-28b Paneling                     | _____            | _____        |
|          | 14310-28c Painting                     | _____            | _____        |
|          | 14310-28d Other millwork               | _____            | _____        |
| 14310-29 | Exterior finishes                      |                  |              |
|          | 14310-29c Aluminum sheet               | _____            | _____        |
| 14400    | Indirect Construction Costs (Overhead) | _____            | _____        |
| 14410    | Salaries, wages and fees               | _____            | _____        |
| 14412    | Purchasing                             | _____            | _____        |
| 14413    | Architectural and drafting             | _____            | _____        |
| 14420    | Plant and Equipment Expenses           |                  |              |
|          | 14421 Repairs                          | _____            | _____        |
|          | 14422 Utilities                        | _____            | _____        |
|          | 14424 Taxes and Insurance              | _____            | _____        |
|          | 14425 Depreciation                     | _____            | _____        |

A CONVENTIONALLY-CONSTRUCTED HOME COST EXAMPLE

This list of cost items is one that is used by a large developer of single family homes. The major categories and numbers were added from the Detailed Uniform Chart of Accounts. This example illustrates how an existing cost system can be modified to fit the Chart of Accounts.

|          |                                    |
|----------|------------------------------------|
| 14302-00 | <u>Preparation</u>                 |
| 14302-01 | Building Permit                    |
| 14302-02 | Plans                              |
| 14302-08 | FHA Fee                            |
| 14306-00 | <u>Utility Connections</u>         |
| 14306-01 | Water service (meter)              |
| 14306-02 | Sewer                              |
| 14306-06 | Other (Drains)                     |
| 14308-00 | <u>Footing and Foundations</u>     |
| 14308-01 | Excavation                         |
| 14308-03 | Footings                           |
| 14308-04 | Foundations                        |
| 14308-05 | Waterproofing                      |
| 14308-06 | Termite protection                 |
| 14313-00 | <u>Framing</u>                     |
| 14313-01 | Rough lumber                       |
| 14313-04 | Rough carpentry                    |
| 14313-01 | Structural steel                   |
| 14337-00 | <u>Insulation</u>                  |
| 14351-00 | <u>Drywall</u>                     |
| 14355-00 | <u>Finish Carpentry &amp; Trim</u> |
| 14355-01 | Finished lumber                    |
| 14355-08 | Finished carpentry                 |
| 14315-00 | <u>Concrete</u>                    |
| 14315-07 | Concrete basement floor            |
| 14315-05 | Stoops, precast                    |

|           |                                   |
|-----------|-----------------------------------|
| 14333-00  | <u>Masonry</u>                    |
| 14333-03  | Brick veneer                      |
| 14333-05  | Ceramic tile                      |
| 14358-00  | <u>Floors</u>                     |
| 14358-04  | Resilient floors                  |
| 14358-06  | Carpeting                         |
| 14361-00  | <u>Cabinets &amp; Vanities</u>    |
| 14361-01  | Counter tops                      |
| 14361-01  | Kitchen cabinets                  |
| 14361-02  | Bath vanities                     |
| 14363-01  | <u>Interior Painting</u>          |
| 14341-01  | <u>Exterior Painting</u>          |
| 14311-03  | <u>Ornamental Iron</u>            |
| 14317-01  | <u>Gutters, Downspouts</u>        |
| 14335-00  | <u>Windows &amp; Doors</u>        |
| 14335-01  | Windows (Aluminum)                |
| 14335-02  | Storm doors                       |
| 14321-00  | <u>Rough Plumbing</u>             |
| 14367-00  | <u>Finish Plumbing</u>            |
| 14319-00  | <u>Rough Electrical</u>           |
| 14365-00  | <u>Finish Electrical</u>          |
| 14323-00  | <u>Rough Heating</u>              |
| 14369-00  | <u>Finish Heating</u>             |
| 14383-01  | <u>Landscaping</u>                |
| 14383-01  | Finish Grading                    |
| 14383-03  | Concrete Walks (Public & Service) |
| 14383-02  | Drives                            |
| 14383-05a | Sodding                           |
| 14383-05b | Seeding                           |
| 14383-05c | Shrubs                            |
| 14383-05d | Trees                             |
| 14383-07  | Miscellaneous Job Items           |

AN FHA-INSURED HOME COST EXAMPLE

This cost breakdown is one that has been used by the Federal Housing Administration in processing loan applications for conventionally-constructed houses. This example shows how the Uniform Chart of Accounts can be applied to an existing list of cost items.

|           |                                 |
|-----------|---------------------------------|
| 14308-01  | <u>Excavation</u>               |
| 14308-01  | Trench                          |
| 14308-01  | Backfill                        |
| 14333-00  | <u>Masonry</u>                  |
| 14315-00  | <u>Concrete</u>                 |
| 14315-03  | Floors                          |
| 14313-00  | <u>Lumber</u>                   |
| 14351-01  | Sheathing                       |
| 14355-00  | Finish lumber                   |
| 14358-01  | Subflooring                     |
|           | Wood Flooring                   |
| 14335-00  | <u>Millwork</u>                 |
| 14335-03  | Interior doors                  |
| 14335-02  | Front Entrance                  |
| 14335-02  | Side-Rear doors                 |
| 14335-02a | Door screens                    |
| 14335-01  | Windows, wood                   |
| 14335-01a | Window screens                  |
| 14361-04  | Base cabinets                   |
| 14361-04  | Wall cabinets                   |
| 14335-01  | Base                            |
| 14355-08  | <u>Carpentry Labor</u>          |
| 14331-00  | <u>Roofing</u>                  |
| 14317-01  | <u>Gutters &amp; Downspouts</u> |
| 14351-00  | <u>Lath &amp; Plaster</u>       |

|          |                          |
|----------|--------------------------|
| 14353-00 | <u>Tile Work</u>         |
| 14353-03 | Floor                    |
| 14353-04 | Wall                     |
| 14358-04 | <u>Linoleum</u>          |
| 14358-04 | Floor                    |
| 14319-00 | <u>Electric Wiring</u>   |
| 14365-00 |                          |
| 14365-03 | <u>Lighting Fixtures</u> |
| 14321-00 | <u>Plumbing</u>          |
| 14367-00 |                          |
| 14323-00 | <u>Heating</u>           |
| 14369-00 |                          |
| 14363-00 | <u>Painting</u>          |
| 14363-03 | Floor Finishing          |
| 14337-00 | <u>Insulation</u>        |
| 14355-04 | <u>Finish Hardware</u>   |
| 14313-03 | <u>Rough Hardware</u>    |

APARTMENT MANAGEMENT EXPENSE EXAMPLES

ELEVATOR BUILDINGS UNFURNISHED  
INCOME AND EXPENSE PER SQUARE FOOT  
 Cents per Square Foot for (c) Gross Area of Bldgs.  
 and (d) Rentable Area of Bldgs.

|   | (c)     | (d)     |
|---|---------|---------|
| GROSS POSSIBLE TOTAL INCOME               | 216.72¢ | 287.29¢ |
| TOTAL ACTUAL COLLECTIONS                  | 207.74¢ | 275.39¢ |
| EXPENSES                                  |         |         |
| Total Payroll Expenses .....              | 18.30¢  | 24.27¢  |
| Electricity .....                         | 7.03    | 9.31¢   |
| Gas (excluding heating fuel) .....        | 1.21    | 1.64    |
| Water .....                               | 2.00    | 2.64    |
| Heating Fuel .....                        | 5.25    | 6.96    |
| Management .....                          | 9.53    | 12.61   |
| Other Administrative Costs .....          | 3.36    | 4.46    |
| Painting & Decorating (int. only) .....   | 6.60    | 8.70    |
| Maintenance & Repairs (int. & ext.) ..... | 9.38    | 12.43   |
| Supplies .....                            | 1.84    | 2.44    |
| Services .....                            | 1.76    | 2.33    |
| Miscellaneous Operating Expenses .....    | 2.00    | 2.68    |
| Insurance .....                           | 2.74    | 3.63    |
| Real Estate Taxes .....                   | 32.80   | 43.48   |
| Other Taxes .....                         | 1.20    | 1.62    |
| TOTAL ALL EXPENSES                        | 102.86¢ | 136.36¢ |
| NET OPERATING INCOME                      | 104.88¢ | 139.03¢ |

SOURCE: 1969 Apartment Building Income-Expense Analysis, Institute of Real Estate Management Experience Exchange Committee.

ELEVATOR BUILDINGS UNFURNISHED  
OPERATING RATIO

Total Expenses Divided by Total Actual Collections

|                   |      |          |
|-------------------|------|----------|
| Gross Possible    |      |          |
| Total Income*     | 1968 | \$635.20 |
|                   | 1967 | \$635.52 |
|                   | 1966 | \$594.97 |
|                   | 1965 | \$592.02 |
|                   |      |          |
| Total Actual      |      |          |
| Collection        | 1968 | 96.0%    |
|                   | 1967 | 92.8%    |
|                   | 1966 | 95.0%    |
|                   | 1965 | 92.9%    |
|                   |      |          |
| Vacancies & Bad   |      |          |
| Debts             | 1968 | 4.0%     |
|                   | 1967 | 8.0%     |
|                   | 1966 | 5.1%     |
|                   | 1965 | 7.5%     |
|                   |      |          |
| Payroll Expense   |      |          |
|                   | 1968 | 7.6%     |
|                   | 1967 | 7.7%     |
|                   | 1966 | 7.3%     |
|                   | 1965 | 6.8%     |
|                   |      |          |
| Heating Fuel      |      |          |
| Expense           | 1968 | 2.2%     |
|                   | 1967 | 2.3%     |
|                   | 1966 | 2.2%     |
|                   | 1965 | 2.2%     |
|                   |      |          |
| Decorating &      |      |          |
| Repair Expense    | 1968 | 6.3%     |
|                   | 1967 | 6.4%     |
|                   | 1966 | 6.7%     |
|                   | 1965 | 6.0%     |
|                   |      |          |
| Real Estate Taxes |      |          |
|                   | 1968 | 14.6%    |
|                   | 1967 | 13.6%    |
|                   | 1966 | 15.4%    |
|                   | 1965 | 10.5%    |
|                   |      |          |
| All Expenses      |      |          |
|                   | 1968 | 44.8%    |
|                   | 1967 | 43.6%    |
|                   | 1966 | 44.7%    |
|                   | 1965 | 41.4%    |

\*Per Room

SOURCE: 1969 Apartment Building Income-Expense Analysis, Institute of Real Estate Management Experience Exchange Committee.

LOW-RISE BUILDINGS 12-24 UNITS UNFURNISHED

U.S. Regions and Canada

(a) Dollars per Roomper Annum (b) Per Cent of Gross Possible Income

| INCOME                                    | (a)          | (b)        |
|---|--------------|------------|
| Rents--Apartments .....                   | \$355.89     | 97.1%      |
| Rents--Garages & Parking .....            | 9.77         | 2.6        |
| Rents--Stores .....                       | 31.23        | 8.4        |
| Rents--Offices .....                      | 5.03         | 1.4        |
| <br>GROSS POSSIBLE RENTAL INCOME          | <br>\$364.69 | <br>99.5%  |
| Miscellaneous Other Income                | 3.00         | .8         |
| <br>GROSS POSSIBLE TOTAL INCOME           | <br>\$366.43 | <br>100.0% |
| Less: Vacancies & Delinquent Rents        | 13.20        | 3.6        |
| <br>TOTAL ACTUAL COLLECTIONS              | <br>\$353.44 | <br>96.5%  |
| <br>EXPENSES                              |              |            |
| Total Payroll Expenses .....              | \$ 27.57     | 7.5%       |
| Electricity .....                         | 6.99         | 1.9        |
| Gas (excluding heating fuel) .....        | 3.33         | .9         |
| Water .....                               | 5.96         | 1.6        |
| Heating Fuel .....                        | 22.91        | 6.3        |
| Management .....                          | 18.58        | 5.1        |
| Other Administrative Costs .....          | 3.95         | 1.1        |
| Painting & Decorating (int. only) .....   | 14.06        | 3.8        |
| Maintenance & Repairs (int. & ext.) ..... | 22.12        | 6.0        |
| Supplies .....                            | 2.96         | .8         |
| Services .....                            | 4.17         | 1.1        |
| Miscellaneous Operating Expenses .....    | 3.18         | .8         |
| Insurance .....                           | 9.67         | 2.6        |
| Real Estate Taxes .....                   | 66.57        | 18.2       |
| Other Taxes .....                         | 1.38         | .4         |
| <br>TOTAL ALL EXPENSES                    | <br>\$201.55 | <br>55.0%  |
| <br>NEW OPERATING INCOME                  | <br>\$151.89 | <br>41.5%  |

SOURCE: 1969 Apartment Building Income-Expense Analysis, Institute of Real Estate Management Experience Exchange Committee.

GARDEN-TYPE BUILDINGS UNFURNISHED  
U.S. REGIONS AND CANADA

Income and Operating Costs  
(a) Dollars per Room per Annum (b) Per Cent of Gross Possible Income

| INCOME                                    | (a)          | (b)        |
|---|--------------|------------|
| Rents--Apartments .....                   | \$359.43     | 97.5%      |
| Rents--Garages and Parking .....          | 4.13         | 1.1        |
| Rents--Stores .....                       | 4.02         | 1.1        |
| Rents--Offices .....                      | 1.30         | .4         |
| <br>GROSS POSSIBLE RENTAL INCOME          | <br>\$361.71 | <br>98.1%  |
| Miscellaneous Other Income                | 8.09         | 2.2        |
| <br>GROSS POSSIBLE TOTAL INCOME           | <br>\$368.82 | <br>100.0% |
| Less: Vacancies and Delinquent Rents      | 15.16        | 4.1        |
| <br>TOTAL ACTUAL COLLECTIONS              | <br>\$353.66 | <br>95.9%  |
| <br>EXPENSES                              |              |            |
| Total Payroll Expenses .....              | \$ 24.70     | 6.7%       |
| Electricity .....                         | 13.53        | 3.7        |
| Gas (excluding heating fuel) .....        | 4.94         | 1.3        |
| Water .....                               | 7.67         | 2.1        |
| Heating .....                             | 11.72        | 3.1        |
| Management .....                          | 16.94        | 4.6        |
| Other Administrative Expenses .....       | 5.95         | 1.6        |
| Painting & Decorating (int. only) .....   | 9.89         | 2.7        |
| Maintenance & Repairs (int. & ext.) ..... | 16.19        | 4.4        |
| Supplies .....                            | 2.60         | .7         |
| Services .....                            | 4.42         | 1.2        |
| Miscellaneous Operating Expenses .....    | 3.44         | .9         |
| Insurance .....                           | 5.81         | 1.6        |
| Real Estate Taxes .....                   | 46.50        | 12.6       |
| Other Taxes .....                         | 1.63         | .5         |
| <br>TOTAL ALL EXPENSES                    | <br>\$169.57 | <br>46.0%  |
| <br>NET OPERATING INCOME                  | <br>\$184.09 | <br>49.9%  |

SOURCE: 1969 Apartment Building Income-Expense Analysis, Institute of Real Estate Management Experience Exchange Committee.

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