

Preparation of Project Budgets.

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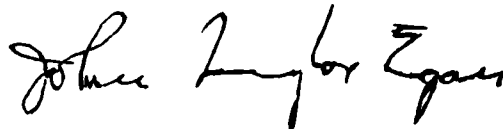
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PREFACE

The tremendous growth of the public housing program in the past two years, together with the addition of new functions and changing requirements, has made imperative a concentrated restudy, development, and revision of the several processes in fiscal administration. In this connection budgeting activities play a most important role.

The accompanying document is designed to make available to all concerned one of the tools with which a more adequate and efficient job of project budgeting can be done. It is limited primarily to the preparation of the operating budget which is but one aspect of the budgeting process for housing projects. Experience resulting from the application and use of various practices has been summarized and incorporated in this bulletin.

Standard cost factors such as those used in the Local Authority Management Manual are notably absent in this Bulletin since experience has indicated that such an approach is not particularly applicable to the wide variety of housing built under the war housing program. The approach herein is to encourage the use of techniques by which the housing manager may himself develop factors that apply locally. These may be supplemented by other factors determined by the regional office to be necessary.



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CHAPTER I - GENERAL

A. Introduction. A sound budget program calls for (1) the development and presentation of a plan of operation converted into fiscal terms, (2) the coordination of the plan into a well-balanced program and (3) a system of control which assures proper execution of that plan upon adoption. The budgeting process for public housing projects to be successful must incorporate these basic principles.

This Bulletin has been prepared to present specifically the method whereby the first phase of the budgeting process may be accomplished; namely, the preparation of the budget documents. It is important that careful attention be given to the proper execution of this step since satisfactory and adequate accomplishments are dependent in a large measure upon a well founded and carefully considered plan. It should not be thought of primarily as a "necessary" means for obtaining money annually but as an intelligent forecast of project operations.

The steps outlined herein are developed with the intention of making the instructions applicable to all types of housing - family dwellings, dormitories and stop-gap (Federally or locally operated) - so that there may be selected for any specific project those items which are pertinent.

B. Responsibility for Preparation

1. Primary Responsibility - The preparation of all operating budget documents shall be the responsibility of the housing manager or the local housing authority. In the event the housing manager of a Federally-operated project has not been appointed, the initial budget documents shall be prepared and submitted by the regional management division. (See Chapter 4621 or 6161 of the Manual of Policy and Procedure which sets forth procedural instructions on Project Operating Budget Documents).

2. Staff Participation - Although the primary responsibility for the preparation of the budget documents rests with the housing manager, he should call upon his maintenance superintendent, accountant, project services advisor, housekeeper and other key people on his staff to participate in the preparation of the budget estimates. Through such active participation, there will be fostered a high degree of interest on the part of staff members in economical and efficient operation in addition to having the benefit of consultation and advice of the people who are responsible for carrying out the details of the program.

C. Budget Documents.

A separate set of project operating budget documents shall be prepared for each project in management and certain additional documents where a group of projects are operated jointly from a central project office. In no case may one set of documents be prepared for two or more projects unless such projects have been officially combined. The following shall constitute the budget documents:

1. Operating Budget - Annual and Quarterly - This document is that portion of the operating budget which covers the summary estimate of income and expense by the individual accounts as established by the Classification of Project Management Accounts described in Bulletin No. 52 and also set forth in Chapter II Part C of this Bulletin. The preparation of this document is described in Parts A & B of Chapter II. The forms are used as follows:

a. Form FPHA-848 - Used in connection with all projects developed under PA-412, PA-671 and all PWA Housing Division projects.

b. Form FPHA-848W - Used in connection with all Federally-owned war housing projects developed under PA-849, PA-781 and PA-9 as amended.

2. Supporting Schedule for Operating Budgets - Form FPHA 1273 (a to f) - This form is used to supplement, justify and explain the estimates entered in the Operating Budgets. This form was developed on the basis of experience of the various regions in the practice of budget preparation. It is an attempt to formalize the better features of such experience. The degree to which the details in this form are to be filled in shall be established by the regional director on the basis of regional requirements to properly perform the review function. In certain instances the regional director may find it necessary to supplement these instructions. Moreover, the regional director may waive the submission of FPHA 1273 (a to f) if the local management has the equivalent forms now in effect or where present budget supporting schedules are acceptable. The detailed instructions for the preparation of this form are included in Part C of Chapter II.

3. Budget Conversion Schedule - Form "FPHA -848W Supplement" - This form is used for all Federally-operated projects including war housing and PWA Housing Division projects as well as projects operated by a local authority under a contract of agency. It is provided for the purpose of converting operating budget data shown on Form FPHA 348W

prepared on an accrual basis to an obligation basis in order to reflect the net increases or decreases in inventory, prepaid or deferred charges, and it provides a means for determining the actual funds required to finance operations during the quarterly and annual periods. The detailed instructions for the preparation of this form appear in Part E of Chapter II.

4. Budget Narrative - No prescribed form for this document has been provided since it is not the kind of data that need be submitted in a set formalized fashion. The narrative is a supplementary statement to be submitted for all items which are unusual or extraordinary for which not sufficient explanatory information is provided in the prescribed forms. Such other items as determined by the regional director, may be included in the narrative, such as a description of the project physical characteristics with any changes and modifications thereto, statements of changes in basic rental policies or changes in major programs for the project. Instructions for the preparation of this form are included in Part F of Chapter II.

5. Organization Chart - An organization chart is to be prepared on a position basis showing the title, grade, number of employees, salary and lines of authority. This is to be prepared on the basis of the actual situation at the project. Instructions for the preparation of the organization chart are included in Part G of Chapter II.

6. Central Project Office Supporting Data - Where two or more projects are operated or managed by a single manager, central project office or local authority there shall be prepared annually a separate group of documents covering the requirements of such centralized office. These supplementary data are required in order that the group operations may be reviewed as a whole and are to accompany the submittal of budget documents covering all the projects operating within such a group. The detailed instructions for the preparation of these documents are included in Part D of Chapter II.

D. Basis of Preparation.

The Operating Budget Form FPHA 848 or 848W is to be prepared in all cases on an accrual basis. By accrual is meant, in the case of income, the amount estimated as earned in the period covered and not the amount received, and in the case of expense, the amount of foods or services estimated as consumed in the period and not the amount of obligation incurred (when funds are committed) nor the amount expended (when the bills are paid).

Since the amounts shown in the budgets do not set forth the fund requirements for the purpose of obligation, it is necessary to convert the expense figures to obligation figures. This is done by means of the Budget Conversion Schedule Form "FPHA-848W, Supplement".

E. Submission.

All budget documents shall be submitted as follows:

1. Copies - An original and three copies of the Operating Budget, Form FPHA 848 or 848W and three copies of all other documents mentioned in Chapter I, Part C, shall be submitted to the regional office by the housing manager or the local housing authority. The original Form FPHA 848 or 848W upon approval by the regional director will be returned to the local management. Consideration should be given to providing the necessary operating officials with adequate budget data.

2. Date of Submission

a. Initial Operating Budget - The operating budget documents for new projects coming into Management shall be submitted by the housing manager or local authority at least 60 days prior to estimated initial occupancy for approval of the regional director. The budget shall cover the period beginning with the initial expense incurred for management of the project and ending with the close of the current fiscal year.

b. Annual Operating Budgets - The local management shall submit the operating budget documents covering a full fiscal year for each project in management at a date determined by the regional director, but in no case later than 60 days prior to the beginning of the fiscal year. Where projects are managed by local authorities, leases or other contractual terms take precedence, but may be amended to make the time of submission uniform to the above requirement.

c. Assembly - The budget documents when submitted shall be assembled and fastened in the following order:

1. Budget Conversion Schedule - Form "FPHA 848W Supplement", (if applicable).
2. Operating Budget - Form FPHA 848 or 848W - Annual
3. Operating Budget - Form FPHA 848 or 848W - Quarterly.

4. Supporting Schedule for Operating Budget - Form FPHA 1273 (a - f).
5. Budget Narrative.
6. Organization Chart.

Where central project office supporting data is submitted it shall be assembled in the above order and placed on top of the groups of budget documents for all projects operated under such central management.

F. Fiscal Period.

The fiscal period in project operations refers to quarterly and annual periods beginning as follows:

1. Quarterly - January 1, April 1, July 1 and October 1.
2. Annual
 - a. Federally-operated projects - July 1.
 - b. Local authority-operated projects - January 1, April 1, July 1, or October 1 as established by the local authority in its financing arrangements or by agreement with the regional director.
3. Shorter Fiscal Periods - Where projects are beginning operations for the first time, the fiscal periods mentioned in F 1 and F 2 above will start on the first day of operations.

G. Miscellaneous

1. Summary of Steps in Preparation of Project Operating Budgets - A summary has been provided as a convenient and abbreviated tool for following in logical order the steps in the preparation of the project operating budgets and is attached as Appendix A.
2. Reference Sheet - Attached as Appendix B is a convenient reference sheet for transcribing the budget data from the Supporting Schedule, Form FPHA 1273 to the Operating Budget, Form FPHA 848 or 848W.
3. Computations - For purposes of budget preparation the following general rules should be followed:

- a. Omit cents from aggregate budget amounts but not from PUM figures.
- b. Round out the total aggregate amounts to appear on Form FPHA 848 or 848W to the nearest ten dollars.
- c. Round out (1) square feet to the nearest 100, (2) cubic feet to the nearest 100, (3) kilowatt hours to the nearest 100, (4) gallons (water or fuel oil) to the nearest 1000 and (5) hours to the nearest 10.
- d. Enter a dash (-) where items are not applicable and (0) when applicable amount is zero.
- e. If space in any section on the Supporting Schedules is insufficient, attach a supplementary sheet properly cross-referenced.

CHAPTER II - INSTRUCTIONS

PART A. OPERATING BUDGET (ANNUAL) FORM FPFA 848 OR 848W

1. The name of the local authority (or manager)
2. Project name. Enter approved name. If several projects have been combined for management, enter official name for the combined project. Make no entry if no official name has been given to the project.
3. Location. Enter city, town, village or nearest post office, and state.
4. Project Number. Enter official project number. When two or more projects have been combined for management, enter the official project number applicable to the combined project.
5. Date all units available. Enter the month and the year in which all units were completed for occupancy. For projects combined for management enter the date on which all units became available in the last project completed.
6. Fund. Enter the Public Act or Acts (in the case of authorized combinations) under which the project is authorized.
7. Type of housing. Enter the type of construction and accommodation in accordance with the following classification:

Perm Family - Permanent family dwellings
Dem Family - Demountable family dwellings
Temp Family - Temporary family dwellings
Shelt Fam - Shelter units for families
Con Family - Converted family dwellings
Trail Fam - Family trailers
Perm Dorm - Permanent dormitory housing for single persons
Temp Dorm - Temporary dormitory housing for single persons
Shelt Dorm - Shelter units for single persons
Con Dorm - Converted housing for single persons
Trail Dorm - Dormitory trailers for single persons
Trail Park - Site and utilities for private trailers

When projects with different types of construction are combined for management, enter the predominant (in terms of number of units) type of construction.

8. Number of unit-months. Enter the number of unit-months of availability for dwelling use during the fiscal year budgeted.

The number of unit-months of availability for dwelling use is defined as the total number of unit-months of completion for occupancy less the number of unit-months, if any, removed from dwelling use during the quarter.

The method of computing the number of unit-months of availability for dwelling use shall be in accordance with instructions in the Accounting Manual, Part III, Section V and Part VIII, Section XV.

9. Number of units. Enter the current number of dwelling units in the project.

10. Period beginning. Enter the initial date of the fiscal year being budgeted.

11. Period ending. Enter the last date of the fiscal year being budgeted.

12. Budget column. Enter on the appropriate line the amount arrived at in the totals of the Supporting Schedules for Operating Budget Forms FPFA 1273 (a-f). See reference Sheet, Appendix B.

13. P.U.M. Budget and Actual. Enter "per unit-month" amount obtained by dividing the total for each income and expense item as shown in the respective budget or actual column.

14. Actual. Same period last year. (See Appendix A, Item 4).

15. Remarks. This column shall be used to indicate any essential cross references to special schedules or narrative statements.

PART B. OPERATING BUDGET (QUARTERLY) FORMS FPFA 848 OR 848W

1. Project name. Enter official project number.

2. Period _____ to _____. In the proper space covering the individual quarters, enter the beginning date and ending date of that quarter.

3. Budget column. Enter on the appropriate line and covering the specific quarter, the amount arrived at in the totals of the Supporting Schedules for Operating Budgets forms FPFA 1273 (a-f). See Reference Sheet, Appendix B.

4. Actual. Same period last year. (See Appendix A, Item 4).

PART C. SUPPORTING SCHEDULES FOR OPERATING BUDGET FORMS FPHA 1273 (a-f)

1. General. The detailed instructions for the preparation of these forms include the definitions of accounts and illustrative examples for the purpose of assisting in developing estimates. The arrangement of this part of the bulletin is primarily in the order of the "Classification of Project Management Accounts." The appropriate section of the Supporting Schedule applicable to each account is indicated in the text.

2. Date. Indicate in the heading of each sheet of the Supporting Schedule the date of preparation of the operating budget.

3. Project number. Enter official project number.

4. Budget justification for year beginning _____ and ending _____. At the bottom of form FPHA 1273 a, indicate the beginning and ending period of the fiscal year budgeted. This shall correspond with the dates shown in the heading of the Operating Budget - Annual - form FPHA 848 or 848W.

5. Date of Central Project Office Budget. On bottom of form FPHA 1273 a, enter the date that the central project office budget is prepared (if any).

6. Total number of units on all projects under the Central Office on form FPHA 1273 a. Enter the total number of units on all projects under the central project office operation, (if any).

OPERATING INCOME - 3000 CATEGORY

This general category includes all income derived from the operation of a project, such as rentals, service charges and similar items. It does not include security deposits, Federal contributions, proceeds of sale of properties or other assets, cafeteria meal revenue, funds made available for operating improvements or for the making good of property losses, nor recoveries under policies of insurance.

Dwelling Rent Income - represents all charges actually made to tenants in any period in connection with dwelling rents (including utilities). Rent should not be included for any dwelling units used or rented for non-dwelling purposes, such as management or maintenance space, community space, schools, clinic or doctors' offices, etc. This item includes all charges for dwelling utilities whether included in rent, billed separately, or made by way of surcharges; rentals of dwelling units occupied by employees; and surcharges to employees or to tenants whose income exceeds established limits. It does not include other charges to dwelling tenants (see Accounts 3500 and 3900). (Dwelling rent income is used for budgetary and reporting purposes, but is not itself an account in the accounting system.)

DWELLING RENT SCHEDULE - SECTION 1

A. Definition

3100 Dwelling Rent Schedule - includes the total amount of dwelling rents (including utilities) which would be charged if all units, except units used for non-dwelling purposes, were occupied. Dwelling rents do not include rentals (including utilities) for sites for privately-owned trailers. The amount of dwelling rent schedule for any period shall be the sum of Dwelling Rent Income plus the amount of Dwelling Vacancy Loss (Account 3200).

In preparing an operating budget, it should be borne in mind that dwelling rent schedule should reflect the estimated potential rental income if all dwelling units were occupied for the entire fiscal year.

On FPHA-aided and PWA housing division leased projects the anticipated dwelling rent schedule may differ from the amount shown in the Estimate of Average Annual-Income and Expense since the distribution of units to rent grades for the budget year might differ from that estimated as an average for the 10 years.

When preparing an operating budget for a project in which all the units are not expected to be available for the entire fiscal year, list the units showing the length of time each group of units in each size are expected to be available. Indicate under "Remarks" the number of units used for non-dwelling purposes and the present use of these units. For example:

Col. 2	No. of Units available	475
	No. of Units used for non-dwelling purposes	4
	Doctors office	1
	Clinic	1
	Rental office	2
	No. Units <u>not</u> available	<u>21</u>
	Total No. of Units in project	500

The following outline and Exhibit A shown on page 15 will provide guides for completing Section 1. There are different rental plans in operation on the various projects. No attempt is made to show an entire schedule for a typical project. Rather the items shown are representative of conditions that might exist on different projects under the various rental plans.

1. Family Dwellings

a. Flat Rents - Fair rents based on value.

Where the Rental Resolution or the Management Program provide for a specific monthly charge for Shelter Rent plus Utilities for each size of unit, show each size range on a separate line. See Exhibit A, Example 1.

b. Adjusted Rents.

On projects developed under the Lanham Act, rentals may be adjusted to the income of the tenant in hardship cases. Estimate the number of units, in each size, which are expected to be occupied at adjusted rentals. List these units in each size, on a separate line immediately following the listing of units of the same size to be occupied at the established standard rental for the dwelling. Since each unit may be rented at a different rate, show in column 7 the average monthly charge for the units of each size. See Exhibit A, Example 1.

c. Graded Rents.

Here the Rental Resolution or the Management Program provides for a monthly charge for Shelter Rent plus Utilities to be based upon the tenant's income, show each grade, by unit size if applicable, on a separate line. On FPHA-aided projects, the resulting annual income should be checked to see that the estimated monthly rental does not fall below the minimum monthly rental stated in the Rental Resolution. See Exhibit A, Example II.

d. Military Rents

Show separately the monthly charge for shelter rent for military personnel, in column 5, and the established monthly charge for utilities in column 6. The maximum monthly shelter rent rates are different for each of three categories 1/

- M1. Enlisted Personnel without allowances
- M2. Enlisted Personnel with allowances
- M3. Commissioned officers

Estimate the proportion of units in each size and each rent category which are to be occupied by military personnel and list separately. See Exhibit A, Example III.

2. Dormitories

- a. List the beds available for occupancy by first showing those in double occupancy rooms which rent at a lower rate per bed per week (or month).
- b. List the single beds. The weekly charge may be shown in column 7. Insert "Weekly" in the spaces provided under columns 5 and 6. See Exhibit A, Example IV.

3. Trailers

- a. List the standard trailers first.
- b. Then list the expansible trailers.

1/ These rents are now in circular dated 7/31/43 and will appear shortly in the manual.

- c. Under "Remarks" indicate the numbers and types of service trailers on the project such as: Office Trailers, Laundry Trailers and Toilet Trailers. This listing should be in addition to showing any dwelling type trailers which may have been converted to non-dwelling purposes. See Exhibit A, Example V.

B. Instructions

Column 1. List dwelling units at the established rents beginning with the least rental first. Indicate groupings on the chart by the use of a code beside each, as follows: "F" for Flat Rent, "F.R." for Fair Rent Value, "A" for Adjusted Rent, "G" for Graded Rent, "M" for Military Rent.

Column 2. For each item listed in Column 1, record the number of units available.

Column 3. Record the number of months these will be available during the year.

Column 4. Enter the number of unit months (Col. 2 x Col. 3).

Column 5. Enter the monthly Shelter Rent (for military personnel only).

Column 6. Enter the monthly Utility Charge (for military personnel only).

Column 7. Enter the total monthly rent (Shelter Rent plus utilities).

Column 8. Opposite each item, enter Annual Income for each unit size or grade. (Col. 4 x Col. 7).

Line 25. Total Columns 2, 4, 8.

C. Annual Budget Figure. Line 25, Column 8.

DWELLING VACANCY LOSS - SECTION 1

A. Definition

3200 Dwelling Vacancy Loss - Includes the total dwelling rents (including utilities) lost in any period because of vacancies. Dwelling units used or rented for non-dwelling purposes shall not be considered as vacancies. In the

case of projects with fixed rents, vacancy loss should be computed on the basis of established rents. In the case of projects with graded rents, see Parts III and VIII of the Accounting Manual for the method of computing dwelling vacancy loss. 1/

In estimating dwelling vacancy loss for the operating budget, it is essential that the amount anticipated be as realistic as possible. Therefore, the anticipated vacancy should be shown for each unit size or grade shown on Dwelling Rent Schedule. Dwelling units used or rented for non-dwelling purposes shall not be considered as vacancies. On Federally-owned projects, where some units are estimated to be occupied either at adjusted rentals or by military rents, 1/ the vacancy loss shall be considered as accruing at the same rental rates as that which is anticipated would be charged if the units were occupied. In other words, where a unit is occupied at a rental below the amount established, the reduction in dwelling rent schedule is not considered dwelling vacancy loss.

Consideration should be given to all local factors which might effect the amount estimated for vacancy. Any notations which will explain the manner of arriving at the estimate may be made in the narrative.

B. Instructions

Column 9. Enter number of units estimated to be vacant.

Column 10. Enter the number of months they may be vacant.

Column 11. Enter the number of unit months vacant (Column 9 x Column 10).

Column 12. Enter the monthly charge.

Column 13. Opposite each unit enter annual vacancy loss (Column 11 x Column 12).

Line 10. Total Columns 9, 11 and 13.

C. Annual Budget Figure - Line 10, Column 13.

Exhibit A which follows shows the method to be followed in preparing this section. No attempt is made to show an entire schedule for a typical project. Rather the items shown are representative of conditions that might exist on different projects under the various rental plans.

1/ For budgetary purposes Vacancy Loss is figures on the average monthly rental.

EXHIBIT SHOWING METHODS OF COMPLETING SECTION 1

EXHIBIT A

SECTION 1: 3100 DWELLING RENT SCHEDULE								3200: DWELLING VACANCY LOSS				
1	2	3	4	5	6	7	8	9	10	11	12	13
UNIT SIZE OR GRADE	NO. OF UNITS AVAIL.	NO. MO. AVAIL.	UNIT MONTHS AVAIL.	MONTHLY			ANNUAL INCOME	NO. OF UNITS VACANT	NO. MO. VAC- ANT	UNIT MONTHS VACANT	MONTHLY SHELTER PLUS	ANNUAL VACANCY LOSS
				SHELTER RENT	UTILITY CHARGE	SHELTER PLUS						
1 Example I, Family Dwellings, -Flat Rentals, Fair Rentals Based on Value, and Adjusted Rentals												
2 1 BR	63(FR)	12	756			30.00	22,680	2	12	24	30.00	720.
3 1 BR	7(A)	12	84			28.00	2,352	1	12	12	28.00	336.
4 2 BR	85(FR)	12	1020			35.00	35,700	6	12	72	35.00	2,520.
5 2 BR	50(FR)	10	500			35.00	17,500	1	10	10	35.00	350.
6 2 BR	15(A)	12	180			32.00	5,760	1	12	12	32.00	384.
7 Example II, Family Dwellings, -Graded Rents												
8 1 BR-A*	4(G)	12	48			10.00	480					
9 1 BR-B	6(G)	12	72			13.00	936	2	12	24	13.00	312
10 1 BR-C	10(G)	12	120			16.00	1,920					
11 Example III, Family Dwellings, -Military Personnel												
12 1 BR	75(M1)	12	900	11.00	4.00	15.00	13,500	4	2	8	15.00	120
13 1 BR	20(M2)	12	240	21.00	4.00	25.00	6,000	2	1	2	25.00	50
14 1 BR	5(M3)	12	60	27.50	4.00	31.50	1,890	1	6	6	31.50	189
15 Example IV, Dormitories												
16 Double	100	12	1200	Weekly		3.50	18,200	20	12	240	3.50	3,640
17 Single	100	12	1200	Weekly		5.00	26,000	10	12	120	5.00	600
18 Example V, Trailers												
19 Std.	160	12	1920	Weekly		6.50	54,080	10	6	60	6.50	1,690
20 Expan.	40	12	480	Weekly		7.50	15,600	10	12	120	7.50	3,900
21												
22												
23												
24												

- * Unit size or grade might also be designated
as A, B, C, D, E, F-----X:

Code

- | | |
|-------------------|--|
| F - Flat Rent | M1 - Enlisted Personnel without Allowances |
| FR - Fair Rent | M2 - Enlisted Personnel with Allowances |
| A - Adjusted Rent | M3 - Commissioned Officers |
| G - Graded Rent | |

NON-DWELLING RENT INCOME - represents all charges actually made to lessees in any period in connection with non-dwelling rents (including utilities). It includes rents actually charged for dwelling units rented for non-dwelling purposes such as doctors' offices, etc. This item includes all charges for non-dwelling utilities whether included in rent, billed separately, or made by way of surcharges, including such charges made to cafeteria contractors. It does not include other charges to non-dwelling tenants (see Account 3900). (Non-dwelling rent income is used for budgetary and reporting purposes, but is not itself an account in the accounting system.)

NON-DWELLING RENT SCHEDULE - SECTION 2

A. Definition

3300 Non-Dwelling Rent Schedule - includes the total amount of non-dwelling rents (including utilities) which would be charged if all rentable non-dwelling facilities were occupied, including stores, filling stations, garages, or parking spaces, rentable office spaces, and dwelling units rented for non-dwelling purposes. It also includes rents (including utilities) for sites for privately-owned trailers. It includes rentals (including utilities) of cafeterias or restaurants when leased for fixed or percentage amounts, but does not include net revenue on cafeterias operated through contractors (see Account 7110). The amount of the non-dwelling rent schedule for any period shall be the sum of Non-Dwelling Rent Income plus the amount of Non-Dwelling Vacancy Loss (Account 3400).

B. Instructions

Column 1. The facilities listed are shown because of the frequency in which they occur on projects. Space is provided for listing other items. List dwelling units rented for non-dwelling purposes. In estimating for garages, parking spaces, or trailer sites, no distribution is to be made for space rental and utility charge.

This account also includes the rental received from commercial operators for equipment and furniture leased separately by the project.

Column 2. Enter the number of facilities available.

Column 3. Enter the number of months available

Column 4. Enter the number of unit months (Col. 2 x Col. 3).

Column 5, 6, and 7. Enter the monthly charge, including both space rental and utility charges, if any.

Column 8. Enter annual income for each facility (Col. 4 x Col. 7). The amount in Column 8 should reflect the potential annual income if the facility were rented for the entire fiscal year.

Line 10. Total Column 8.

C. Annual Budget Figure. Line 10, Column 8.

NON-DWELLING VACANCY LOSS - SECTION 2

A. Definition

3400 Non-Dwelling Vacancy Loss - Includes the total non-dwelling rent (including utilities) lost in any period because of vacancies.

The estimated non-dwelling vacancy for each facility shall be shown on the same line of Section 2 as the income.

B. Instructions

Column 9. Enter number of facilities estimated to be vacant.

Column 10. Enter the number of months they may be vacant.

Column 11. Enter the number of unit months vacant (Col. 9 x Col. 10).

Column 12. Enter the monthly charge.

Column 13. Opposite each facility enter annual vacancy loss (Col. 11 x Col. 12).

Line 10. Total Column 13.

C. Annual Budget Figure. Line 10, Column 13.

FURNITURE RENTALS - SECTION 3

A. Definition

3500 Furniture Rentals - Includes the rentals of household furniture supplied by the project and for which separate charges are made. In dormitories, war apartments and trailers, furniture is included in dwelling rents, and should not be included here.

Standard charges have been set in the Manual of Policy and Procedure, Chapter 612 for a stipulated basic quantity of furniture for each size of unit. Where additional items are furnished in the units, it is possible to adjust the monthly rental charge accordingly.

Entries in this account shall be limited to charges for furniture only where a portion of the units in the project are furnished. If all units are furnished such charges shall be considered as Dwelling Rent and included in Account 3100. Vacancy loss shall not be computed for this account.

B. Instructions.

Column 1. List the units in which furniture is to be rented beginning with the smallest size unit furnished.

Column 2. Enter number of units in each unit size.

Column 3. Enter number of months of possible use.

Column 4. Enter number of unit months of possible use. (Col. 2 x Col. 3).

Column 5. Enter monthly rental.

Column 6. Enter total estimated annual income (Col. 4 x Col. 5).

Line 16. Total Column 6.

C. Annual Budget Figure. Line 16, Column 6.

OTHER INCOME - SECTION 4

A. Definition

3900 Other Income - Includes all operating income derived from all sources except rentals as described above. It includes items such as: charges to tenants for late payments, fumigation or extermination; charges to tenants for breakage, damage and key replacements (in the case of Federally-operated projects only -- for local authority operated projects, credit to Accounts in 4400 category); charges for infirmary services, meals, drugs, etc.; rental of equipment (other than household furniture); profits from vending machines and telephone booths, etc. This account also includes any charges which may be made to non-dwelling lessees or to cafeteria operators for services (other than utilities) or RM&R, supplied by the project but reimbursable by such lessees or operators under the terms of their contracts or leases.

The items listed in Section 4 are not a full listing but are intended for guidance. Any other items may be added as needed.

Other income arises from transactions that are not fixed in frequency or in amount. Where the management has established schedules of charges for items in this category the number of times the items reoccur per year may be estimated on the basis of past experience.

For Federally-operated projects the estimated annual income for all the items shall be shown in Column 4.

On Local Authority operated projects, Item 6, Key Replacements, Item 7, Window Replacements, Item 9, Repairs and Damages should be shown in Column 5. Any other income from charges made to tenants arising out of costs to the project which effect any of the RM&R (4400) accounts may be treated in this manner. Where any items appear in Column 5, the account number that would be credited shall be shown in Column 6. The sections of the supporting schedule for expenses do not provide space for considering these possible credits because it is anticipated that the amounts involved will generally not be large enough to warrant showing the reductions in the operating budget.

B. Instructions.

Column 1. List other items on Lines 11 to 15.

Column 2. For items in Column 1, enter the number estimated per year, where applicable.

Column 3. Enter the average charge or income for each item.

Column 4. Enter the annual income (Col. 2 x Col. 3). Do not include items to be credited (Col. 5).

Columns 5 and 6. Local authorities should show amounts and accounts which items are to be credited.

Line 16. Total Columns 4 and 5, if any.

C. Annual Budget Figure. Line 16, Column 4.

OPERATING EXPENSE - 4000 CATEGORY

The sections which follow cover the various operating expense accounts. The treatment of items of expense in the supporting schedules generally follows the pattern used in previous years. Labor costs are shown separately from material and other costs. In most cases, the housing manager is not asked to list or justify the supplies and materials used. The sections covering the utility accounts call for monthly data on consumption as well as a comparison to the previous year's consumption. In the various RM&R accounts space has been left within the schedules for the listing of items which will require the expenditure of man hours and materials. The Public Services accounts are built up on the same pattern as the RM&R accounts.

The major change reflected in these supporting schedules concerns the distribution of labor costs hourly and quarterly. In contrast to previous years, the total payroll of the project is required to be shown in Section 5, Supporting Schedule for Salaries, which follows immediately.

Part D of the Instructions discusses the treatment of salaries and other expenses of the Central Project Office or the Central Office of the Local Authority and the method of prorating these costs to the individual project.

GENERAL DISCUSSION OF THE EXPENSE ACCOUNTS

A. The Item Basis.

For each expense account listed on Form FPHA 848 or 848W, a supporting schedule or section has been set up. These schedules provide the housing manager with space for estimating expenses on an items basis. In the instructions which follow, the definition of account is reprinted from Bulletin 52 along with a check list of items which the housing manager should consider in estimating. The check lists are suggestive and are designed to aid the manager but the inclusion or exclusion of any item should depend upon the needs of the project and regional policy in regard to project expenditures.

B. Hourly Labor Cost Breakdown.

Within each supporting schedule, the manager may, if he chooses, break down his labor force hourly and quarterly showing labor costs for each item listed in Column 1 of the section. Such a cost analysis of labor operations will point the way to economies in project management and lead to better use of project personnel and will also facilitate the budgeting process. The manager may however prefer not to list the

hourly labor requirements for each item, but may choose to enter only the total annual hours and the total labor costs. Where this is done, the columns within the schedules for labor will be left blank and only the subtotal and total lines used.

Data concerning the distribution of labor costs in past years which may serve as a guide in estimating, can be obtained from the Semi-Monthly Payroll or from old files of the discontinued Form FPHA 838, Distribution of Monthly Labor Report. The figure for past years, however can be only a guide since project needs and expenses change from year to year.

C. The Labor Schedule.

Each expense section where labor is used has incorporated within it, or supporting it, a labor schedule which is used to support the total hourly estimate for that account. In all cases but one, (Section 21) the supporting labor schedule is used only with the accounts which it supports. Section 21, Labor Schedule for Utilities, is used for all the labor used in the Utility accounts. The total of all the supporting labor schedules should correspond to the subtotal of Operating and Maintenance Employees in Section 5. (See page 26).

D. Instructions for Completing the Labor Schedule - (Exhibit B2).

Column 1. List employees by groups wherever possible: Enter the official pay-roll title. The manager may also enter in parentheses after the title, the number of months or the percentage of the employees salary which will be charged to that account. Example: Maint. Mechanic (3 Mo.) or Maint. Mechanic (25%).

Column 2. If a classification system is used, enter the classification grade of the employee.

Column 3. Enter the number of such employees in the same position, salary and grade.

Column 4. Enter the annual salary including overtime.

Column 5. Enter the total number of man hours (rounded off to the nearest ten) the employee or employees will spend in that account. The total of Column 5 should correspond to the total number of hours on the "Subtotal" line of the individual account. The housing manager may find that the item man-hour requirements exceed the number of hours he is willing to expend in that activity. In such cases, the item man-hour needs will have to be re-figured.

Column 6. Enter the total salary chargeable to this account for the year for the employee or employees listed on each line. The total of Col. 6 should correspond to the total labor cost on the "Subtotal" line of the individual account or adjustment made in the manner described above for Column 5.

E. Illustrative Exhibit

The following Supporting Schedule illustrates a method of completing the form and estimating labor requirements. The choice of items in Column 1 of Section 27 and of personnel in Column 1 of Section 26, is subject to wide variation from project to project.

EXHIBIT B-1

SECTION 27: 4420 STRUCTURES									
1	2	3	4	5	6	7	8	9	10
ITEM	AREA OR NO.	LABOR						MAT.	TOT. COST
		HRS-1st Q.	HRS-2nd Q.	HRS-3rd Q.	HRS-4th Q.	TOTAL HRS	COST		
1 Roofs & Roofing	50	50	50		100	200	150	150	300
2 Foundations	150	200	200		200	600	600	300	900
3 Window Screens & Doors	300		50		100	150	150	50	200
4 Window Glass	200	25	25	25	25	100	75	50	125
5 Flooring	200	100	100	200	100	500	400	150	550
6 Porches, Steps, Handrails	100	50	50	50	50	200	125	100	225
7 Door Locks	300	40	40	35	35	150	100	50	150
8 Misc. Carpentry		50	50	50	50	200	200	50	250
9									
10									
11									
12									
13									
14									
15									
16 Subtotal	XXXX	515	565	360	660	2100	1800	900	2700
17 Labor Cost		440	485	310	565				XXXX
18 Material Cost.		220	225	230	225				XXXX
19 Proration-See Cen. Off. Sch. (Sec. 6)									
20 TOTAL		660	710	540	790				2700

EXHIBIT B-2

SECTION 26: LABOR SCHEDULE FOR ACCOUNT 4420					
1	2	3	4	5	6
TITLE	GRADE	NO.	ANN. SALARY	HOURS	TOTAL SALARY
1 Maint. Aide 10%	CPC-7	1	2482	250	250
2 " " 25%	CPC-6	1	2263	600	600
3 " Hlpr. 25%	CPC-4	1	1825	600	450
4 Laborer	CPC-3	1	1620	650	500
5					
6					
7					
8					
9					
10 TOTAL	XXXX	4	XXXX	2100	1800

F. Discussion of Exhibit E1 and E2.

In considering the amount of money to be budgeted for Account 442C, the manager took into account each of the major items under Structures and made his determinations in the following manner.

1. Estimating the Items.

Under "Roofs and Roofing" the manager estimated that 50 roofs would need minor repairs during the coming year. Past experience indicated that each job required about 4 hours' time and about \$3.00 in materials. The budget amount for this year would therefore be 200 hours of labor and \$150.00 of materials. Figuring his labor costs at 75¢ an hour, the labor cost would be \$150.00. The total estimated expenditure for the coming year would therefore be \$300.00.

This same procedure was followed for each of the eight items. The total of Column 7 indicated that about 2100 man-hours would be expended for Structures. The housing manager then referred to the Operating and Maintenance Employees listed in Section 5 and to the totals of his Semi-Monthly Payroll. Using his past experience as a guide, he estimated that the following employees would work on Structures during the coming year; 1 Maintenance Aide, about 10% of his time; 1 Maintenance Aide, about 25%; 1 Maintenance Helper, about 25%; and 1 Laborer. The time of the Laborer was flexible. The housing manager found that if he expended 650 hours of the Laborer's time, the total hours would come to 2100 hours. The housing manager then entered this data in the supporting labor schedule and figured his labor costs rounding out the entries to the nearest ten. Dividing 2100 hours into the total labor cost of \$1800, he found his average hourly cost for structures came to 87¢ an hour.

2. The Quarterly Breakdown.

The manager knew from past experience that little work on roofs would be done during the winter. The same was true of foundations. He entered in Column 3-C an approximation of the number of hours to be expended quarterly. The fiscal year began in July and the work done on structures would be heaviest in the fourth quarter, or during the months of April, May, and June. The subtotal for the third quarter came to 360 man hours and for the fourth quarter, 660 man hours. Multiplying these hourly totals by the average hourly cost of 87¢ an hour, the quarterly labor costs were entered on Line 17. Dividing the materials cost equally, the quarterly materials cost (rounded out) was entered on Line 18. The total of Line 17 plus Line 18 gave the estimated quarterly expenditure for Structures. The total of the four quarters is equal to the total of Column 10.

3. Further Comment.

It is recognized that the hourly and quarterly breakdown is a rough estimate but for budgetary purposes, absolute accuracy concerning hours and wages is not required. The manager may express his costs in more exact figures, but estimates rounded off to the nearest ten are sufficient for this purpose.

- a. To compute the total annual hours worked, the normal work week may be multiplied by fifty two, and rounded off as follows:

<u>Regular Work Week</u>		<u>Rounded off for Budget Purposes</u>
40 hours times 52	= 2080	2100 hours
44 hours times 52	= 2288	2300 hours
48 hours times 52	= 2496	2500 hours

- b. Vacations need not be considered for budget justification purposes except insofar as additional employees are hired to substitute.
- c. Wages paid for annual or sick leave shall be included in the hourly rate.
- d. To compute the hourly rate divide the total hours into the total salary including overtime.

SUPPORTING SCHEDULE FOR SALARIES - SECTION 5

This section differs from the other expense sections which follow in that it provides space for listing not only employees in Account 4110 but also operating and maintenance employees. This total payroll listing will be useful both to the manager in planning his personnel requirements and to the budget reviewer.

A. Definition

4110 Project Office Salaries - includes the salaries of all persons engaged in the project office for performing functions such as: general management, supervision, tenant selection, rental and leasing, handling tenant complaints and service requests, collections, budgeting and accounting, reporting, personnel administration, stenographic and clerical services, and procurement. Also includes the salaries of project service

personnel when performing an administrative or advisory function, but not when performing direct or active leadership and participation in health education and recreation activities (see Account 4540). It does not include salaries of persons engaged in overall supervision of RM&R (see Account 4401).

B. Instructions

Line 1. Enter the caption "PROJECT OFFICE EMPLOYEES."

Column 1. Starting with Line 2, list all project office employees charged to Account 4110. On the next line, below the title of the last project office employee, enter the word "Subtotal" in Column 1 and the account number, 4110, in Column 7.

On the second line after the above "Subtotal" enter the caption "OPERATING AND MAINTENANCE EMPLOYEES". List under the caption all RM&R and public services employees, janitors, watchmen, maids, etc. On the next line below the title of the last operating and maintenance employee, enter the word "Subtotal" in Column 1.

Group together, wherever possible, employees of the same title, grade, salary and period of employment. (See line 6, Exhibit C for illustrations)

Column 2. Where the Federal classification system or a local classification scheme is used, indicate the grade of the employee.

Column 3. Enter the total annual salary of the employee including overtime.

Column 4. Enter the number of employees of the same title, grade, salary, and period who are grouped together.

Column 5. Enter the number of months the employee is expected to be on the payroll. A separate line should be used for each employee or group employed less than 12 months. (See line 15, Exhibit C for illustration).

Column 7. Enter the account number 4110 on the next line below the title of the last project office employee.

Enter the number of the account or accounts to which salaries are charged for each operating and maintenance employee. These notations provide a cross reference to the various supporting labor schedules and permit the manager and the budget reviewer to tie the twenty odd labor schedules into the total payroll listing.

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Where an employee who is not a central project office employee divides his time between two or more projects, the portion of his salary chargeable to this project should be entered in Column 6 and the balance written in Column 7 along with the project number or numbers to which that balance is charged. (See line 2, Exhibit C for illustration)

Where an increase in salary is contemplated for an employee during the budget period recrd as in Line 4 and 5. Column 4, line 5 is left blank to prevent counting the same employee twice. (See Exhibit C).

C. Illustrative Supporting Schedule for Salaries

The following Supporting Schedule for Salaries, Section 5, is a hypothetical example and does not represent the staffing pattern of any particular project now in operation. The illustration is given to demonstrate the method of completing Section 5 and to present several special problems which will confront the manager in recording personnel requirements.

EXHIBIT C

MANAGEMENT EXPENSE						
SECTION 5: SUPPORTING SCHEDULE FOR SALARIES						
1	2	3	4	5	6	7
TITLE	GRADE	ANNUAL SALARY	NO. EMP.	NO. OF MO.	TOTAL SALARY	DISTRIBUTION OF SALARY State Account Numbers to Which Salaries are Charged
1 PROJECT OFFICE EMPLOYEES						
2 Housing Manager	CAP-9	3828	1	12	1914	\$ 1914 to Project 78067 (50%)
3 Accountant	CAP-7	3163	1	12	3163	
4 Accounting Clk.	CAP-4	2190	1	6	1585)	
5	CAP-5	2433	-	6	1217)	
6 Clerk	CAP-3	1971	3	12	5913	
7 Clerk Typist	CAP-2	1752	1	12	1752	
8 Subtotal	XXX	XXX	7	XX	15,544	4110
9						
10 OPERATING AND MAINTENANCE EMPLOYEES						
11 Maint. Supt.	CPC-9	2798	1	12	2798	4401, 4520, 4530
12 Clerk Typist	CAP-2	1752	1	12	1752	4401
13 Maint. Aide	CPC-7	2482	1	12	2482	4420, 4430, 4481, 4520
14 Maint. Aide	CPC-6	2263	3	12	6789	4420, 4430, 4440, 4450, 4460, 4482, 4490
15 Maint. Aide	CPC-6	2263	1	3	565	4520
16 Maint. Helper	CPC-4	1825	1	12	1825	4420, 4430, 4490
17 Gardener	CPC-4	1825	1	12	1825	4410
18 Laborer	CPC-3	1620	4	12	6480	4210, 4220, 4410, 4420, 4440, 4450, 4460, 4490
19 Laborer	CPC-3	1620	1	6	810	4530
20 Guard	CPC-4	1825	4	12	1300	4510
21 Janitor	CPC-3	1620	2	12	3240	4210
22 Subtotal	XXX	XXX	20	XX	35,867	
23						
43						
44						
45 TOTAL PAY ROLL	XXXX	XXXX	27	XX	51,410	XXX

CENTRAL OFFICE SALARIES - SECTION 5

The discussion of Account 4120, Central Office Salaries, and the method of prorating such salary costs to the individual project will be found in Part D. The individual project should secure the annual budget amount for Account 4120 from the Central Project Office.

PRORATION OF CENTRAL OFFICE SALARIES TO INDIVIDUAL PROJECTS - SECTION 6.

See Part D, Chapter II.

LEGAL, FISCAL AND OTHER FEES - SECTION 9

A. Definition

4130 Legal, Fiscal and Other Fees - includes all fees for legal services, court costs, fiscal agent and other similar fees in connection with the administration of the project. It does not include costs of bond refunding or fiscal agent expense in connection therewith (see Account 6300).

In Section 9 the types of action under fiscal agent fees are listed. Fiscal agent fees are applicable only to Federally-aided projects.

Rate of Fiscal Fees - The current schedule of fiscal fees are as follows:

(1) For Registration of Bonds - 25¢ per \$1,000 face value of each bond registered with a maximum of \$1.00 for any one bond. (This is in effect an initial fee.)

(2) For Payment of Principal and Interest on Coupon Bonds. 1/5 of 1% of the amount paid for interest during the year with a minimum of \$5.00 for each coupon maturity, and 1/20 of 1% of the amount paid for principal during the year.

(3) For Payment of Principal and Interest on Registered Bonds. 1/10 of 1% of the amount paid for interest during the year and 1/20 of 1% of the amount paid for principal during the year.

(4) Reimbursement for Fees, if any, Charged by Alternate Paying Agent. The fiscal agent will be entitled to reimbursement for the fees, if any, charged to it by the alternate paying agent, but not to exceed 3½¢ for each coupon and 75¢ for each \$1,000 bond paid by the alternate paying agent.

(5) Annual Fee. In addition, an annual fee, when found necessary, will be approved. This fee must not exceed \$75 per year on total authorized bond issues of \$750,000 or less, and not more than \$100 per year on issues of more than \$750,000. It is noted that these are the maximum fees which will be approved and the maximum fee of \$75 applying to issues of \$750,000 or less should be reduced in proportion to the amount of the issue when less than \$750,000.

Attorney's fees will include (1) attendance at meetings; (2) preparation of contracts; (3) rent collections; (4) evictions; (5) other legal services. Legal fees should not exceed an amount computed on the basis of the following schedule:

<u>No. of Dwelling Units in Local Authority Program</u>	<u>Per Dwelling Unit Per Month</u>
100	15¢
400	12¢
1000	10¢
5000 plus	6¢

Where the number of dwelling units in a local authority program falls between two of the sizes of the programs stated in the foregoing table, the amount per dwelling unit per month shall be interpolated.

B. Instructions

Column 1. Lines 1 to 7 contain items for which a fiscal agent might charge fees.

Line 8. Enter additional item, if any.

Line 9. Enter flat rate if one has been agreed upon.

Line 10. Obtain from either Line 9 or the total of Lines 1 to 8.

Lines 11 to 14. Enter attorney's fees, court costs and other items of a legal or other fee nature. Note that the only column provided is Column 4.

Line 15. Add Lines 11 to 14.

Line 16. See Central Office Schedule.

Line 17. Total. Lines 10, 15 and 16.

Column 2. If fiscal agents' fees are not on a flat rate, list the amounts involved for items on Lines 1 through 7 for which expenditures are estimated during the coming period. Note: Column 2 does not extend beneath Line 8.

Column 3. If Column 2 is used, put the fee percent of the items estimated in Lines 1 through 7 in Column 3.

Column 4. Total fees.

C. Annual Budget Figure: Line 17, Column 4.

PRORATION OF LEGAL, FISCAL AND OTHER FEES - SECTION 11

See Chapter II, Part D.

OTHER PROJECT OFFICE EXPENSE - SECTION 7

A. Definition

4140 Other Project Office Expense - includes all items other than salaries involved in Management Expense of the project office such as: report and accounting forms, stationery and other office supplies, books, advertising, literature and pamphlets, postage and expressage, communication service, including messenger service, tenant investigation reports, armored car service, travel and gasoline, oil and other operating costs for management vehicles used for administrative purposes only (but not RM&R of same). Also includes Miscellaneous Overhead Expense as defined in Section 4166:1 of the Manual of Policy and Procedure for a local authority operating only one project.

The Supporting Schedule contains a series of items properly chargeable to Other Project Office Expense (4140) or to Other Central Office Expense (4150); cross out the one not applicable.

B. Check List

Line 1. Office Supplies and Materials. This refers to office supplies such as paper, pencils, pens, ink, blotters, etc.

Line 2. Printing. Printing is chargeable only on projects operated by local authorities.

Line 3. Messenger Service. This includes messenger service other than that performed by project employees on the regular pay roll.

Line 4. Telephone Service. This includes connections, lines and extensions, local and long distance calls, etc.

Line 5. Telegraph. This includes telegrams, night letters, etc.

Line 6. Postage. This includes postage, parcel post, registered mail and its insurance.

Line 7. Express, Drayage, Freight. This includes transportation costs of equipment, supplies, etc.

Line 8. Armored Car Service. This refers to hiring or contracting for armored car services to transport funds from the project to depositories.

Line 9. Travel Expense. This includes all travel by project employees to regional office, to Washington or to other projects on problems relating to project administration. It includes travel by railroad, public bus systems, airplane lines, steamships, etc. Also includes travel by privately owned vehicles for which the traveller is reimbursed at a fixed rate per mile.

Line 10. Administrative Vehicle Expense. This includes the cost of fuel, lubricants and other operating costs for vehicles used for administrative purposes. Total for this amount shall be taken from Section 8, Line 6, Column 6.

Line 11. Tenant Investigation. This includes all investigation services and reports on tenants and applicants for dwelling units.

Lines 12 to 21. Additional Items.

Line 22. Subtotal - Exclusive of Miscellaneous Overhead Expense.

Lines 23-24. Miscellaneous Overhead. Line 23 includes (1) annual reports, literature, exhibits and informational activities in connection with a local authority; (2) periodicals and books purchased; (3) meetings held in connection with the local authority's work; and (4) attendance at conventions and meetings by local authority members or employees (including travel to and from). Line 24 refers to dues and fees of the local housing authority for membership in organizations servicing the housing program. Miscellaneous Overhead is permissible only as an expenditure for local housing authorities. Dues and fees are chargeable

exclusively to FPFA-aided projects. Sub-items 1, 2, 3, and 4 of the above may be charged to both aided and federally owned projects managed by the local authority and shall be prorated among all the projects. Dues and fees shall be prorated exclusively to FPFA-aided projects. Both are subject to the limitations as follows (see Chapter 4166:1 - Manual of Policy and Procedure):

C. Schedule of Limitations.

The total amount of miscellaneous overhead expense must not exceed the following schedule:

<u>Number of Dwelling Units in Local Authority Program</u>	<u>Total Amount Per Year</u>
1,000 or less	\$2.00 per unit
1,001 to 3,000	\$2,000 plus \$1 for each unit over 1,000
3,001 to 5,000	\$4,000 plus \$.50 for each unit over 3,000
5,001 and over	\$5,000 plus \$.25 for each unit over 5,000 but not to exceed \$7,500

Where the number of dwelling units in a local authority program falls between two of the sizes of the programs stated in the foregoing table, the amount per dwelling unit per month shall be interpolated proportionately. Where more than one project is involved, the Miscellaneous Overhead Expense shall be included on the Central Project Office Budget in Part D.

D. Instructions

Column 1. Contains detailed items of expense.

Column 2. Enter total cost.

E. Annual Budget Figure. Line 25, Column 2.

If items are contracted for, enter "Contract" on the appropriate line and enter the cost in Column 2. Explain in the narrative.

ADMINISTRATIVE VEHICLE EXPENSE 1/ - SECTION 8.

A. Instructions

Column 1. List every piece of motorized vehicle equipment on the project used for administrative purposes. Identify the vehicle by make, type of body, thus, Ford-sedan, Chevrolet-truck, McCormick-mower, etc.

Column 2. Give the estimated annual mileage to be made by the vehicle.

1/ See Section 44 for vehicles other than administrative.

Column 3. Insert the cost of fuel (gasoline) expended for travel.

Column 4. Give the cost of lubricants, oil and grease expended.

Column 5. Give the cost of other operating expenses, such as garage space, if any, washing, cleaning, tuning up, motor overhauling, etc.

Column 6. Give the total cost (the sum of Columns 3, 4 and 5). Show total amount in Section 7, Line 10, Column 2.

OTHER CENTRAL OFFICE EXPENSE - SECTION 7.

The discussion of Account 4150, Other Central Office Expense, is found on page 31. The discussion of the method of prorating costs to the individual project is found in Chapter II, Part D. The individual project should secure the annual budget amount from the Central Office.

PRORATION OF OTHER CENTRAL OFFICE EXPENSE - SECTION 11.

See Part D, Chapter II.

OPERATING SERVICES
Account 4200

Operating Services - includes salaries and other items of expense incurred in performing janitorial, exterminating, and watchmen service. It does not include services supplied by the project in lieu of services normally supplied by local governments (see below and also Public Service Accounts in the 4500 category).

JANITORIAL - SECTION 12.

A. Definition

4210 Janitorial - includes the cost of all labor, supplies, material, and expendable equipment applicable to washing, cleaning, waxing, and polishing (excluding painting and decorating), and cleaning and snow removal from sidewalks (excluding clearing and removing snow from streets and roads, see Account 4520). Also includes rubbish and garbage collection and incinerator operation in apartments, group dwellings or in stations to which tenants bring refuse; but does not include collection of garbage and rubbish from pickup points, its removal from site, or operation of central incinerators (see Account 4530), nor any upkeep of grounds (Account 4410).

B. Instructions.

Description of Items in Column 1

Line 1. Office and Maintenance Space, (including all facilities attached thereto).

Line 2. Project Service Space, (including all facilities attached thereto).

Line 3. Lounge Room Space. Generally applicable only to dormitories.

Line 4. Halls and Stairwells. Usually applicable to apartment type buildings.

Line 5. Toilets and Wash Rooms. Applicable to trailers and dormitories where such facilities are provided for exclusive use of tenants.

Line 6. Laundries.

Line 7. Dwelling Units. Give the number of dwelling units which will need to be cleaned as a result of tenant turnover during the course of the year.

Line 8. Collection Stations. This refers to central collection stations for rubbish or garbage.

Line 9. Garbage Collection.

Line 10. Incinerator Operation. This refers to apartment and group dwelling incinerators. Indicate the number of central incinerators.

Line 11. Rubbish Collection. Refers to rubbish collection where separate from garbage collection.

Line 12. Snow Removal. Refers to cleaning and snow removal from sidewalks only.

Line 13 and 14. Additional Items.

Column 2. Compute areas in square feet or in number of units, where applicable.

Column 3. Give the estimated number of hours annually, which each of these items will require.

Column 4. Give the cost of labor in dollars, following the suggestions in Exhibit B.

Column 5. Indicate cost of janitorial supplies and materials which may be necessary. The various types of janitorial supplies and equipment which may be considered are: cleaning powder, disinfectants, polish, oil, rags, scouring cleanser, soap, toilet tissue, towel paper, wax, brooms, brushes (dust, scrub, toilet, wall), buckets (mop, scrub), dust pans, mops and mop heads, sponges, squeegees, and mop bucket with wringer attached. In estimating cost of supplies, take into consideration present inventory, so that the amount of this column reflects the amount expected to be used in the period. In dormitory operations, figure the Housekeeping Supplies (Account 4630) and Janitorial Supplies together and prorate on the basis of estimated use.

Column 6. Enter the total cost of labor and material for each item.

Line 15. Enter the sub-totals of columns 4, 5, and 6.

Note: One total figure may be entered for all janitorial supplies on Line 15, Sub-total, in Column 6, and the justification indicated in the narrative.

If any of the items listed in Column 1 are secured through contract, the word "Contract" should be entered on the appropriate line and the total cost entered in Column 6.

Line 16. Prorations. Where janitorial services are furnished completely or in part from a Central Project Office the cost of such service should be prorated to each project in ratio to the number of dwelling units. This proration should be included on Line 16.

Line 17. Total.

D. Annual Budget Figure: Line 17, Column 6.

E. Labor Schedule for Janitorial - Section 13.

See Instructions on Labor Schedule. (Page 22)

EXTERMINATING - SECTION 14.

A. Definition

4220 Extermination - includes the cost of all labor, supplies, material, expendable equipment, and contract costs in connection with the control of pests through the disinfecting of dwelling units and household effects. Costs of any fumigation or extermination for which charges are made to tenants are to be included in this account, but the charges to the tenants are to be credited to Account 3900.

Consider whether you wish to plan exterminating activities (1) on a routine schedule - so many units per period; (2) on the basis of estimated tenant requests, using last year's experience as a guide; or (3) as new families move in.

B. Instructions

Column 1. List dwelling units by size or type. List non-dwelling space by nature of space,

Column 2. Give number of units involved.

Column 3. (Self explanatory)

Column 4. (Self explanatory)

Column 5. Indicate the cost of materials.

Column 6, Give the total cost.

C. Annual Budget Amount - Line 5, Column 6.

Where contracts have been let for exterminating, write the word "Contract" and the total amount in Column 6.

D. Labor Schedule for Exterminating - Section 15

See Instruction on Labor Schedule.

WATCHMEN - SECTION 16.

A. Definition

4230 Watchmen - includes the salaries and other items of expense for watchmen or cost of similar services rendered by contract. It does not include the cost of police and fire protection service supplied by the project in lieu of services normally supplied by local governments (see Account 4510).

B. Instructions

Line 1 - 6. List title of watchmen or guards

Line 7. Where this line is not needed for listing a title, sub-total salary costs here.

Line 8. Give the cost of uniforms, badges and other items of expense in Column 6.

Column 1. Enter the title of project watchmen and guards.

Column 2. Enter the grade, if any.

Column 3. Give the number of employees.

Column 4. Give the annual salary.

Column 5. Indicate the estimated number of hours the watchmen's services will be required during the year.

Column 6. Give the total salaries or other expense.

C. Annual Budget Figure. Line 8, Column 6.

Where guard service is secured by contract, write the word "Contract" on the face of the Section and insert the amount in Column 6.

UTILITIES
Account 4300

Utilities - includes the cost of all dwelling and commercial utility services whether purchased from utility companies or produced by the project. It includes the cost of utility services supplied by the project to dwelling tenants, non-dwelling lessees, or cafeteria operators, either pursuant to contract or lease, or on a reimbursable basis. It does not include services supplied by the project in lieu of services normally supplied by local governments (see below and also Public Service Accounts in the 4500 category). It does not include costs of RM&R for any utility systems except water or electric plants (see Accounts in the 4400 category).

WATER - SECTION 17.

A. Definition

4310 Water - includes the cost of water for all purposes purchased from either private or municipal water plants, but does not include hydrant rentals (see Account 4510). Also includes costs of meter readings. Also includes all costs of labor, material, supplies, and expendable equipment for the operation and RM&R of water supply or treatment plants operated by the project. No charge is to be made to this account for water supplied by a municipality in return for Payments in Lieu of Taxes and not charged separately.

B. Instructions

This chart has been prepared for estimating expenditures for water.

In the caption line indicate in the space provided whether the unit of measurement is gallons or cubic feet.

Columns 2-18 have been provided for a monthly, quarterly and annual analysis.

Line 1. Enter the names of the months in order, beginning with the first month of the fiscal year.

Line 2. Where monthly consumption records are available enter the number of gallons or cubic feet of water used monthly last year.

Line 3. Enter the number of gallons or cubic feet estimated for the coming year. In making this estimate consideration must be given to changing requirements due to increases or decreases in number of dwelling units estimated to be occupied during the year. Consideration must be given also to increased or decreased demand due to changes in facilities to which water is supplied.

Line 4. Enter the monthly rate. If rate is same for each month or quarter this may be shown in Columns 5, 9, 13, 17 and 18.

Line 5. Enter sub-totals.

Line 6. Enter metering costs, if any, per quarter.

Line 7. Enter costs including the RM&R on project-owned distribution lines and water plant. Where the water supply is project-owned and operated, the costs of labor, material, supplies, and expendable equipment for the operation and RM&R -- should be indicated in detail in the narrative.

In reporting on water treatment plants the narrative should indicate

1. The type of filtration, whether (a) slow sand or (b) rapid sand and whether through gravity or pressure.
2. The softening process, whether (a) Lime-soda or (b) Zeolite.
3. The method of iron or manganese removal, whether (a) oxidization followed by (1) filtration, (2) contact bed, (3) coagulation; (b) Zeolite, (c) coagulation, (d) lime-enclosed system.
4. The nature of disinfection, whether chlorine or chlorine compound.

In each case give the name of the type of equipment used to apply agents and the average daily dose in pounds.

Indicate the daily operating period and the normal daily capacity.

Indicate, too, the number and capacity of booster pump stations, if any.

Line 8. Enter totals.

Line 9. Indicate the number of master meters and the number of dwelling unit meters on the project, and whether the readings are taken monthly or quarterly.

C. Annual Budget Figure. Line 8, Column 18.

D. Labor Schedule for Utilities. - Section 21

See Instruction on Labor Schedule.

ELECTRICITY - SECTION 18.

A. Definition

4320 Electricity - includes the cost of electricity for all purposes, except for heating (see Account 4340), for street lighting (see Account 4520) and for pumping sewage (see Account 4530). Also includes costs of meter readings. Where projects generate their own electricity, also includes all costs of labor, fuel, materials, supplies, and expendable equipment for the operation and R&R of generating plant.

B. Instructions

On the caption line of Section 18, check whether electricity is used for lighting, refrigeration, cooking, and/or hot air blowers. For the rest, use the instructions for Section 17. Where projects generate their own electricity, explain the costs of the generating plant in the narrative.

GAS - SECTION 19.

A. Definitions

4330 Gas - includes the cost of gas for all purposes including costs of meter readings and excepting heating (see Account 4340).

B. Instructions

On the caption line of Section 19, check whether the gas is used for cooking, refrigeration, water heating, and/or space heating. Otherwise, follow the instructions for Section 17. Where projects manufacture their own gas, explain the costs in the narrative.

HEATING - SECTION 20

A. Definitions

4340 Heating - includes the cost of all heating of space and water supplied by the project from central or group plants; also includes the cost of coal, gas, electricity, or other heating fuel supplied as part of rent by the project to tenants for heating of space or water in individual dwelling units. This account includes

labor, fuel, steam purchased, supplies, and expendable equipment. Includes also the cost of ash removal from central or group plants to point of pickup, but excludes removal from site (see Account 4530).

B. Instructions

In the caption line of Section 20, check the number of cubic feet of dwelling space to be heated and the number of cubic feet of other space to be heated. Indicate whether the fuel used is coal, oil, electricity, or gas.

Line 1. Indicate the number of units of fuel used monthly, quarterly, and annually, tons of coal, gallons of oil, KWH of electricity, cubic feet of gas.

Line 2. Indicate the number of units of fuel estimated to be used this year.

Line 3. Give the average rate per month, per fuel unit.

Line 4. Give the cost of fuel. This may be shown quarterly.

Line 5. Estimate the man-hours of labor required to operate the heating plant.

Line 6. Translate the man-hours into labor cost.

Line 7. Give the dollar cost of supplies other than fuel.

Line 8. Subtotal the items in Lines 4, 6 and 7.

Line 9. Include such other costs as ash removal from central or group plants.

Line 10. Total of Lines 8 and 9.

C. Annual Budget Figure. Line 10, Column 8.

D. Labor Schedule for Utilities - Section 21.

See Instruction on Labor Schedule.

SUNDRY UTILITIES - SECTION 22

A. Definition

4390 Sundry Utilities - Includes the cost of ice supplied by the project.

B. Instructions

Column 1. Indicate the item.

Column 2. Give the total number of units computed in short tons (2000 pounds).

Column 3. Indicate the number of hours of project labor involved in furnishing, obtaining and delivering the ice.

Column 4. Indicate the labor cost involved.

Column 5. Indicate such additional material as may be directly related to the furnishing of this utility.

C. Annual Budget Figure. Line 6, Column 6.

D. Labor for Sundry Utilities - Section 21

See Instruction on Labor Schedule.

REPAIRS MAINTENANCE AND REPLACEMENTS
Account 4400

Repairs, Maintenance, and Replacements - includes all costs of labor, supplies, materials, expendable equipment and contract costs for Repairs, Maintenance and Replacements in connection with site improvements, structures, and all fixed or movable equipment, subject to the exceptions noted below under the specific RM&R accounts.

It includes the cost of any RM&R which may be supplied by the project to non-dwelling lessees or cafeteria operators either pursuant to contract or lease, or on a reimbursable basis. This account does not include the cost of Operating Improvements for a project including its fixed or movable equipment, nor, in the case of a replacement which constitutes a betterment, the differences between the cost of such replacement and the estimated cost of a replacement equivalent to the original (see Account 7200). Replacements of an old object by a new one of equal quality, shall be charged to RM&R, even though the cost of the new object exceeds that of the old. In the case of local authority operated projects, charges to tenants for breakage, damage and key replacements are to be credited to this account (for Federally-operated projects, see Account 3900).

RM&R SUPERVISION - SECTION 23

A. Definition

4401 RM&R Supervision - includes the salaries of all persons engaged in the overall supervision of maintenance activities and in the operation of a maintenance storeroom.

In most cases the total salary of the top maintenance employee plus the salaries of the supervisory maintenance superintendents are proper charges to this account. Where, however, the top maintenance employees perform work directly in any of the accounts which is of a journeyman rather than a supervisory nature, this work is to be charged to the individual account and not to Account 4401. On small projects, it is expected that only a portion of the maintenance superintendent's salary will be charged to Account 4401. The salaries of any clerical or secretarial employees who are regularly assigned to assist the maintenance superintendent are proper charges to this account.

B. Instructions

Column 1. Enter the title of the employee.

Column 2. Enter the grade, if any.

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Column 3. Enter the number of employees of the same title, grade, and salary.

Column 4. Enter the annual salary including overtime.

Column 5-8. Enter the quarterly man-hour estimates. The total of Column 5, 6, 7 and 8 is equal to Column 9. (See page 24 for the discussion of the quarterly breakdown).

Column 9. Enter the total number of man-hours for each employee.

Column 10. Enter the total salary for the line. Where only one employee is listed on a line, the entry will be the same as Column 4. Where more than one employee is listed on a line, the total will be the product of Column 3 times Column 4.

Line 9. Enter the totals of Columns 5-10.

Line 10. Enter the quarterly labor cost. (See page 24 for a discussion of the quarterly breakdown).

Line 11. Enter the quarterly proration of Central Office RM&R Supervision expense. (See page 84 for a discussion of Central Office prorations).

Line 12. Enter the totals quarterly and the total salary in Column 10.

C. Annual Budget Figure. Line 12, Column 10.

GROUNDS - SECTION 24

A. Definition

4410 Grounds - includes all costs of RM&R for lawns, planted areas, shrubs, trees, etc., fences, spraypools, flag poles, and surfaced areas such as recreation areas, walks, parking spaces, and individual driveways. It does not include RM&R for streets, roads, public driveways, and alleys (including curbs and gutters) which are normally maintained by local governments (see Account 4520).

List the various functions needed for Grounds during the coming year in accordance with work plan contemplated. Then estimate the costs of those functions in accordance with the method laid out in Exhibit B1 and B2.

The following check list suggests various items which might be considered. It is not an exhaustive list; add other items as needed and delete items which are not relevant.

B. Check List

1. Lawns and Planting. (a) mowing, (b) clipping and edging, (c) watering, (d) cultivating and weeding, (e) pruning, (f) fertilizing, (g) insect control, (h) lawn rehabilitation, (i) planting and transplanting, (j) protection, (k) erosion control, (l) allotment gardens.

2. Surfaced Areas. (a) resurfacing, (b) surface binder, (c) paving.

3. Appurtenances. (a) fences and rails, (b) clothes posts, (c) benches, (d) flag poles, etc.

Lawn rehabilitation includes scarifying, raking, rolling, top dressing, seeding and sodding.

Protection includes erection and maintenance of barriers or fencing to protect lawns and planting; also repairs to tree guards.

Erosion controls and repairs includes repairing washouts, bank planting, or mulching, etc., to control or prevent erosion.

Allotment gardens includes plowing, harrowing, etc., of areas for tenant gardens.

Resurfacing includes full resurfacing, patching or repairing of all surfaced areas whether (a) bituminous, (b) water bond or (c) gravel and dirt not covered by paving. It covers regrading or shaping of dirt and gravel roads. The type of surface binder should be indicated in the narrative - whether it be (a) oil, (b) calcium chloride, or (c) other.

Paving includes drives, walks, gutters, curbs, walls, spraypools, parking, sitting and play areas of concrete, brick, paving block or similar materials. Where the installation of new surfaced areas of any type is involved, give the type and use - as "concrete walks" or "bituminous paving in drying yards."

C. Instructions

Column 1. Enter items to be done.

Column 2. Indicate the number or area in square feet.

Column 3-6. Enter the estimated number of hours of labor for each quarter.

Column 7. Enter the total number of hours for the year.

Column 8. Enter the total labor cost involved.

Column 9. Enter the total estimated materials cost.

Column 10. Enter the sum of Columns 8 and 9.

Line 16. Enter the sub-totals of Columns 3-9.

Line 17. Enter the total labor costs in Columns 3-6 and 10.

Line 18. Prorate the materials cost from Column 9 into Columns 3, 4, 5, and 6. Make your prorations equally among the quarters except where seasonal variations require a more accurate or different proration.

Line 19. Enter the proration of central office expenses, if any, by quarters.

Line 20. Enter the sum of the totals of the preceding three lines.

In Columns 3, 4, 5, and 6 and in Column 10 on this line enter the grand total.

D. Budget Figure - Line 20, Col. 3, 4, 5, 6 and 10.

E. Labor Schedule for Grounds - Section 25

See Instruction on Labor Schedule.

STRUCTURES - SECTION 27

A. Definition

4420 Structures - includes all costs of FM&R in connection with all structural work including carpentry, wood and asphalt tile floors, roofing and sheet metal, tile work, caulking and waterproofing, lathing and plastering, glazing, and screens.

B. Check List

Structures. (a) outside walls, (b) foundations, (c) doors and windows, (d) glass, (e) weatherstripping, (f) screen, (g) flooring and stairs, (h) porches and steps, (i) hand rails, (j) gutter spouts, (k) hardware, (l) cabinets, (m) roofs and (n) miscellaneous carpentry.

C. Instructions

For the use of Section 27, follow the Instructions in Section 24.

D. Labor Schedule for Structures - Section 26

See Instructions on Labor Schedule.

PAINTING AND DECORATING - SECTION 28

A. Definition

4430 Painting and Decorating - includes all costs of RM&R in connection with exterior and interior painting and decorating, washing and cleaning painted surfaces, plaster patching, paper hanging, floor refinishing, shade and curtain rods, painting radiators, exposed plumbing, and heating pipes and equipment.

B. Check List:

1. Exterior Painting. (a) Outside walls (masonry, wood, or composition), (b) steel windows, (c) wood windows and doors, (d) screens, (e) ornamental metal, (f) outside trim, etc.

2. Interior Painting. (a) ceilings, (b) walls, (c) floors, (d) radiators, (e) exposed piping or equipment, (f) shades and curtain rods, etc.

C. Instructions

Consider the number of units scheduled to be painted and the estimated turnover.

Where tenant maintenance is in effect, so indicate, and consider only the cost of materials and of supervision.

Where painting is under contract write the word "Contract" and give the total amount estimated for contract painting on Line 11. Fill in the part of Section 28 captioned "Contract Painting".

For instructions in the use of Section 28, follow Exhibit B1 and B2 except for Lines 12-16. Columns 9 and 10 have been provided for indicating Paint as an item distinct from other Materials Cost. The following additional instructions therefore apply:

Column 9. Indicate the number of gallons of paint estimated as needed by the items listed in Column 1.

Column 10. Indicate the average cost per gallon of paint.

Line 12. Enter the sub-totals of hours and costs for Columns 3-12.

Line 13. Distribute the labor cost from Column 8 in Columns 3, 4, 5 and 6 on a quarterly basis in proportion to the hourly requirements for each quarter. Put the sum total in Column 12.

Line 14. Distribute the combined costs of paints and other materials (Columns 10 and 11) in Columns 3, 4, 5 and 6. Put the sum total in Column 12.

Line 15. Enter the total Proration of Central Office expenses for Painting and Decorating in Column 12 and distribute on a quarterly basis in Columns 3, 4, 5 and 6.

Line 16. Total Columns 3, 4, 5, 6 and 12.

D. Budget Figure. Line 16, Columns 3, 4, 5, 6 and 12.

E. Labor Schedule for Painting and Decorating - Section 29.

See Instruction on Labor Schedule.

F. Contract Painting. - Section 23A.

Summarize in this portion of the form the facts for interior painting in Column 2, the exterior painting in Column 3, and the total cost in Column 4.

Line 1. Give the number of units to be painted or decorated.

Line 2. Give the average cost per unit.

Line 3. Give the total cost of materials for interior painting in Column 2. Give the entire cost of exterior painting materials in Column 3.

Line 4. Indicate the number of coats of paint contracted for.

Line 5. Enter the total cost of contracted painting.

PLUMBING AND GAS SYSTEM - SECTION 30

A. Definition

4440 Plumbing and Gas System - includes all costs of RM&R in connection with hot and cold water system including lines, tanks, meters, pumps, motors and controls; plumbing fixtures; gas piping, valves and meters; and drainage and sewerage systems inside of structures including lateral connections only. It does not include RM&R on water plants (see Account 4310) or on main sewers and on sewage disposal plants (see Account 4530).

B. Check List

1. Water System. (a) water closets, including tanks, seats and flush valves, (b) lavatories, (c) sinks and trays, (d) showers, etc.

2. Sewage System. (a) traps, (b) vents, (c) cleanouts, (d) wastes, (e) piping, etc.

3. Water Heaters. (a) coal; (b) electric, (c) gas; or (d) kerosene.

4. Gas tank containers, where liquefied gas is purchased.

5. Pipe covering and insulation.

C. Instructions

See Instructions in Section 24. Realign Lines 16-20 to conform to Lines 10-14 in this Section.

D. Labor Schedule for Plumbing and Gas System - Section 31

See Instructions on Labor Schedule.

ELECTRICAL SYSTEM - SECTION 33

A. Definition

4450 Electrical System - includes all costs of RM&R in connection with transformers, exterior distribution lines and equipment, interior wiring, meters, fixtures, lamps

and fuses. It does not include R&R on electric generating plants (see Account 4320), or on street lighting systems, fire alarm and communication systems, and electric installations at sewage disposal plants (see Accounts in 4500 category).

B. Check List

1. Exterior Distribution. (a) poles, (b) wires, (c) insulators, (d) service lines, (e) distribution panels, (f) circuit wiring, etc.

Indicate whether the exterior distribution system is over head or under ground.

2. Interior Distribution. (a) panel boxes, (b) fuses, (c) outlet boxes, (d) interior wiring, (e) switches, (f) fixtures, (g) convenience outlets, (h) globes, (i) lamps, etc.

C. Instructions

See Instructions in Section 24. Realign Lines 16-20 to conform to Lines 12-16 in this Section.

D. Labor Schedule on Electrical System - Section 22

See Instructions on Labor Schedule.

HEATING SYSTEM - SECTION 24

A. Definition

4460 Heating System - includes all costs of labor in connection with central heating plant including boilers, firing equipment, furnace, fans and pumps; distribution system including mains, valves, pipes, ducts, meters and automatic controls; radiation including radiators, radiator valves, traps and grilles; individual or group furnaces including valves, motors, fans and controls; stoves when used for space heating; and ventilating equipment and controls.

B. Check List

1. Heating Plant. (a) boilers, (b) space heaters, (c) stoves, (d) individual furnaces, (e) group furnaces, (f) firing equipment, (g) ventilating equipment and controls, (h) fans, (i) pumps, (j) grates and ash removal equipment, etc.

2. Heating Distribution System. (a) mains, (b) valves, (c) pipes, (d) ducts, (e) meters, (f) automatic controls, etc.

3. Pipe Covering and Insulation.

C. Instruction

See Instructions in Section 24. Realign Lines 16-20 to conform to Lines 11-15 in this Section.

Additional space is provided for information relative to heating systems at the bottom of the chart. Fill in items appropriate to the project.

Line 16. Give the number of boiler plants in the project.

Line 17. Give the average number of boilers per plant.

Line 18. Give the number of horsepower per boiler. If the boilers vary in horsepower, give the average horsepower.

Line 19. Give the average number of dwelling units served per plant.

Line 20. Give the average number of buildings served per plant.

Lines 22-28. Indicate the number of space heaters used which are fired by gas, oil and coal (Line 24). Indicate the type of heating system by checking whether hot water, forced air, steam or space.

RANGES - SECTION 36.

A. Definition.

4481 Ranges - includes all costs of RMR in connection with coal, oil, gas or electric stoves or ranges used wholly or in part for cooking, including the washing and cleaning of such ranges.

B. Check List

1. Ranges or Stoves. (a) coal, (b) electric, (c) gas, (d) kerosene.

2. Range Parts. (a) burner and coils, (b) door and hinges, (c) grids, (d) oven controls, (e) shelves, (f) broilers, (g) pilot light, (h) fire box, (i) lining, (j) shakers, (k) cleaning and adjusting, (l) smokepipes, (m) dampers, etc.

C. Instructions

In the caption line, check whether the ranges are coal, electric, gas or kerosene.

Column 1. Enter items. An "Rep" should be placed after items which are replacements of complete units. (Lines 1-11)

Column 2. Enter number of items estimated as necessary.

Column 3. Enter the number of man-hours of labor involved in repairing, maintaining or replacing the item listed.

Column 4. Enter the cost of labor estimated in Column 3.

Column 5. Enter cost of material and/or items listed.

Column 6. Enter totals of Columns 4 and 5.

Line 9. Enter sub-totals of Columns 3, 4, 5 and 6.

Line 10. Enter the proration of Central Office Expense for ranges, if any, in Column 6.

Line 11. Enter the total of lines 12 and 13 in Column 6.

D. Annual Budget Figure. Line 11, Column 6.

E. Labor Schedule for Ranges - Section 37.

See Instructions on Labor Schedule.

REFRIGERATORS - SECTION 39

A. Definition

4432 Refrigerators - includes all costs of RR&R in connection with mechanical refrigerators or ice boxes, including the washing and cleaning of refrigerators.

B. Check List:

1. Refrigerators. (a) condensers, (b) motor units, (c) thermostats, (d) shelving, (e) door strikes, (f) water pans, (g) pipes, (h) gaskets, (i) ice cube trays, (j) refrigerator table tops, (k) cleaning and adjusting refrigerators, etc.

C. Instructions

See Instructions for Ranges.

D. Labor Schedule for Refrigerators - Section 38

See Instruction on Labor Schedule.

DWELLING FURNITURE - SECTION 40

A. Definition

4483 Dwelling Furniture and Furnishings - includes all costs of RM&F in connection with all dwelling furniture and furnishings supplied by the project (either on a separate rental basis or included in rent as in dormitories) including such items as beds, mattresses, pillows, tables, dressers and chairs. It does not include repairs, laundry or replacements of bed linens, blankets, or towels (see Account 4620).

B. Check List:

1. Dwelling Furniture and Furnishings. (a) beds, (b) springs, (c) mattresses, (d) pillows, (e) chest, (f) chiffo-desk, (g) mirror, (h) box spring on legs, (i) occasional chair, (j) dinette table, (k) dinette chairs, (l) waste basket, (m) ash trays.

C. Instructions

See the Instructions for Ranges.

D. Labor Schedule for Dwelling Furniture and Furnishings - Section 41

See Instruction on Labor Schedule.

OTHER EQUIPMENT - SECTION 42

A. Definition

4490 Other Equipment - includes all costs of RM&F in connection with all other movable equipment except equipment specifically used for Public Services (see Accounts in 4500 category).
Includes RM&F on:

- Management furniture and equipment (desks, accounting machines, typewriters, etc.)
- Operating service equipment (garbage and trash cans, floor waxing machines, etc.)
- Maintenance and repair equipment (tools, ladders, lawn mowers, joiners, paint spraying machines, threaders, etc.)
- Motor vehicles, including gasoline, oil and other operating costs; excluding, however, all charges in connection with Public Service vehicles (see Accounts in 4500 category), and also excluding gasoline, oil and other operating costs for management vehicles used for administrative purposes only (see Account 4440).
- Laundry equipment (washing machines, ironers, driers, etc.)
- Fire and air-raid equipment in buildings (fire hose, fire extinguishers, buckets, blackout curtains, etc.) but not equipment for a fire department (see Account 4510).

The R&M of equipment in commercial spaces and cafeterias is generally the responsibility of the lessees or operators. In cases where a Federally-operated project furnishes any such R&M the cost shall be included here, and charge made to lessee or operator through Account 3900. In the case of a local authority operated project, the credit resulting from a charge to a lessee or operator shall be made to this account.

B. Instructions

See Instructions for Ranges except that the sum total of expenditures for motor vehicles which properly belong in this account should be taken from the Schedule of Motorized Vehicle Equipment, Section 44.

C. Annual Budget Figure. Line 16, Column 6.

D. Labor Schedule for Other Equipment - Section 43

See Instructions on Labor Schedule.

SCHEDULE OF MOTORIZED VEHICLE EQUIPMENT - SECTION 44.

A. Instructions

Column 1. List every piece of motorized vehicle equipment on the project. Identify the vehicle by make and type of body, thus, Ford-sedan, Chevrolet-truck, McCormick-mower, etc.

Column 2. Give the estimated annual mileage or estimated number of hours of operation. In computing the estimated mileage, consider distances between points normally traversed and number of times the passage will be required during the course of the year.

Column 3. Insert the cost of fuel (gasoline) except for administrative vehicles, see Section 8.

Column 4. Give the cost of lubricants (oil and grease) except for administrative vehicles, see Section 8.

Column 5. Give the cost of replacement of tires and tubes. Also the cost of repairing and vulcanizing.

Column 6. Give the cost of estimated repairs, tuning up and overhauling.

Column 7. Give the cost of miscellaneous expenditures, such as the cost of garage space, if any; washing, cleaning, etc. except for administrative vehicles, see Section 8.

Column 8. Give the total cost (the sum of Columns 3 to 7).

Column 9. Compute the cost per mile (or per hour of operation) by dividing Column 8 by Column 2.

Where a vehicle is used for more than one account, indicate the distribution by putting the account number in Column 10 and the amount prorated in Column 11. Amounts may need to be prorated between Accounts 4490, 4510, 4520, 4530 and 4540. Where such is the case, use as many lines as needed for each vehicle described in Column 1. Transfer all costs for operation and maintenance of motor vehicle equipment listed in this Section to the appropriate Sections 42, 45, 48, 49 and 52.

PUBLIC SERVICES
Account 4500

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Public Services - includes all costs of salaries, labor, supplies, materials, expendable equipment and contract costs incurred by the project in performing functions normally provided to property owners by a municipality or other local governmental unit without any charge other than real property taxes. Includes RM&R on equipment specifically used for Public Services; but does not include any RM&R of structures, nor any utilities except those specifically indicated hereunder.

PUBLIC SAFETY - SECTION 45

A. Definition

4510 Public Safety - includes all costs incurred by the project in the operation of police and fire services; including personal services, uniforms, badges, firearms, hydrant rentals, and operation and RM&R for fire alarm and communication systems, squad cars, fire trucks, and other police and fire equipment.

B. Check List:

1. Fire Safety Equipment. (a) exterior fire alarm system; (b) tools and equipment - ladders, ladder straps, axes, pike poles, belts, hydrant wrenches, hose, nozzles, hose carts, gaskets, first aid kits, fire extinguishers, rechargers for extinguishers, salvage covers, battery charge, lighting and signaling equipment, sirens; (c) fire trucks; (d) firemans' uniforms - helmets, waterproof suits, gas masks, boots, etc.

2. Police Services. (a) patrol cars, (b) police officers' uniforms and equipment, (c) two-way radio, etc.

C. Instructions

Column 1. Enter items in Lines 1-15.

Column 2. Enter area or number.

Columns 3-6. Enter estimated number of hours for the 1st, 2nd, 3rd and 4th quarters.

Column 7. Enter total hours.

Column 8. Enter cost of labor.

Column 9. Enter material cost.

Column 10. Enter total cost of each item listed.

Line 16. Subtotal.

Line 17. Labor Cost. Distribute the Labor cost from Column 7, Line 16 in Columns 3 to 6.

Line 18. Distribute the total material cost from Column 9, Line 16, on quarterly basis in Columns 3 to 6.

Line 19. Proration - see Central Office Schedule, Section 6. The central project office will furnish this information if any proration is applicable.

Line 20. Total.

D. Budget Figure. Line 16, Column 3, 4, 5, 6 and 10.

E. Labor Schedule for Public Safety - Section 46.

See Instruction on Labor Schedule.

STREETS AND ROADS - SECTION 48

A. Definition

4520 Streets and Roads - includes all costs incurred by the project in the operation of streets, roads, public driveways and alleys (including curbs and gutters) and street lighting systems, including RM&R, cleaning, flushing, and removing snow from streets, road marking, street identification, electricity for street lighting, and operating and RM&R of all vehicles and equipment used in these functions.

B. Check List:

(1) street clean & flush, (2) snow removal from street or road, (3) street signs, (4) road marking, (5) curbs & gutters, (6) street repair, (7) vehicle Exp., (8) street lighting, (9) energy, (10) globes, (11) lamps, etc.

C. Instructions. See Instructions on Public Safety.

D. Labor Schedule for Streets and Roads - Section 48

See Instructions on Labor Schedule.

SANITATION AND WASTE REMOVAL - SECTION 49

A. Definition

4530 Sanitation and Waste Removal - includes all costs incurred by the project in the operation and PM&R of the sewer system including main sewers, catch basins, manholes, booster stations, drainage canals and ditches, etc., and of any sewage treatment and disposal plants including electricity for such plants; the collection of garbage, rubbish and ashes from pickup points, removal from site and disposal by central incineration or otherwise; and operation and PM&R of all vehicles and equipment used in these functions.

B. Check List:

1. Mosquito Control. (a) drainage canals or ditches, (b) oiling, (c) larvacidal work.
2. Sewer Systems.
3. Sewage Disposal Plant.
4. Refuse Removal from Site and Disposal. (a) ashes, (b) garbage, (c) trash.
5. Vehicle Expense.
6. Other Equipment and Supplies. (a) mains, (b) manholes, (c) cess pools, (d) septic tanks, (e) booster stations, etc.

C. Instructions. See Instructions on Public Safety.

D. Labor Schedule for Sanitation and Waste Removal - Section 50.

See Instructions on Labor Schedule.

HEALTH, EDUCATION AND RECREATION - SECTION 52

A. Definition

4540 Health, Education and Recreation - includes all costs incurred by the project in the operation of health programs including health, education, clinics, health centers, infirmaries, etc.; child care and similar welfare services; education and civic activities; recreation, including playgrounds, community centers; and operation and R&R of all equipment used in these functions. Also includes the salaries of all project service personnel when performing direct or active leadership and participation in these activities but not the salaries of project service personnel when performing an administrative function only (see Account 4110).

Infirmaries are provided primarily for dormitory and dormitory apartment tenants and are operated by the United States Public Health Service on a contractual basis. The FPHA reimburses the USPHS for the nursing and supervisory staff charged to the infirmary. The size of staff is determined jointly by the FPHA and USPHS on the basis of the bed count and local needs. The determination as to the estimated operating costs shall be worked out with the cooperation of the nurse in charge of the infirmary. See Circular 10/20/43 entitled "Budgetary Operating Expense for Infirmaries".

B. Check List

1. Clinic Fixture and Furnishings.
2. Infirmary Equipment.
3. Outdoor Space Equipment.
4. Tenant Activities Building Equipment including Child Care, Social Rooms, Lobbies, Game Rooms, Library, Kitchen, etc.

C. Instructions

See Instructions on Public Safety.

D. Labor Schedule for Health, Education and Recreation - Section 51

See Instructions on Labor Schedule.

HOUSEKEEPING SERVICES
Account 4600

Housekeeping Services - includes all costs of labor, supplies, materials, expendable equipment and contract costs incurred by the project in performing the housekeeping or so-called hotel services on dormitory projects and on dwellings for couples, formerly known as dormitory apartments.

MAID SERVICE - SECTION 53

A. Definition

461) Maid Service - includes the salaries and uniforms for maids in performing housekeeping functions.

B. Instructions

Column 1. Enter the title of the employee.

Column 2. Enter the grade, if any.

Column 3. Enter the number of maids of the same title, grade, and salary.

Column 4. Enter the annual salary including overtime.

Column 5. Enter the total number of hours for each maid.

Column 6. Enter the total salary for the line. Where only one employee is listed on a line, the entry will be the same as Column 4. Where more than one employee is listed on a line, the total will be the product of Column 3 times Column 4.

Line 12. Enter the subtotal of Columns 3, 5 and 6.

Line 13. Enter the cost of uniforms, if any.

Line 14. Enter the cost of laundering uniforms, if any.

Line 15. Enter the total.

C. Annual Budget Figure - Line 15, Column 6.

LINEN SERVICE - SECTION 54

A. Definition

4620 Linen Service - includes the cost of laundering, repairing, and replacing bed linens, blankets, and towels; but does not include first cost of these items. If linen is supplied under laundering of the linen, include the whole cost under this item. Do not include linen service in connection with infirmaries, day nurseries, etc. (See Account 4540).

B. Check List:

Sheets, pillow cases, towels (hand or bath), blankets, mattress pads, shower sheets, etc.

C. Instructions

Column 1. Enter additional items, if any in Lines 8-13.

Columns 2, 3 and 4 relate to Replacements and Repairs.

Column 2. Enter the estimated number of replacements of each item.

Column 3. Enter the unit cost. Estimate repairs on the basis of past experience.

Column 4. Enter the total cost of replacements.

Columns 5, 6 and 7 relate to laundry costs.

Column 5. Indicate the estimated number of times the sheets will need to be laundered during the year.

Column 6. Enter the cost per item.

Column 7. Enter the total cost of laundry.

Line 14. Enter the subtotal of Columns 4 and 7.

Line 15. Enter the total in Column 7.

Note: Laundry cost may depend upon the number of pounds of laundry and the cost may be per pound or according to a schedule of rates. Laundry costs may also be contracted for. In any case, indicate the manner of computation.

D. Annual Budget Figure - Line 15, Column 7.

HOUSEKEEPING SUPPLIES - SECTION 55

A. Definition

4630 Housekeeping Supplies - includes all supplies (except linens and blankets) necessary for housekeeping functions such as: soaps, paper towels, dust cloths, mops, toilet paper, brooms, pails and other expendable equipment.

B. Check List:

Cleaning powder, saddle soap, scouring cleanser, toilet tissue, cloths (scrubbing and dusting), furniture polish, wax, disinfectants (bathroom) and insecticides, scrub buckets (pails), mop buckets with wringer, mops (dry, wet), mop heads, mop handles, brooms, brushes (scrub, wall, dust and toilet), dust pans, step ladders, trash receptacle, etc.

C. Instructions: See Instructions on Janitorial.

D. Annual Budget Figure. Line 7, Column 2.

FIXED EXPENSE
 Account 4700

Fixed Expenses - includes fixed expenses such as insurance, land rentals, sundry interest, and sundry taxes.

INSURANCE - SECTION 10

A. Definition

4710 Insurance - includes the total amount of premiums accrued for the period for all forms of insurance such as: fire and extended coverage, war damage, boiler, elevator, automobile, owners' and landlords' public liability, workers' compensation, burglary and theft, and fidelity bonds.

This account is not used on Federally-operated war housing. For the Federally-operated PWA Housing Division projects data for estimating the insurance expense can be secured from the regional office. This section therefore applies to local housing authority operations and the following chart shows the types of coverages required for each of the categories of projects.

	<u>War Housing</u> Contract of <u>Agency</u>	<u>Leased</u>	<u>PWA</u> <u>Leased</u>	<u>FPHA</u> <u>Aided</u>
Fire & Extended Coverage	-	-	Yes	Yes
War Damage	-	-	-	Yes
Workmen's Compensation	Yes	Yes	Yes	Yes
Owners' Landlords' & Tenants' - Public Liability	Yes	Yes	Yes	Yes
Automobile Liability	-	Yes	Yes	Yes
Automobile, Employee's Non- Ownership	-	Yes	Yes	Yes
Boiler	-	-	Yes	Yes
Burglary	-	Yes	Yes	Yes
Robbery (Inside hold up)	-	Yes	Yes	Yes
Robbery (Outside-messenger)	-	Yes	Yes	Yes
Fidelity Bond	Yes	Yes	Yes	Yes
Plate Glass	-	-	Yes	Yes

The Supporting Schedules are designed so that they may be used for showing the estimated insurance expense for either a single project or a group of projects operated by local housing authority. The following will apply to either basis.

B. Instructions

Column 1. Lists the types of coverage; fill in those that are required or have been approved.

Column 2. Insert the amount of coverage or the limits of liability as stated in the policies.

Column 3. Indicate the length of term of the policy.

Column 4. Indicate the premium for the full term of the policy. Where the policies are written by mutual insurance companies, the estimated net term cost shall be used for preparing this section.

Column 5. Show the annual net cost. Where the policies may expire during the fiscal year, assume that the renewal will be at the same rate unless other information is available.

Line 13. Enter the totals of Columns 4 and 5.

D. Annual Budget Figure. (Where only one project is involved) - Line 13, Column 5.

E. Proportion - Section 11.

Where two or more projects are operated from a central office and insurance premiums paid to cover policies such as workman's compensation or Fidelity bonds for more than one project, the annual costs as shown in Section 10, Line 13, Column 5 of the Central Office Schedule shall be prorated in Section 11, Column 14 to the appropriate projects shown in Section 11.

LAND RENTALS - SECTION 56

A. Definition

4720 Land Rental - includes rentals for land and for structures chargeable to management funds. Includes also payments made to owners of leased land or structures in reimbursement of taxes paid by such owners on account of their interest in such land and structures, but does not include any payments made by the FPMA in lieu of taxes on improvements owned by the FPMA on such land (See Account 6100).

B. Instructions

Column 1. List the parcels separately showing the name of each lessor and indicate the date when the annual rental is due and payable. In those cases where payments are to be made to reimburse the lessor for taxes paid by him on the land list as a separate item in this Column.

Column 2. Enter the total cost of each item shown in Column 1.

Line 7. Enter the total cost.

C. Annual Budget Figure. Line 7, Column 2

SUNDRY INTEREST - SECTION 57

A. Definition

4730 Sundry Interest - includes sundry interest on notes or other indebtedness. It does not include interest on Advance Loan Notes, Temporary Loan Notes, and Bonds.

This account applies only to locally owned and operated projects where certain sundry interest charges are paid.

B. Instructions

Column 1. List item upon which interest is to be paid.

Column 2. Enter the amount of interest.

C. Annual Budget Figure. Line 6, Column 2.

SUNDRY TAXES - SECTION 58

A. Definition

4740 Sundry Taxes - includes any unemployment insurance taxes, or other sundry taxes chargeable against the project or project operations. It does not include sales taxes which should be included in the cost of the item purchased.

This account is used for local housing authority operated projects only. It is used to reflect expenses arising from the obligations of local housing authorities to make payments of taxes for unemployment insurance, old age benefits, state or local retirement plans, or any other taxes based upon payroll payments.

Indicate the total sum on which the expense is based, the percentage charged on such sum and the total cost.

B. Instructions

Column 1. Enter the nature of the taxes to be paid.

Column 2. Enter the amount of tax.

C. Annual Budget Figure. Line 6, Column 2.

RESERVED ACCOUNTS 4800

Reserved - includes accounts for reserved amounts in connection with all projects under PA 412 and 671, and FMA Housing Division Projects.

The Management Resolutions or Programs for the operation of the above projects set forth the basis upon which reserves are to be established out of the operating revenues. The effect of establishing reserves is to produce a fixed annual amount for operating expenses and reserves. In the early years of operations, the difference between the actual expenses and the amount allocated on an annual basis is set aside and transferred into the reserved accounts. Then, later, when the actual expense exceeds the allocation, the difference is transferred out of the reserved accounts, but in no case may such amount exceed the balance in the reserved accounts.

RESERVED FOR REPAIRS, MAINTENANCE AND REPLACEMENTS - SECTION 59

A. Definition

4810 Reserved for Repairs, Maintenance, and Replacements - includes the net amount set aside from income in any period to create a reserve for future costs of RM&R. It is equal for any period to the difference between the average cost of RM&R as established in the Management Resolutions and the actual RM&R for that period. See detailed description in Part VIII of the Accounting Manual.

Since the Average Annual Estimate of Income and Expense in most instances was based on the classification of accounts used prior to that shown in Bulletin No. 52, it may necessitate a change in the average annual amount to exclude the RM&R costs now included in the following accounts in order to simplify the calculation of the estimated amounts to be reserved:

Account 4310	Water
4320	Electricity
4520	Street and Roads
4530	Sanitation and Waste Removal
4540	Health, Education and Recreation

Any changes in the Average Annual Estimates shall be effected by joint consultation of the local authority with the regional office and adoption by formal resolution.

B. Instructions

Line 1. Enter Average Annual Estimate included in Rental Resolution or Management Program.

Line 2. Insert the annual total of the 4400 block of Form FPHA 846.

Line 3. Insert the total RM&R amount only of the 4500 block, if any (when Average Annual Estimates have not been revised).

Line 4. Insert the RM&R items and amounts for other accounts, such as 4310 or 4320, if any (when Average Annual Estimates have not been revised).

Column 2. Insert the total of lines 2, 3 and 4 of Column 1. This represents the total estimated actual expenses for RM&R to be deducted from the Average Annual Estimate for RM&R.

Line 5. Enter the amount of the difference between Line 1 and Line 4. Where Line 4 is greater than Line 1 the amount of the difference shall be shown in parentheses and represents the estimated amount to be transferred out of the reserved account.

C. Annual Budget Figure. Line 5, Column 2.

RESERVED FOR VACANCY AND COLLECTION LOSS - SECTION - 60

A. Definition

4620 Reserved for Vacancy and Collection Loss - includes the net amount set aside from income in any period to create a reserve for future Vacancy and Collection Loss. It is equal for any period to the difference between the average Vacancy and Collection Loss as established in the Management Resolutions and the actual Vacancy and Collection Loss for that period. See detailed description in Part VIII of the Accounting Manual.

The Reserved for Vacancy and Collection Loss account should be considered in light of two possible situations; namely; (1) where Vacancy and Collection Loss reserves are to be established as originally programmed in the Rental Resolution and, (2) where the local authority has taken advantage of the revision of policy permitting the augmentation of these reserves. In the latter situation, the local authority should

have indicated its intention by amending Section 9 (c) of its Master Management Resolution. Federally-operated FPA Housing Division projects have authorization to augment these reserves under Section 6190:4 of the Housing Manager's Manual.

B. Instructions

1. Without Augmentation. Where the originally programmed allocation for Vacancy and Collection Loss Reserves is still effective use only Lines 1 to 4.

Line 1. Insert in Column 2 the annual amount allocated for Vacancy and Collection Loss Reserves as set forth in Section 5 of the Rental Resolution of the Local Housing Authority.

Line 2. Insert in Column 1 the annual amount budgeted for Dwelling Vacancy Loss (Account 3200) as shown on Form FPHA 848.

Line 3. Insert in Column 1, the annual amount budgeted for Collection Loss (Account 4900) as shown on Form FPHA 848. Insert in Column 2 the total of Lines 2 and 3, Column 1.

Line 4. Insert in Column 2 the difference between Line 1 and Line 3. If the amount on Line 3 is greater than the amount on Line 1, the amount shown here shall be in parentheses--representing that a reduction in the amount previously reserved is anticipated during the ensuing year.

2. With Augmentation. Where the reserves have been augmented, it becomes necessary to budget only enough to increase the amount of the reserve to the maximum provided in the amendment to the Management Resolution. This is the amount of the total Dwelling Rent Schedule (Account 3100) for the calendar quarter in which Vacancy and Collection Loss reserves reach an amount equivalent to such schedule. Lines 5 to 12 inclusive, provide a means of determining whether the maximum reserved will be reached during the fiscal year being budgeted.

Line 1. Insert in Column 2 the amount calculated on the basis of the percentage of shelter rents plus utilities indicated in the Management Resolutions, as amended. On directly operated FPA Housing Division projects, the Housing Manager shall refer to Section 6190:4 of the Housing Manager's Manual instead of Section 6621:1 as indicated on the form.

Line 2. Insert in Column 1 the annual amount budgeted for Dwelling Vacancy Loss (Account 3200) as shown on Form FPHA 848.

Line 3. Insert in Column 1, the annual amount budgeted for Collection Loss (Account 4900) as shown in Form FTHA 843. Insert, in Column 2, the total of Lines 2 and 3, Column 1.

Line 4. Insert in Column 2 the difference between Line 1 and Line 3.

Line 5. Insert in Column 2 the amount shown on Line 12 after completing Lines 7 through 12.

Line 6. Insert in Column 2 the difference between Line 4 and Line 5. This represents the amount that it is anticipated will be added to the reserve during the ensuing year.

Line 7. Insert in Column 1 the actual accumulated amount of Vacancy and Collection Loss Reserve (Account 2520) as shown on the Balance Sheet for the project as of the end of the calendar quarter prior to the date on which the budget is being prepared.

Line 8. Insert in Column 1 the amount estimated to be charged to Reserve for Vacancy and Collection Losses (Account 4620) from the end of last calendar quarter referred to in Line 7 above, to the end of current fiscal year in which budget is being prepared.

Line 9. Insert in Column 1 the amount shown on Line 4, Column 2.

Line 10. Insert in Column 2 the total of Lines 7, 8 and 9, Column 1.

Line 11. Insert in Column 2 the amount whichever is greater of (1) an amount equal to 25% of the annual budget estimate for Dwelling Rent Schedule (Account 3100) or (2) the estimated amount of the total dwelling rent schedule for the quarter in which it is expected the Vacancy and Collection Loss reserves will be equivalent to such quarterly schedule.

Line 12. Insert in Column 2 the word "none" if the amount on Line 10 is less than the amount on Line 11. Where the amount on Line 10 is greater than the amount on Line 11, insert the difference on this line and also insert the same amount on Line 5 Column 2. This latter situation may occur only on projects which have been establishing RMR Reserves for over two years and may therefore accumulate the maximum amount in the reserve during the ensuing fiscal year.

C. Annual Budget Figure.

1. Without Augmentation - Line 4, Column 2.
2. With Augmentation - Line 6, Column 2.

COLLECTION LOSS - SECTION 61

A. Definition

4900 Collection Loss - includes the actual amount of past-due accounts receivable which are written off as uncollectible after all means to collect have been exhausted. Any amounts written off which are subsequently recovered should be credited to this account.

B. Instructions

Column 1. Indicate the date of the latest balance of tenants' accounts receivable. This should be as of the end of the month prior to preparing the operating budget.

Column 2. Show the amounts of uncollected tenants' accounts receivable in each of the age groupings shown for lines 1, 2 and 3.

Column 3. Insert the amounts representing the proportion of the tenants' accounts shown in Column 2 which may be considered uncollectible and to be charged off before the end of the current fiscal year.

Line 4, Column 4. Insert the total of the amounts shown on lines 1, 2 and 3 of Column 3.

Line 5. Insert the total sum charged to Account 4900, Collection Loss, thus far in the current fiscal year.

Line 6. Insert the sum of the amounts shown for lines 4 and 5. This amount represents what the total estimated collection loss should be for the current year.

Line 7. Delete the word "dwelling" on this line. Insert the sum of the estimated rent income (dwelling and non-dwelling) for the current fiscal year. This estimate should be a revised one composed of actual figures as far as they are available plus the anticipated rent income as conditions now indicate.

Line 8. Insert the percent of line 6 to line 7.

Line 9. Indicate the amount budgeted by applying the percentage in line 8 to the total rent income (dwelling and non-dwelling) for the budgeted fiscal year. If unusual circumstances warrant a change in the percentage shown on line 8, indicate revised percentage on line 9, Column 1 and justify in budget narrative.

C. Annual Budget Figure. Line 9, Column 4.

OTHER INCOME - 5000 CATEGORY

This general category includes income accounts in connection with FPHA-aided statutory projects under PA 412 and 671.

5100 FPHA Annual Contributions - includes all annual contributions (including adjusted annual contributions) received by statutory projects from the FPHA. See detailed description in Part VIII of the Accounting Manual.

See Section 4628:1 of the Manual of Policy and Procedure for detailed instructions for the preparation of statutory budgets.

5200 Proceeds of Sale of Excess Land Transferred to Bond Service Account - includes any amounts received from the sale of excess land, and which under the Terms, Covenants and Conditions (Forms FPHA 700 or FPHA 500) governing FPHA-aided projects are to be deposited in the bond service account or in the debt service fund. This account applies only to FPHA-aided projects under PA 412 after permanent financing or under PA 671.

Whenever the need for the use of this account arises, special instructions can be secured from the regional office.

OTHER EXPENSE - 6000 CATEGORY

This general category includes expense accounts in connection with FPHA-aided statutory projects under PA 412 and 671. Account 6100 (Payments in Lieu of Taxes) is also used for payments in lieu of taxes on all projects on which such payments are made.

PAYMENTS IN LIEU OF TAXES - SECTION 62

A. Definition

6100 Payments in Lieu of Taxes - includes all amounts paid by a local housing authority or by the FPHA to a municipality or other local taxing body in lieu of taxes on real property. Does not include payments made to owners of leased land or structures in reimbursement of the actual taxes paid by them, since such reimbursements are considered as part of land rental (see Account 4720).

B. Instructions

The estimating of Payments in Lieu of Taxes (P.I.L.O.T.) must be treated differently for the following types of projects:

1. Federally-Owned War Housing Projects. The regional tax analyst should be asked to furnish the data for completing Section 62 and also Form FPHA 848W, Supplement 1, where applicable. Tax data should be shown according to the amounts for each taxing body, if available.

P.I.L.O.T. are to be distributed on an accrual basis on the Form FPHA 848W showing one-fourth of the annual amount in each quarter beginning with the quarter during which the assessment date (tax date) occurs. Where the tax date falls in any quarter other than the first, it is necessary to obtain the amount of undistributed P.I.L.O.T. carried over from the current year to the budgeted fiscal year. This amount will be distributed to the appropriate quarter or quarters. One-fourth of the amount of P.I.L.O.T. estimated to be obligated in the budgeted fiscal year will be distributed to each of the quarters remaining. For example:

Assume fiscal year July 1 to June 30 and tax date on February 1 with total tax of \$10,000. Since one-fourth of the tax will be charged to each of the remaining two quarters of the current fiscal year, \$5,000 will remain undistributed as of July 1. Assume also that the estimated P.I.L.O.T. next tax date will be \$12,000, the distribution is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Form FPHA 848W	\$2,500	\$2,500	\$3,000	\$3,000	\$11,000
Tax Obligation	0	0	12,000	0	12,000

2. Federally-Operated FHA Housing Division Projects. The amounts of P.I.L.O.T. for these projects are determined on the basis of (a) 5% of Actual Shelter Rents (Dwelling Rent Income plus Non-Dwelling Rent Income less cost of Utilities, Account No. 4300) or (b) 1/6 of the excess of the Revenues of the project over the Operating Expenses (including reserves and operating improvements but excluding payments in lieu of taxes) or (c) P.I.L.O.T. agreed upon with the local taxing bodies, whichever of the three is greatest but not in excess of the full taxes determined by the regional tax analyst.

Computation of P.I.L.O.T.

- a. Rent Income (Dwelling and Non-dwelling) \$ _____.
Less: Utilities (4300) _____.
Shelter Rents _____.
5% of Shelter Rent _____.
- b. Net Operating Income (before P.I.L.O.T.) _____.
Less: Operating Improvements (7200) _____.
Excess of Revenues over Operating Exp. _____.
1/6 of Excess of Revenues over Operating Expense \$ _____.
- c. P.I.L.O.T. per Agreement _____.
- d. Full Taxes _____.
- Payments in Lieu of Taxes (a,b,c whichever is greater but not in excess of d) \$ _____.

3. FPHA-Aided Project and Local Authority Operated FPHA Housing Division Projects. The computation of amounts of P.I.L.O.T. are included in instructions for the preparation of the Statutory Budget, Form FPHA 936 or 936A, see Manual of Policy and Procedure, Section 4628:2 and Section 4660:1. In these cases, Section 62 should not be completed.

6200 Debt Service - includes the various payments made to the reserve for debt service for use in payment of interest and amortization. This account applies only to FPHA-aided projects under PA 412 and 671.

This account applies only to a statutory project. Therefore see Section 4628:1 of the Manual of Policy and Procedure for detailed instructions for the preparation of the Statutory Budgets, Form FPHA 936, 936W or 936-W-S.

6300 Bond Refunding - includes the net cost of refinancing FPHA-aided projects, including redemption premiums, adjustment of interest, legal expenses, and similar costs. See detailed description in Part VIII of the Accounting Manual. This account applies only to FPHA-aided projects under PA 412 after permanent financing.

Whenever this account is used special instruction can be secured from the regional office.

OTHER MANAGEMENT ACCOUNTS - 7000 CATEGORY

This general category includes accounts not constituting part of the ordinary income and expense of a project.

- 7110 Cafeteria Net Revenue - includes net revenue received from operators of cafeterias pursuant to contract. Does not include rent received from leased cafeterias, nor amounts received from cafeteria operators in reimbursement of utilities, work, services or R&M supplied to them by the FPHA or the local authority.

Since the provisions of the contracts under which cafeterias are operated may vary considerably the amount to be budgeted in this account should be secured from the regional office.

- 7120 Cafeteria Deficit - includes net deficits resulting from the operation of cafeterias for which the opera or is reimbursed by the FPHA or the local authority in accordance with the terms of the contract.

This account must be considered in the same manner as 7110, Cafeteria Net Revenue.

OPERATING IMPROVEMENTS - SECTION 63

a. Definition

- 7200 Operating Improvements - includes amounts paid out of management funds for improvements, or alterations to a project (including its fixed or movable equipment) which result in increased economy or efficiency of operation, or which increase the durability or expected life of the project. Operating improvements include such items as purchase of a bookkeeping machine, operating equipment, or trucks for more economical operation of the project; installations of weather-stripping or screens to increase the efficiency of the project; or replacement of gravel road with paved road, or tar paper roof with permanent roof, or of obsolete ice boxes with mechanical refrigerators, landscape work, or the control or prevention of erosion, etc., in order to increase the durability or expected life of the project. It also includes, in the case of a replacement which constitutes a betterment, the difference between the cost of such replacement and the estimated cost of a replacement equivalent to the original.

Up to the Closing Date for Obligations of Development Funds (see Chapter 190 of the Manual of Policy and Procedure) such improvements or alterations shall be charged to development; this account is to be used only for payments made for such purposes out of management funds after development cost accounts have been closed. Management funds may not be used for an addition to the size or scope of a project, such as the construction of additional dwelling units or of new commercial facilities.

B. Instructions

Column 1. List all items of operating improvements giving adequate description and justification.

Column 2. Indicate the total cost of the operating improvement except that where a replacement is contemplated involving a betterment, the difference between the cost of such replacement and the estimated cost of a replacement equivalent to the original, indicate only such difference in Column 2. In the latter case indicate the total cost of replacement and the amount to be charged to the proper R&R account.

C. Annual Budget Figure. Line 21, Column 2.

7300 Replacement of Property Losses - includes all costs in connection with property losses not covered by insurance, such as replacement of site improvements, structures or equipment damaged or destroyed by fire, tornado, earthquake, hailstorm or other perils. Excludes minor damages or losses resulting from above which should be charged to R&R.

No amounts are to be budgeted for this account since special memorandum requests for funds are prepared and submitted at such times as property losses, as defined above, occur.

7900 Rental to FPHA - includes all rentals payable by local authorities to the FPHA, including both fixed and additional rents. Applies only to projects leased to local housing authorities.

On Federally-owned war housing leased to local housing authorities where using Form FPHA 348W, the Net Return represents the estimated Rental to FPHA. On individual FPHA housing Division projects leased to local housing authorities, the Net Operating Income on the Form FPHA 343 after deduction of Operating Improvements and Payments in lieu of Taxes represents the estimated Rental to FPHA. Where two or more such projects are leased,

the computation of Rental to FHHA shall be based upon the combined operations of such projects in accordance with the outline below. The Rental to FHHA determined in this manner shall constitute the Fixed Rent to be set forth in the Lease Renewal Agreement.

The outline prepared in this manner shall be included in the Budget Narrative and properly cross referenced in the "Remarks" column of the Form FHHA 848 for the project effected.

Outline for Computation of Rental to FHHA
FHHA Housing Division
Projects H _____
Covering the Lease Renewal Period
_____ 44 to _____

Name of Local Authority _____

(a) Total Net Operating Income (Form FHHA 848)

H _____
H _____
H _____

(b) Total of items under (a)
(Excess of Revenues over Operating Expenses) _____

(c) Payments in Lieu of Taxes - See below
(Cannot exceed the amount of Tax Equivalents) _____

(d) Rental to FHHA _____

COMPUTATION OF ESTIMATED PAYMENTS IN LIEU OF TAXES

1 Project No.	2 Total Rental Income (3150 / 3200)	3 Utilities (4300)	4 Shelter Rent (Col. 2 min. 3 Column 3)	5 5% of Shelter Rent	6 Payments Per Agreement
H _____	_____	_____	_____	_____	_____
H _____	_____	_____	_____	_____	_____
H _____	_____	_____	_____	_____	_____
(e) Totals _____	_____	_____	_____	_____	_____*

(f) 1/6 of the Excess of Revenues over the Operating Expenses * _____.

* Compare the three amounts and the greatest amount shall be inserted on line (c) above. If the greatest amount is in excess of Tax Equivalents (full taxes), the amount to be inserted in line (c) shall equal Tax Equivalents.

PART D. CENTRAL PROJECT OFFICE BUDGET.

This part describes the method of setting forth supporting data concerning the operating expenses of the Central Project Office or the Central Office of the Local Authority, (hereinafter called the Central Office). Separate supporting schedules are required to be submitted concerning Central Office operations. These schedules follow the pattern of schedules used for individual projects except that additional schedules are required showing the proration of Central Office expenses to the projects under the jurisdiction of the Central Office. The separate submission is intended to permit the budget reviewer to obtain a complete picture of the operation of the Central Office and its relation to the individual projects.

Form FPMA 1273b contains sections for Accounts 4120, Central Office Salaries (Supporting Schedule for Salaries); 4130, Legal, Fiscal and Other fees; 4150, Other Central Office Expense; and 4710, Insurance plus two schedules on which prorations to the individual projects are made. In most cases all Central Office expenses can be shown on this single sheet. Where the Central Office incurs expenses in other accounts, separate submissions of the appropriate schedules and supporting data will be required.

SUPPORTING SCHEDULE FOR SALARIES - SECTION 5

A. Definition

4120 Central Office Salaries - includes the salaries of Central Office personnel engaged in work which is directly traceable to the management of the project. Where two or more projects are managed from a central office, Central Office Salaries should be prorated on the basis of the number of accommodations. It does not include the salaries of central maintenance staffs which are chargeable to RM&R accounts.

4401 RM&R Supervision - includes the salaries of all persons engaged in the overall supervision of maintenance activities and in the operation of a maintenance storeroom.

B. Instructions

Section 5 along with Section 6 are used to set forth the total Central Office payroll and its distribution. All employees of the Central Office, whether in account 4120, 4401, or other accounts are to be listed in Section 5. Instructions for filling out Section 5 are essentially the same as those for Project Office Salaries described in Part C except as follows:

1. Line 1. Enter the caption "CENTRAL OFFICE EMPLOYEES".
2. Column 1. Starting with Line 2, list together all Central Office employees charged to Account 4120. On the line below the title of the last Central Office employee, enter the word "Subtotal" in Column 1 and the account number, 4120, in Column 7. (See Exhibit D)
3. On the second line after the above "Subtotal" enter the caption "RMER SUPERVISION," if any. List under the caption employees charged to RMER Supervision. (Instructions for Account 4401 are found in Part C. On the line below the title of the last 4401 employee enter the word "Subtotal" in Column 1 and the account number, 4401, in Column 7.
4. Where the Central Office has a central maintenance staff on its payroll or employees charged to accounts other than 4120 or 4401, list the employees in major functions in accordance with the pattern described in 3 above.

PRORATION OF CENTRAL OFFICE SALARIES TO INDIVIDUAL PROJECTS - SECTION 6

This section provides space for prorating the Central Office payroll to each project under the jurisdiction of the Central Office.

A. Instructions

Column 1. Enter the number of each project under the jurisdiction of the Central Office to which prorations are to be made.

Column 2. Enter the type of accommodation.

Column 3. Enter the total number of available units on each project.

Column 4. Enter the number of months the units are available for occupancy.

Column 5. Enter the total number of unit months. (Column 3 x Col. 4) This total should correspond with the total unit months shown on the Forms 84S or 843W for the respective projects.

Column 6. Enter the percentage distribution factor for each project, obtained by dividing the total number of unit months (Line 23, Column 5) into each of the entries in Column 5. (See Exhibit D).

Column 7. Enter the total amount of the Central Office payroll on Line 23. Individual line entries for this column cannot be obtained until all entries are made in Columns 8 and 9. Enter in Column 7 the sum of amounts in Columns 8 and 9.

Column 8. Enter the total amount charged to Account 4120 on Line 23. Apply the percentage factor for each project to this amount and enter in appropriate line.

Column 9. Enter the number of the account to which employees of the Central Office are charged in the boxes at the top of the sub-columns. Enter the total amount charged to each account in Line 23. The proration to the specific projects should, in this instance, be based upon an estimate of the proportionate amount of time to be spent by the employees on each project. Where the amount of work to be done is relatively equal, the percentage factor appearing in Column 6 should be applied to the total. Such distribution is for estimating purposes only and in no case are actual costs to be distributed in this manner. When actually working on specific projects, the amount to be charged to such projects shall be based upon the exact time spent.

B. Illustrative Exhibit.

Exhibit D illustrates a hypothetical example and does not represent the staffing pattern of any particular Central Office now in operation. The illustration is given to demonstrate the use of Section 6.

EXHIBIT D

MANAGEMENT EXPENSE												
SECTION 5: SUPPORTING SCHEDULE FOR SALARIES												
1	2	3	4	5	6	7						
TITLE	GRADE	ANNUAL SALARY	NO. EMP.	NO. OF MO.	TOTAL SALARY	DISTRIBUTION OF SALARY State Account Numbers to Which Salaries are Charged						
1 CENTRAL OFFICE EMPLOYEES												
2 Housing Manager	CAF-13	6228	1	12	6228							
3 Asst. Hsg. Mgr.	CAF-11	4428	1	12	4428							
4 Clerk Steno.	CAF-4	2190	1	12	2190							
5 Accountant	CAF-10	4128	1	12	4128							
6 Account Clerk	CAF-5	2433	1	12	2433							
7 Account Clerk	CAF-4	2190	4	12	8760							
8 Clerk Steno.	CAF-3	1971	3	12	5913							
9 Clk. Investigator	CAF-5	2433	1	12	2433							
10 Clk. Investigator	CAF-3	1971	3	12	5913							
11 Clk. Steno.	CAF-2	1752	1	12	1752							
12 Prj.Ser. Adviser	P-3	3828	1	12	3828							
13 Clerk Steno.	CAF-3	1971	1	12	1971							
14 Subtotal			19		50,000	4120						
15 R.MAR SUPERVISION												
16 Prj.Maint. Engr.	P-4	4428	1	12	4428							
17 Storkeeper	CAF-4	2190	1	12	2190							
18 Maint. Superint.	CPC-10	3163	3	12	9489							
19 Subtotal			5		16,110	4401						
20 OPERATING AND MAINTENANCE EMPLOYEES												
21 Gen.Maint. Aide	CPC-6	2263	1	12	2263	4410						
22 Laborer	CPC-3	1620	9	12	14580	4520						
23 Laborer	CPC-2	1500	10	12	15000	4410						
24 Prin. Guard	CPC-6	2263	1	12	2263	4510						
25 Guard	CPC-5	2044	5	12	10220	4510						
26 Subtotal			26		44,320							
27												
43												
44												
45 TOTAL PAY ROLL	XXXX	XXXX	50	XX	110,430	XXXX						
SECTION 6: PRORATION OF CENTRAL OFFICE SALARIES TO INDIVIDUAL PROJECTS												
1	2	3	4	5	6	7	8	9				
PROJECT NUMBER	TYPE OF ACCOM.	NO. OF UNITS	NO. OF MO.	UNIT MONTHS	% DIST. FACTOR	TOT.C.O.SAL. PRORATED TO PROJECT	OFFICE SALARIES	OTHER SALARIES (Insert Acct. Nos.)				
							4120	4401	4410	4510	4520	
1 78067	FDU	820	12	9840	25	27600	12,500	4030	4310	3120	3640	
2 78068	FDU	412	8	3296	8	9840	4000	1290	1380	1000	1170	
3 78171-2	FDU	1400	12	16,800	42	46,370	21000	6760	7250	5240	6120	
4 78104-173	DOR	500	12	6000	15	16570	7500	2420	2590	1870	2190	
5 78184	TRA	400	10	4000	10	11050	5000	1610	1730	1250	1460	
6												
21												
22												
23 TOTAL	XXX	3532	XXX	39,936	100	110,430	50,000	16,110	17260	12480	14580	

* Rounded off for budgetary purposes

LEGAL, FISCAL AND OTHER FEES - SECTION 9

This section shall be completed where two or more projects are included in a statutory project. Instructions for the completion of this section are found in Part C. Where a local authority has under its jurisdiction more than one statutory project, a separate Section 9 should be used for each statutory project.

OTHER CENTRAL OFFICE EXPENSE - SECTION 7

A. Definition

4150 Other Central Office Expenses - includes all items other than salaries involved in Management Expense of the Central Office including rentals, which are directly traceable to the management of the project. Where two or more projects are managed from a Central Office, the expenses should be prorated on the basis of the number of accommodations.

Instructions for the completion of this section and for Section 8, Administrative Vehicle Expense, are found in Part C.

INSURANCE - SECTION 10

Instructions for the completion of this section are found in Part C.

PRORATION OF LEGAL, FISCAL AND OTHER FEES (4130): OTHER CENTRAL OFFICE EXPENSES (4150): INSURANCE (4710) - SECTION 11

This Section provides space for prorating expenses incurred by the Central Office in Accounts 4130, 4150 and 4710.

A. Instructions

Columns 1-6. Fill out exactly as in Section 6.

Column 7. Enter in Line 21 the total obtained from Section 7, Line 22. Apply the percentage factor for each project to this amount and enter in appropriate line.

Column 8. Enter in Line 21 the total obtained from Section 7, Line 23. Apply the percentage factor for each project to this amount and enter in appropriate line. This same percentage does not apply where any dormitory projects are involved. In such case, recalculate percentage for application to this column only on the basis of dividing the number of unit months for dormitories by four but including the full count for other accommodations (See Section 4166:1 of Manual of Policy and Procedure).

Column 9. Enter in Line 21 the total obtained from Section 7, Line 24. This column applies to FPHA-aided projects only. Where any Federally-owned projects are included in the percentage factors shown in Column 6, other percentage factors insert the calculated to include FPHA-aided projects only and such revised factors applied to the total in Line 21, and distributed to the appropriate projects. Note: The sum of the amounts in Columns 8 and 9, Line 21 should not exceed the limitations set forth in Section 4166:1 of the Manual.

Column 10. Enter the sum of the amounts in Columns 7, 8 and 9.

Column 11. Enter in Line 21 the total obtained from Section 9, Line 10. Prorate this amount to the projects included in the statutory project on the basis of number of units. If more than one statutory project is involved, make similar computations for each group and enter in appropriate lines.

Column 12. Enter in Line 21 the total obtained from Section 9, Line 15. Apply the percentage factor for each project shown in Column 6 to this amount and enter in appropriate line.

Column 13. Enter the sum of the amounts in Columns 11 and 12.

Column 14. Enter in Line 21 the total obtained from Section 10, Line 13. Apply the percentage factor for each project shown in Column 6 to this amount and enter in appropriate line.

ADDITIONAL PRORATION OF EXPENSES RELATING TO CENTRAL OFFICE OPERATIONS

The prorations of Central Office Salaries and other Central Office Expenses (4150) are provided for in Sections 6 and 11. The Central Office may incur additional expenses; however, which need to be prorated to each of the projects. Where such is the case the appropriate separate supporting sections are required. For example, as shown in Exhibit D, Section G, the total amounts appearing in Column 9, Line 23 must be supported by the appropriate Section 23, 24, 45 and 46 covering salaries. Where material is also included in the Central Office operations and shown in the supporting sections, prorate combined total of materials, and salaries on basis of instructions for proration of Section 6.

ENTERING THE PRORATED COSTS ON INDIVIDUAL PROJECT BUDGET DOCUMENTS

Each project shall receive from the Central Office a listing of the prorated costs chargeable to each account. The prorated costs for Central Office Salaries (4120) and Other Central Office Expense (4150) shall be entered on Form FPHA 848 or 848W. All other prorated costs shall be entered in the appropriate sections of Form FPHA 1273.

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Within each of the sections supporting accounts in the 4400 and 4500 categories, space is left on which the prorated costs from the Central Office shall be entered quarterly and annually. The entry in the total column should include both labor and material; that is the total amount prorated to that account. The quarterly entries should be taken from the listing furnished by the Central Office. Where the quarterly breakdowns are not furnished, the total Central Office proration should be divided equally among the four quarters.

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PART F. BUDGET NARRATIVE

The Operating Budget, Form FPFA 848 or 848W and the Supporting Schedule Form FPFA 1273, should be supplemented by a Budget Narrative for (1) the project and (2) the central office. It should contain justifications for and information on estimates which need further explanation which cannot be included on the Supporting Schedule. The following are examples of what might be included and explained: (1) Substantial increases or decreases in operating income or expense by accounts; (2) substantial increases in personnel requirements due to reasons other than obviously increased workload; (3) costs of labor, material, supplies and expendable equipment for the operation and RM&R of project owned and operated water and/or electricity plants; (4) sundry utilities; (5) services through contract, etc. The Budget Narrative should be clearly and concisely written and should be properly cross-referenced, wherever possible, to the account and section in the Supporting Schedule.

For all initial budgets, it is recommended that Sheet 1 of Form FPFA 501, "Allotment of Development Funds," which describes the project, be attached to the Budget Narrative. If the description of the project has substantially changed from previous submissions, changes should be noted in the Narrative. The description need not be included with each submission of the Operating Budget Documents unless the regional director so indicates.

PART G. PERSONNEL ORGANIZATION CHART

1. The housing manager shall prepare for each project a personnel organization chart on a position basis showing the title, grade, salary, number of employees and line of authority.

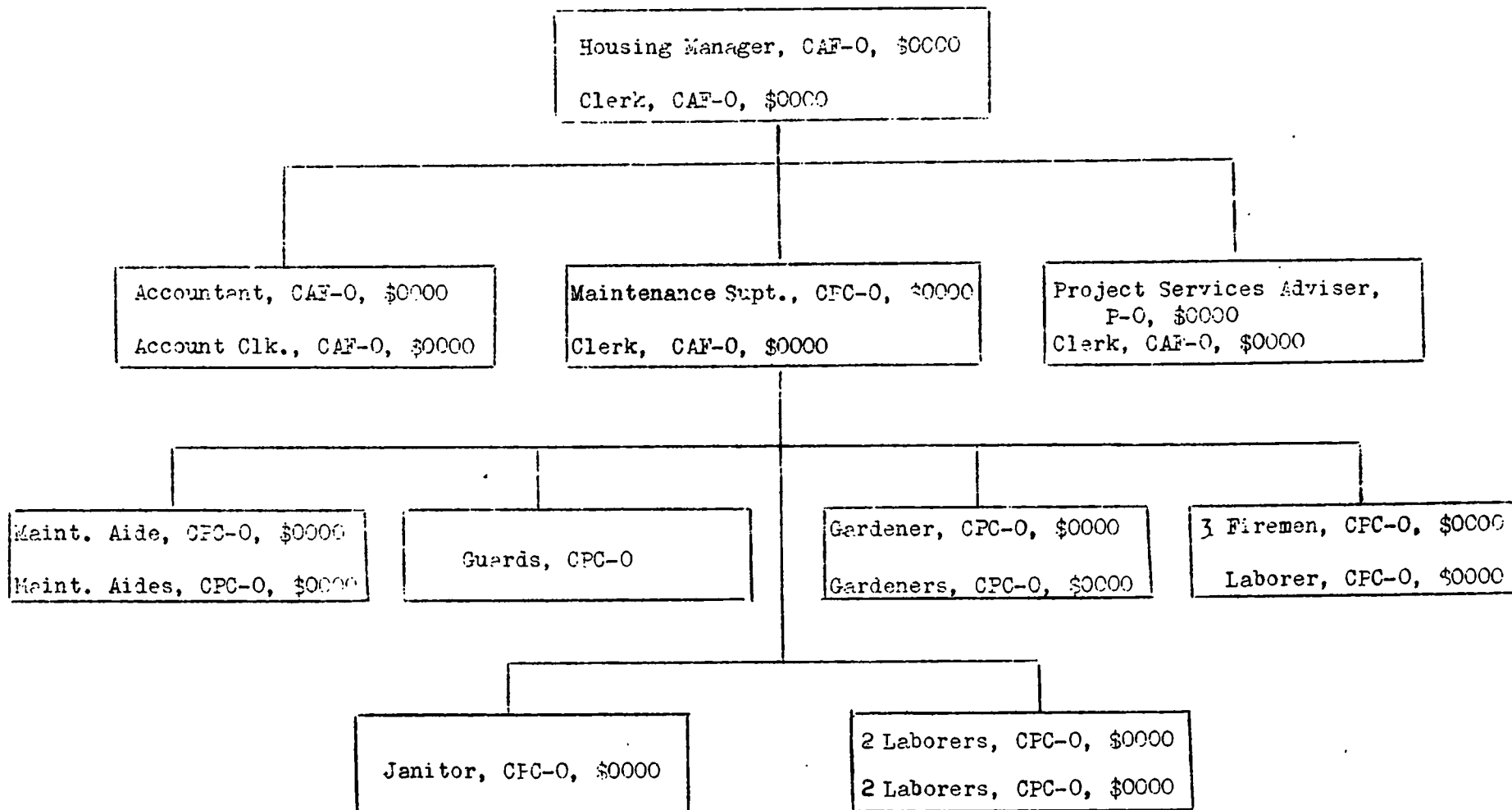
This should be identified at the top by the name and number of the project. Boxes should be drawn indicating the units or groups of employees into which the project personnel are organized and related to show lines of authority. (See Exhibit F) In these boxes under the name of the organization units, the number of employees, the position titles, classification grades, if any, and salaries should be listed. Unfilled positions should be indicated by an asterisk (*).

2. The central office shall prepare a similar personnel organization chart for its own central office employees and, in addition, showing its relationship to individual projects.

EXHIBIT F

PERSONNEL ORGANIZATION CHART FOR YEAR _____

Name _____
Project Number _____
Date Prepared _____



SUMMARY OF STEPS IN PREPARATION OF
PROJECT OPERATING BUDGET DOCUMENTS

1. Read, assemble and/or review FPHA budgeting requirements.
(a) This Bulletin, (b) Circulars, (c) Manual releases, (d) Forms FPHA 848 and 848W, (e) Form FPHA 1273, etc.
2. Review last year's work plan. Note last year's goals. Evaluate last year's plans and achievements. Note unfinished work.
3. Collect pertinent information. (a) Sources: files, project personnel, central project office, etc.; (b) Nature of materials: reports and future plans from key project personnel; projections from central project office, Operating Statements, Form FPHA 621 or 621W; Estimate of Average Annual Income and Expense Form FPHA 853; this year's man-hour totals; reports of estimates of future conditions in the locality; WPB requirements, and WMC requirements.
4. Compute "Actual - Same Period Last Year." (a) from Forms FPHA 621 or 621W, Actual Columns, for four quarters prior to the current quarter; (b) enter in FPHA 848 or 848W, Column 3. This should be the actual for one complete year of operation.
5. Compute "PUM" on "Actual - Same Period Last Year." (a) divide figures computed in Step 4 by number of unit months for last year; and (b) enter in FPHA 848 or 848W, Column 4.
6. Estimate Operating Income. (a) fill in Supporting Schedule, Form FPHA 1273, Sections 1 to 4; (b) make notes for Budget Narrative; and (c) compare estimates with "Actual - Same Period Last Year" and with Average Annual figures.
7. Estimate Operating Expense. (a) fill in Supporting Schedule, Form FPHA 1273, Sections 5 to 63; (b) make notes for Budget Narrative, and (c) compare estimates with "Actual - Same Period Last Year" and with Average Annual figures.
8. Plan Personnel Organization. Prepare organization chart.
9. Complete entries in Operating Budget, Form FPHA 848 or 848W. (a) fill in headings; (b) enter totals from Schedules; (c) compute PUM; (d) compare estimates with "Actual - Same Period Last Year" and with Average Annual figures.
10. Prepare Budget Conversion Schedule. See instructions Part E.
11. Write Budget Narrative.
12. Prepare for submission according to Manual of Policy and Procedure and this Bulletin.

REFERENCE SHEET

Posting from Form FPHA 1273 to Form FPHA 848 or 848W

<u>Acct. No.</u>	<u>Classification</u>	<u>Reference</u>	<u>Annual</u>	<u>Quarterly</u>
3100	1. Dwelling Rent Schedule	Sec. 1, Line 25	Col. 8	(1)
3200	2. Dwelling Vacancy Loss	Sec. 1, Line 25	Col. 13	(1)
	3. Dwelling Rent Income		3100 minus 3200	(1)
3300	4. Non-Dwelling Rent Schedule	Sec. 2, Line 10	Col. 8	(1)
3400	5. Non-Dwelling Vacancy Loss	Sec. 2, Line 10	Col. 13	(1)
	6. Non-Dwelling Rent Income		3300 minus 3400	(1)
3500	7. Furniture Rentals (2)	Sec. 3, Line 16	Col. 6	(1)
3900	8. Other Income	Sec. 4, Line 16	Col. 4	(1)
	9. TOTAL OPERATING INCOME		Add Nos. 3,6,7,8	(4)
4110	10. Project Office Salaries	Sec. 5	Col. 6	(1)
4120	11. Central Office Salaries	Central Office (3)		(1)
4130	12. Legal, Fiscal and Other Fees	Sec. 9, Line 17 (3)	Col. 4	(1)
4140	13. Other Project Office Expense	Sec. 7, Line 25	Col. 2	(1)
4150	14. Other Central Office Expense	Central Office (3)	(3)	(1)
	15. TOTAL MGMT. EXPENSE		Add Nos. 10,11, 12,13 and 14	(1)
4210	16. Janitorial	Sec. 12, Line 17	Col. 6	(1)
4220	17. Exterminating	Sec. 14, Line 5	Col. 6	(1)
4230	18. Watchmen	Sec. 16, Line 9	Col. 6	(1)
	19. TOTAL OPERATING SERVICES		Add Nos. 16, 17 and 18	(4)
4310	20. Water	Sec. 17, Line 8	Col. 18	Cols. 5,9, 13, 17
4320	21. Electricity	Sec. 18, Line 7	Col. 18	Cols. 5,9, 13, 17
4330	22. Gas	Sec. 19, Line 7	Col. 18	Cols. 5,9, 13, 17
4340	23. Heating	Sec. 20, Line 13	Col. 18	Cols. 5,9, 13, 17
4390	24. Sundry Utilities	Sec. 22, Line 6	Col. 6	
	25. TOTAL UTILITIES		Add Nos. 20, 21, 22, 23 and 24	(4)

(1) Divide annual by 4, unless other data available.

(2) Applicable to federally-owned war housing.

(3) If project is one of many operated by local authority or office of housing manager, obtain from Central Office.

(4) Add quarterly amounts.

<u>Acct. No.</u>	<u>Classification</u>	<u>Reference</u>	<u>Annual</u>	<u>Quarterly</u>
4401	26. RM&R Supervision	Sec. 23, Line 12	Col. 10	Cols. 5,6, 7, 8
4410	27. Grounds	Sec. 24, Line 20	Col. 10	Cols. 3,4, 5, 6
4420	28. Structures	Sec. 27, Line 20	Col. 10	Cols. 3,4, 5, 6
4430	29. Painting & Decorating	Sec. 28, Line 16	Col. 12	Cols. 3,4, 5, 6
4440	30. Plumbing & Gas System	Sec. 30, Line 14	Col. 10	Cols. 3,4, 5, 6
4450	31. Electrical System	Sec. 33, Line 16	Col. 10	Cols. 3,4, 5, 6
4460	32. Heating System	Sec. 34, Line 15	Col. 10	Cols. 3,4, 5, 6
4481	33. Ranges	Sec. 36, Line 11	Col. 6	(2)
4482	34. Refrigerators	Sec. 39, Line 11	Col. 6	(1)
4483	35. Dwelling Furniture & Furnishings	Sec. 40, Line 8	Col. 6	(1)
4490	36. Other Equipment	Sec. 42, Line 16	Col. 6	(1)
	37. TOTAL RM&R		Add Nos. 26 thru 36	(2)
4510	38. Public Safety	Sec. 45, Line 20	Col. 10	Cols. 3,4, 5, 6
4520	39. Streets & Roads	Sec. 48, Line 16	Col. 10	Cols. 3,4, 5, 6
4530	40. Sanitation & Waste Removal	Sec. 49, Line 15	Col. 10	Cols. 3,4, 5, 6
4540	41. Health, Education & Recreation	Sec. 52, Line 16	Col. 10	Cols. 3,4, 5, 6
	42. TOTAL PUBLIC SERVICES		Add Nos. 38, 39, 40, 41	(2)
4610	43. Maid Service	Sec. 53, Line 15	Col. 6	(1)
4620	44. Linen Service	Sec. 54, Line 15	Col. 7	(1)
4630	45. Housekeeping Supplies	Sec. 55, Line 7		(1)
	46. TOTAL HOUSEKEEPING SERVICES		Add Nos. 43, 44 and 45	(2)
4710	47. Insurance	Sec. 10, Line 13	Col. 5	(1)
4720	48. Land Rental	Sec. 56, Line 7		(1)
4730	49. Sundry Interest	Sec. 57, Line 6		(1)
4740	50. Sundry Taxes	Sec. 58, Line 6		(1)
4810	51. Reserved for RM&R	Sec. 59, Line 5		(1)
4820	52. Reserved for V&CL	Sec. 60, Line 4 or 6		(1)
4900	53. Collection Loss	Sec. 61, Line 9	Col. 4	(1)
	54. TOTAL OPERATING EXPENSE - FPHA 848		Add 15,19,25, 37,42,47,49,50, 51,52 and 53	(2)

- (1) If project is one of many operated by local authority or office of housing manager, obtain from Central Office.
(2) Add quarterly amounts.

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<u>Acct.</u> <u>No.</u>	<u>Classification</u>	<u>Reference</u>	<u>Annual</u>	<u>Quarterly</u>
55.	Total Operating Expense - FPHA 848W before Collection Loss		Add Nos. 15,19,25, 37,42,46,47, 48 and 50	(1)
56.	TOTAL OPERATING EXPENSE FPHA 848W		Add Nos. 55 plus 53	(1)
57.	Net Operating Income before PILOT			
	a. FPHA 848		No. 9 minus 54	(2)
	b. FPHA 848W		No. 9 minus 56	(2)
6100	58. Payments in Lieu of Taxes	Sec. 62, Line 9	Col. 3	(2)
	59. NET OPERATING INCOME- FPHA 848W		No. 57 minus 58	(2)
7200	60. Operating Improvements	Sec. 63, Line 23	Col. 2	(2)
	61. NET RETURN FPHA 848W		No. 59 minus 60, 61 and 62	(2)

(1) Add Quarterly Amounts.

(2) Divide annual by 4 unless other data is available.