



*Coding,  
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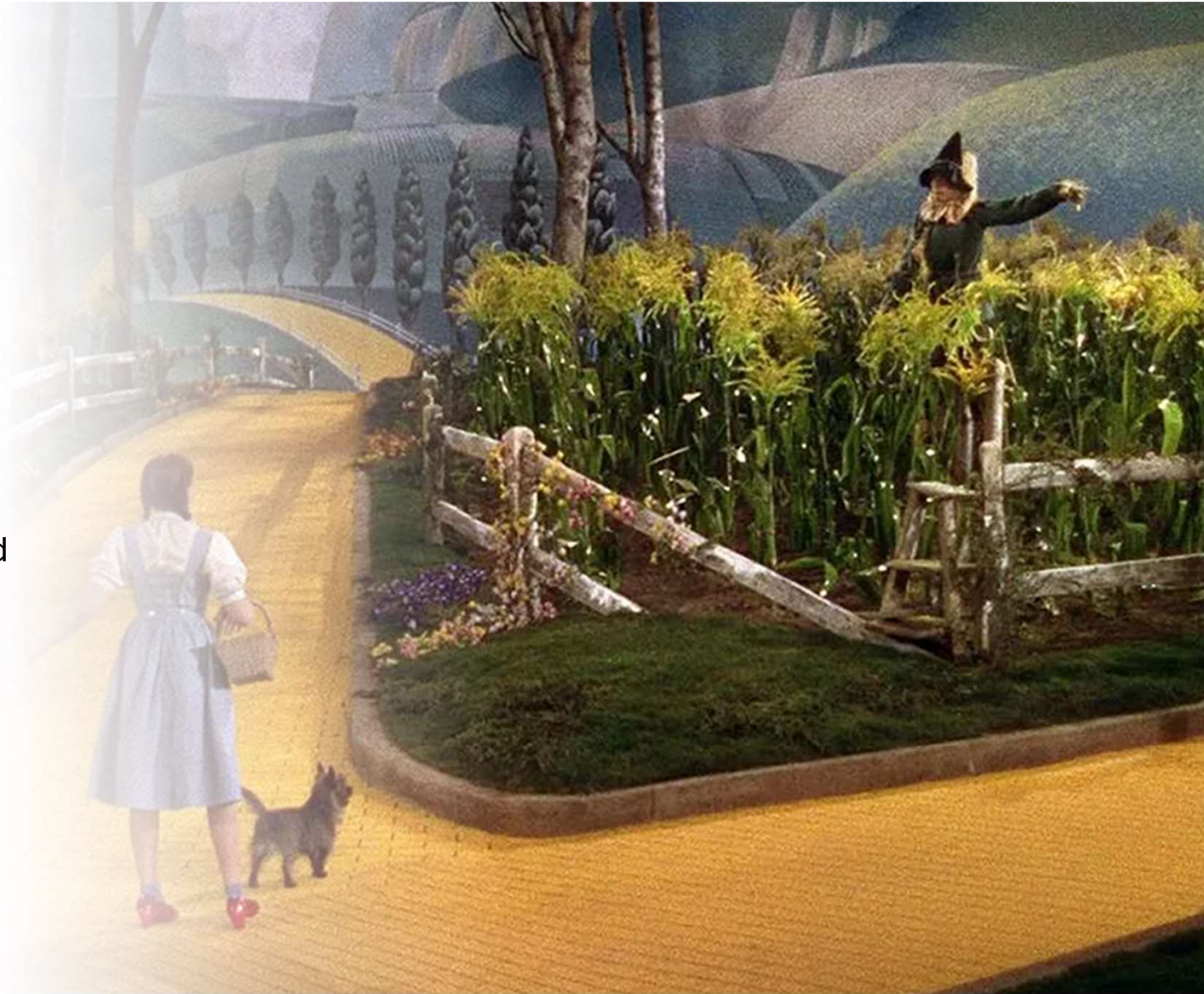
Presented by: Sherri Mayo

Finance Director

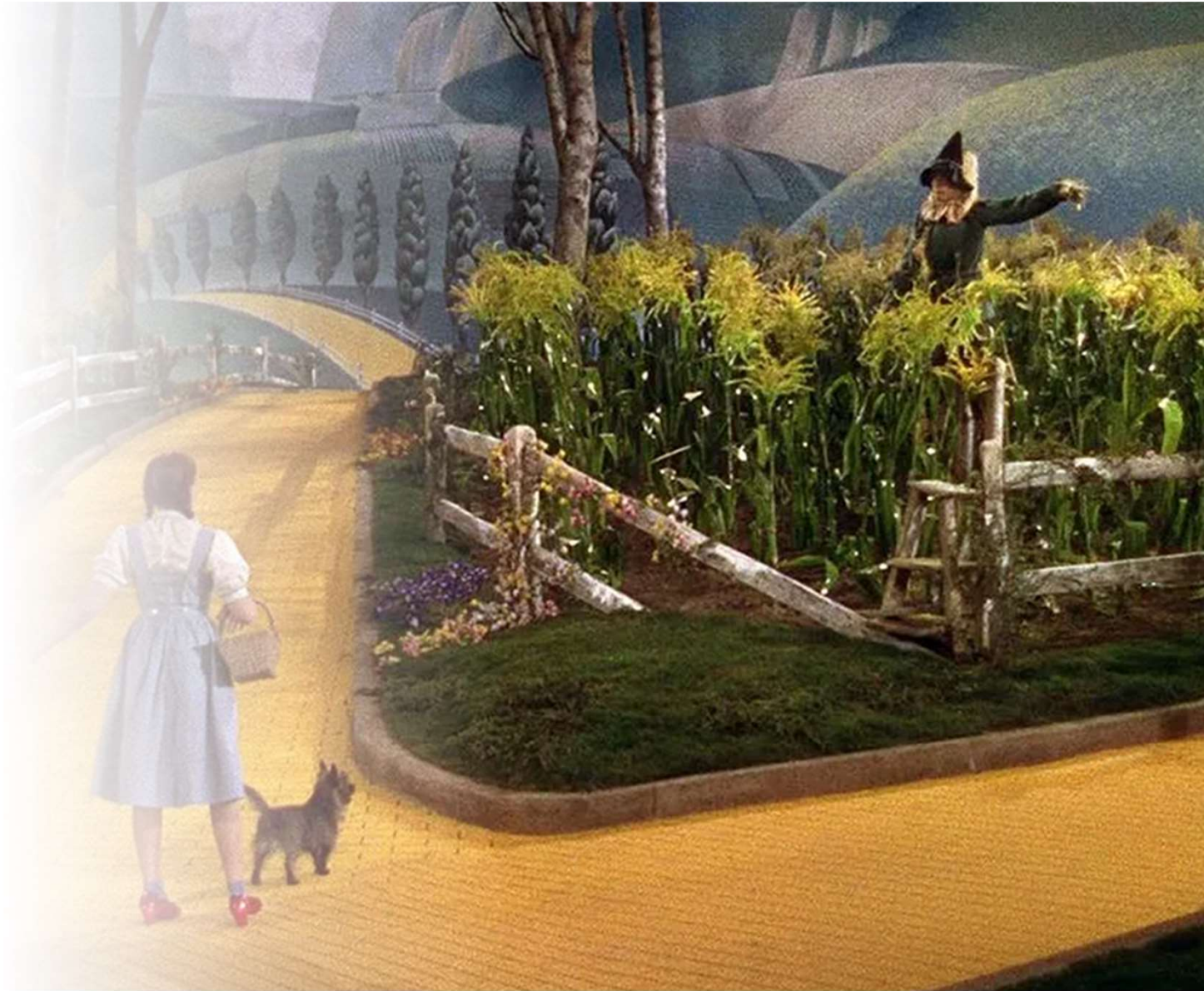
NETX Properties, New Boston, TX

# About Me

- Finance Director - NETX Properties for 15 years
- Worked in Accounting and Finance for 31 years
- Mother of two and very proud grandmother of three
- When not working, I love to spend time with my family; fishing, camping, reading, and my newest hobby: quilting



*About You?*



*Goal of  
This  
Class*



# Coding

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- Chart of Accounts
- General Ledger
- Debits and Credits
- Financial Statements



# Chart of Accounts

- The Chart of Accounts is a tool that lists all the financial accounts included in the financial statements of a company
- Most Housing Authorities' original Chart of Accounts came from HUD Guidebook 7510.1, chapter 4, Section IV HUD Chart of Accounts (yours may be different depending on which accounting firm you use)

## New Boston Property Management Chart of Accounts

Account Number				Description	Account Type	Account Sub-Type
10	01	1111.11	0	General Fund	Asset	Cash & Cash Equivalents
10	01	1111.12	0	General Fund #97896	Asset	Cash & Cash Equivalents
10	01	1111.12R	0	Reclass Security Deposits	Asset	Cash & Cash Equivalents
10	01	1111.13	0	Money Market #97900	Asset	Cash & Cash Equivalents
10	01	1111.19	0	Over/Short Account	Asset	Cash & Cash Equivalents
10	01	1114	0	Security Deposit Account #76555	Asset	Cash & Cash Equivalents
10	01	1114.11R	0	Security Deposit Reclass	Asset	Cash & Cash Equivalents
10	01	1117	0	Petty Cash	Asset	Cash & Cash Equivalents
10	01	1122	0	Accounts Receivable - Tenants	Asset	Accounts Receivables
10	01	1122.1	0	Accounts Receivable - Allowance for Doubt	Asset	Accounts Receivables
10	01	1122.11	0	Accounts Receivable - Formal Agreements	Asset	Accounts Receivables
10	01	1122.9	0	Accounts Receivable - Vacated Tenants	Asset	Accounts Receivables
10	01	1125	0	A/R HUD - Operating Subsidy	Asset	
10	01	1125.16	0	Accounts Receivable - CFP-16	Asset	Accounts Receivables
10	01	1125.17	0	Accounts Receivable - CFP-17	Asset	Accounts Receivables
10	01	1125.18	0	Accounts Receivable - CFP-18	Asset	Accounts Receivables
10	01	1125.19	0	Accounts Receivable - CFP-19	Asset	Accounts Receivables
10	01	1125.1ZU	0	Accounts Receivable - HUD 2020 Cap Fund	Asset	Accounts Receivables
10	01	1125.21	0	Accounts Receivable - HUD CFP-21	Asset	Accounts Receivables
10	01	1125.22	0	Accounts Receivable - HUD CFP-22	Asset	Accounts Receivables
10	01	1125.23	0	Accounts Receivable - CFP-23	Asset	Accounts Receivables
10	01	1125.CR	0	Accounts Receivable - CARES	Asset	Accounts Receivables
10	01	1129.999	0	A/R from Former Employee Fraud	Asset	Accounts Receivables
10	01	1211	0	Prepaid Insurance	Asset	Prepays
10	01	1260	0	Deferred Charges - Materials Inventory	Asset	Inventory
10	01	1275	0	Allowance for Obsolete Inventories	Asset	Inventory
10	01	1400.5	4	Accumulated Depreciation	Asset	Accumulated Depreciation
10	01	1400.CR	0	CARES Contra-Soft Costs	Asset	Cumulative Soft Costs
10	01	1400.ZQ	0	CFP-16 Capital Fund Contra-Soft Costs	Asset	Cumulative Soft Costs
10	01	1400.ZR	0	CFP-17 Capital Fund Contra-Soft Costs	Asset	Cumulative Soft Costs
10	01	1400.ZS	0	CFP-18 Capital Fund Contra-Soft Costs	Asset	Cumulative Soft Costs
10	01	1400.ZT	0	CFP-19 Capital Fund Contra-Soft Costs	Asset	Cumulative Soft Costs

10	01	1475.1	CR	CARES Office Equipment	Asset	Grants
10	01	1475.3	4	Community Space Equipment	Asset	Fixed Assets
10	01	1480	4	Construction in Progress	Asset	Fixed Assets
10	01	1480	ZT	CFP-19 General Capital Activity	Asset	Grants
10	01	1480	ZU	CFP-20 General Capital Activity	Asset	Grants
10	01	1480	ZV	CFP-21 General Capital Activity	Asset	Grants
10	01	1480	ZW	CFP-22 General Capital Activity	Asset	Grants
10	01	1480	ZX	CFP-23 General Capital Activity	Asset	Grants
10	01	1480.1	4	Construction in Progress-Int Remodel	Asset	Fixed Assets
10	01	1480.9	ZS	CFP-18 Gen Cap Activity (Soft)	Asset	Fixed Assets
10	01	1495.1	ZR	Relocation Costs	Asset	Fixed Assets
10	01	1509	CR	CARES Act Expenses	Asset	Cumulative Soft Costs
10	01	1509.1	CR	CARES Office Equipment	Asset	Fixed Assets
10	01	1690.06	0	Clearing A/C - Refund to Tenants	Asset	Accounts Receivables
10	01	1690.1	0	Clearing A/C - Cash Receipts	Asset	Accounts Receivables
10	01	2111	0	Accounts Payable - Vendors	Liability	Accounts Payable
10	01	2114	0	Tenant Security Deposits	Liability	Accounts Payable
10	01	2114.1	0	Security Deposit Interest	Liability	Accounts Payable
10	01	2114.12	0	Tenant Security Deposits-Pre Move in	Liability	Accounts Payable
10	01	2119	0	Accounts Payable - NBNPFC	Liability	Accounts Payable
10	01	2119.8	0	Accrued Utilities	Liability	Accounts Payable
10	01	2240	0	Tenant Prepaid Rents	Liability	Other current Liabilities
10	01	2290.16	0	Deferred Credits - CFP-16	Liability	Other current Liabilities
10	01	2290.19	0	Deferred CFP-19 Funds	Liability	Other current Liabilities
10	01	2290.20	0	Deferred CFP-20 Funds	Liability	Other current Liabilities
10	01	2701	0	Net Capital Assets	Owner's Equity	Retained Earnings
10	01	2701.01	0	Net Capital Assets - CFP	Owner's Equity	Net Position
10	01	2701.01	CR	CARES Net Capital Assets	Owner's Equity	Invested in Capital Assets - G
10	01	2810	0	Closing Account for Errors	Owner's Equity	Net Position
10	01	2841	0	Net Assets - Unrestricted	Owner's Equity	Retained Earnings
10	01	2841.01	0	Net Assets - Unrestricted-CFP	Owner's Equity	Net Position
10	01	3110	5	Dwelling Rent	Revenue	Operating Income
10	01	3610	5	Interest Earned on Gen Fund Investments	Revenue	Other Income
10	01	3690	5	Other Income - Tenant	Revenue	Other Income
10	01	3690.1	5	Other Income - Misc Other Revenue	Revenue	Other Income
10	01	3690.88	5	Other Income -Gain/Loss on Sale of Equip	Revenue	Other Income
10	01	3690.98	5	Other Income CFP Operating Transfer out	Revenue	Other Income
10	01	3690.99	5	Other Income - Operating Transfer In Fro	Revenue	Other Income
10	01	4110.75P	5	Comp Absences-Admin 1406	Expense	
10	01	4110.OP	5	Admin Salaries - 1406	Expense	
10	01	4130	5	Legal Expense	Expense	Administrative Expenses
10	01	4130.OP	5	Legal Fees - 1406	Expense	



# General Ledger

- The General Ledger (or GL) tracks the company's accounts and transactions. It is typically divided into five main categories: assets, liabilities, equity, revenue, and expenses. These categories contain all accounting data derived from the different subledgers such as: Accounts Payable, Accounts Receivable, Payroll, Receipt System, and General Journals
- Within the GL you can view the detail for any account for a specific time period

New Boston Property Management  
General Ledger

1/1/2024 - 1/31/2024

Account No. Reference No.	Description	Posting Date	Invoice Number	Check #	Debit	Credit	Balance
					Net Period Activity:		136.23
					Ending Balance:		544.92
10 01 4190.17 5	Forms & Office Supplies/Equip Opening Balance						17.45
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	28.90		46.35
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	98.67		145.02
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	5.29		150.31
					132.86	0.00	
					Net Period Activity:		132.86
					Ending Balance:		150.31
10 01 4190.18 5	Other Sundry Expense Opening Balance						8.49
JE00007454	Record Postage Reimb	01/31/2024			4.44		12.93
					4.44	0.00	
					Net Period Activity:		4.44
					Ending Balance:		12.93
10 01 4190.19 5	Administrative Contract Costs Opening Balance						815.00
APC0224218	Texarkana IT	01/04/2024		3265	100.00		915.00
APC0224242	Farmers Bank & Trust	01/11/2024		3274	111.23		1,026.23
					211.23	0.00	
					Net Period Activity:		211.23
					Ending Balance:		1,026.23

New Boston Property Management  
General Ledger

10/1/2023 - 4/30/2024

Account No.	Description	Posting Date	Invoice Number	Check #	Debit	Credit	Balance
10 01 4190.17 5	Forms & Office Supplies/Equip						
	Opening Balance						0.00
APC0223941	ODP Business Solutions, LLC	10/19/2023		3070	5.25		5.25
APC0224083	MRI Software LLC	11/30/2023		3168	6.80		12.05
APC0224195	ODP Business Solutions, LLC	12/28/2023		3242	5.40		17.45
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	28.90		46.35
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	98.67		145.02
APC0224282	ODP Business Solutions, LLC	01/25/2024		3302	5.29		150.31
					150.31	0.00	
					Net Period Activity:		150.31
					Ending Balance:		150.31
					Project Variance		150.31
					PHA Variance		\$150.31
Total Accounts Included: 1				Total Variance		\$150.31	

# Debits and Credits

Account Type	Increased By	Decreased By
Assets	Debit	Credit
Liabilities	Credit	Debit
Net Position (Equity)	Credit	Debit
Income (Revenue)	Credit	Debit
Expenses	Debit	Credit

# Accounting Equation



# Balance Sheet

- The Balance Sheet is one of the core components of the Financial Statement. It contains the totals of all Assets, Liabilities and Net Position (Owner's Equity). Balance Sheet accounts are compiled over time and do not zero out at year end
- **Assets: Normal Debit Balance**
  - Examples: Cash, Accounts Receivable, Prepaids, Inventory, Fixed Assets
- **Liabilities: Normal Credit Balance**
  - Examples: Accounts Payable, Tenant Security Deposits, Loans
- **Net Position(Owner's Equity): Normal Credit Balance**
  - Examples: Retained Earnings, Common Stock, Additional Capital

New Boston Property Management  
Comparative Balance Sheet - FDS

As of Date: 1/31/2024

	1/31/2024	1/31/2023	Variance
<b>Assets</b>			
<b>Cash and Cash Equivalents</b>			
Cash - Unrestricted	15,105.75	64,401.55	(49,295.80)
Cash - Tenant Security Deposits	2,674.68	2,474.72	199.96
<b>Total Cash and Cash Equivalents</b>	<u>17,780.43</u>	<u>66,876.27</u>	<u>(49,095.84)</u>
<b>Accounts and Notes Receivables</b>			
Accounts Receivable - HUD Other Projects	0.00	745.35	(745.35)
Accounts Receivable - Tenants	(73.00)	(300.00)	227.00
Allowance for Doubtful Accounts - Tenant	0.00	(127.01)	127.01
<b>Total Accounts and Notes Receivables</b>	<u>(73.00)</u>	<u>318.34</u>	<u>(391.34)</u>
<b>Capital Assets, Net of Accumulated Depreciation</b>			
Land	51,530.00	51,530.00	0.00
Buildings	883,153.84	862,442.84	20,711.00
Furniture, Equipment & Machinery - Dwelling	22,998.66	1,068.66	21,930.00
Furniture, Equipment & Machinery - Admin	14,981.09	7,357.45	7,623.64
Leasehold Improvements	331,816.58	315,459.08	16,357.50
Accumulated Depreciation	(911,658.86)	(876,746.15)	(34,912.71)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>392,821.31</u>	<u>361,111.88</u>	<u>31,709.43</u>
<b>Total Assets</b>	<u>410,528.74</u>	<u>428,306.49</u>	<u>(17,777.75)</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Tenant Security Deposits	2,925.00	2,475.00	450.00
Inter Program - Due To	5,805.73	986.49	4,819.24
<b>Total Current Liabilities</b>	<u>8,730.73</u>	<u>3,461.49</u>	<u>5,269.24</u>
<b>Total Liabilities</b>	<u>8,730.73</u>	<u>3,461.49</u>	<u>5,269.24</u>
<b>Net Position</b>			
<b>Net Position</b>			
Net Investment in Capital Assets	0.00	361,111.88	(361,111.88)
Unrestricted Net Position	441,134.65	59,913.64	381,221.01
<b>Total Net Position</b>	<u>441,134.65</u>	<u>421,025.52</u>	<u>20,109.13</u>
<b>Net Income (Loss)</b>	<u>(39,336.64)</u>	<u>3,819.48</u>	<u>(43,156.12)</u>
<b>Total Net Position</b>	<u>401,798.01</u>	<u>424,845.00</u>	<u>(23,046.99)</u>
<b>Total Liabilities and Net Position</b>	<u>410,528.74</u>	<u>428,306.49</u>	<u>(17,777.75)</u>
			0.00

# Income Statement

- The Income Statement is one of the core components of the Financial Statement. It contains the totals of all Income and Expenses. Income Statement accounts are zeroed out at year end and the net income (or loss) is included in Retained Earnings
- Income: Normal Credit Balance
  - Examples: Tenant Revenue, Interest Income, Subsidy or Vouchers
- Expenses: Normal Debit Balance
  - Examples: Operations Expenses, Utilities, Insurance, PILOT, Bad Debt
- Income minus Expenses = Net Income or Net Loss
  - If income is more than expenses = net income will be a credit balance
  - If expenses are more than income = net loss will be a debit balance



New Boston Property Management  
Budgeted Income Statement

U/M Month: 20 - U/M YTD: 80 - U/M Year: 240

Fiscal Year End Date:	9/30/2024	ACCOUNT		1 Month(s) Ended January 31, 2024	PUM	4 Month(s) Ended January 31, 2024	PUM	Budget	Variance	Variance %
<b>Tenant Revenue</b>										
Dwelling Rent		10 01 3110	5	4,889.00	244.45	20,724.00	259.05	59,000.00	(38,276.00)	-64.87 %
Other Income - Tenant		10 01 3690	5	825.00	41.25	840.00	10.50	500.00	340.00	68.00 %
<b>Total Tenant Revenue</b>				<b>5,714.00</b>	<b>285.70</b>	<b>21,564.00</b>	<b>269.55</b>	<b>59,500.00</b>	<b>(37,936.00)</b>	<b>-63.76 %</b>
<b>Fee Revenue</b>										
Operating Subsidy - Current Year		10 01 8020	0	3,052.00	152.60	14,484.00	181.05	46,000.00	(31,516.00)	-68.51 %
<b>Total Fee Revenue</b>				<b>3,052.00</b>	<b>152.60</b>	<b>14,484.00</b>	<b>181.05</b>	<b>46,000.00</b>	<b>(31,516.00)</b>	<b>-68.51 %</b>
<b>Other Revenue</b>										
Interest Earned on Gen Fund Investments		10 01 3610	5	2.07	0.10	17.94	0.22	100.00	(82.06)	-82.06 %
Other Income - Misc Other Revenue		10 01 3690.1	5	0.00	0.00	10.00	0.13	0.00	10.00	100.00 %
Other Income - Operating Transfer In Fro		10 01 3690.99	5	0.00	0.00	0.00	0.00	9,321.00	(9,321.00)	-100.00 %
<b>Total Other Revenue</b>				<b>2.07</b>	<b>0.10</b>	<b>27.94</b>	<b>0.35</b>	<b>9,421.00</b>	<b>(9,393.06)</b>	<b>-99.70 %</b>
<b>Total Operating Revenue</b>				<b>8,768.07</b>	<b>438.40</b>	<b>36,075.94</b>	<b>450.95</b>	<b>114,921.00</b>	<b>(78,845.06)</b>	<b>-68.61 %</b>
<b>Administrative Expenses</b>										
Legal Expense		10 01 4130	5	1,597.00	79.85	1,597.00	19.96	100.00	(1,497.00)	-1497.00 %
Staff Training		10 01 4140	5	145.75	7.29	145.75	1.82	500.00	354.25	70.85 %
Travel		10 01 4150	5	0.00	0.00	0.00	0.00	100.00	100.00	100.00 %
Accounting Fees		10 01 4170	5	1,539.54	76.98	1,912.40	23.91	4,000.00	2,087.60	52.19 %
Advertising and Marketing		10 01 4190.08	5	14.00	0.70	208.38	2.60	500.00	291.62	58.32 %
Membership Dues and Fees		10 01 4190.12	5	0.00	0.00	75.00	0.94	75.00	0.00	0.00 %
Telephone		10 01 4190.13	5	136.23	6.81	544.92	6.81	1,800.00	1,255.08	69.73 %
Forms & Office Supplies/Equip		10 01 4190.17	5	132.86	6.64	150.31	1.88	500.00	349.69	69.94 %
Other Sundry Expense		10 01 4190.18	5	4.44	0.22	12.93	0.16	500.00	487.07	97.41 %
Administrative Contract Costs		10 01 4190.19	5	211.23	10.56	1,026.23	12.83	5,600.00	4,573.77	81.67 %
Outside Management Fees		10 01 4190.20	5	3,750.00	187.50	15,000.00	187.50	45,000.00	30,000.00	66.67 %
<b>Total Administrative Expenses</b>				<b>7,531.05</b>	<b>376.55</b>	<b>20,672.92</b>	<b>258.41</b>	<b>58,675.00</b>	<b>38,002.08</b>	<b>64.77 %</b>
<b>Tenant Services Expense</b>										
Ten Services - Recreation Pubs Other		10 01 4220	5	0.00	0.00	5.98	0.07	200.00	194.02	97.01 %
Resident Participation Expense		10 01 4220.1	5	25.33	1.27	38.25	0.48	500.00	461.75	92.35 %
<b>Total Tenant Services Expense</b>				<b>25.33</b>	<b>1.27</b>	<b>44.23</b>	<b>0.55</b>	<b>700.00</b>	<b>655.77</b>	<b>93.68 %</b>
<b>Utilities Expense</b>										
Water		10 01 4310	5	344.00	17.20	1,295.46	16.19	4,410.00	3,114.54	70.62 %
Electricity		10 01 4320	5	122.59	6.13	241.93	3.02	2,100.00	1,858.07	88.48 %
Electricity - Security Lighting		10 01 4320.9	5	215.24	10.76	575.27	7.19	2,730.00	2,154.73	78.93 %

**New Boston Property Management  
Budgeted Income Statement**

U/M Month: 20 - U/M YTD: 80 - U/M Year: 240

Fiscal Year End Date:	9/30/2024	ACCOUNT		1 Month(s) Ended January 31, 2024	PUM	4 Month(s) Ended January 31, 2024	PUM	Budget	Variance	Variance %
Gas	10 01	4330	5	136.77	6.84	187.35	2.34	683.00	495.65	72.57 %
Sewer	10 01	4390	5	465.00	23.25	1,743.87	21.80	5,145.00	3,401.13	66.11 %
<b>Total Utilities Expense</b>				<b>1,283.60</b>	<b>64.18</b>	<b>4,043.88</b>	<b>50.55</b>	<b>15,068.00</b>	<b>11,024.12</b>	<b>73.16 %</b>
<b>Ordinary Maintenance and Operations</b>										
Materials	10 01	4420	5	1,037.74	51.89	27,524.60	344.06	5,500.00	(22,024.60)	-400.45 %
Contract Costs-Other	10 01	4430	5	0.00	0.00	0.00	0.00	100.00	100.00	100.00 %
Contract Costs-Extermination	10 01	4430.01	5	110.00	5.50	220.00	2.75	1,000.00	780.00	78.00 %
Contract Costs-Maintenance	10 01	4430.09	5	441.50	22.08	1,160.00	14.50	7,700.00	6,540.00	84.94 %
Contract Costs-Heating & Cooling	10 01	4430.17	5	0.00	0.00	1,472.98	18.41	2,000.00	527.02	26.35 %
Contract Costs-Landscape & Grounds	10 01	4430.19	5	272.00	13.60	3,536.00	44.20	14,200.00	10,664.00	75.10 %
Contract Costs-Unit Turnarounds	10 01	4430.20	5	315.00	15.75	1,830.00	22.88	600.00	(1,230.00)	-205.00 %
Contract Costs-Electrical Contracts	10 01	4430.21	5	230.00	11.50	230.00	2.88	0.00	(230.00)	-100.00 %
Contract Costs-Plumbing	10 01	4430.22	5	1,268.88	63.44	1,268.88	15.86	1,000.00	(268.88)	-26.89 %
Garbage and Trash Collection	10 01	4431	5	439.11	21.96	1,653.63	20.67	5,400.00	3,746.37	69.38 %
<b>Total Ordinary Maintenance and Operations</b>				<b>4,114.23</b>	<b>205.71</b>	<b>38,896.09</b>	<b>486.20</b>	<b>37,500.00</b>	<b>(1,396.09)</b>	<b>-3.72 %</b>
<b>Insurance Premiums</b>										
Insurance -Property (Fire & EC)	10 01	4510.01	5	0.00	0.00	6,884.50	86.06	7,025.00	140.50	2.00 %
Insurance - General Liability	10 01	4510.02	5	0.00	0.00	1,011.71	12.65	1,033.00	21.29	2.06 %
Insurance - Automobile	10 01	4510.03	5	0.00	0.00	499.80	6.25	510.00	10.20	2.00 %
Insurance - Workman's Comp	10 01	4510.04	5	0.00	0.00	980.00	12.25	1,000.00	20.00	2.00 %
Insurance - Public Officials Liability	10 01	4510.05	5	0.00	0.00	1,137.78	14.22	1,161.00	23.22	2.00 %
<b>Total Insurance Premiums</b>				<b>0.00</b>	<b>0.00</b>	<b>10,513.79</b>	<b>131.42</b>	<b>10,729.00</b>	<b>215.21</b>	<b>2.01 %</b>
<b>Other General Expenses</b>										
Bad Debts - Tenant Rents	10 01	4570	5	435.00	21.75	435.00	5.44	500.00	65.00	13.00 %
<b>Total Other General Expenses</b>				<b>435.00</b>	<b>21.75</b>	<b>435.00</b>	<b>5.44</b>	<b>500.00</b>	<b>65.00</b>	<b>13.00 %</b>
<b>Other Expenses</b>										
Extraordinary Maintenance	10 01	4610	5	0.00	0.00	806.67	10.08	0.00	(806.67)	-100.00 %
Replacement of Equipment (Capitalized)	10 01	7520	5	0.00	0.00	16,357.50	204.47	0.00	(16,357.50)	-100.00 %
Operating Exp For Property - Contra	10 01	7590	5	0.00	0.00	(16,357.50)	(204.47)	0.00	16,357.50	100.00 %
<b>Total Other Expenses</b>				<b>0.00</b>	<b>0.00</b>	<b>806.67</b>	<b>10.08</b>	<b>0.00</b>	<b>(806.67)</b>	<b>-100.00 %</b>
<b>Total Operating Expenses</b>				<b>(13,389.21)</b>	<b>(669.46)</b>	<b>(75,412.58)</b>	<b>(942.66)</b>	<b>(123,172.00)</b>	<b>47,759.42</b>	<b>38.77 %</b>
<b>Net Income (Loss)</b>				<b>(4,621.14)</b>	<b>(231.07)</b>	<b>(39,336.64)</b>	<b>(491.71)</b>	<b>(8,251.00)</b>	<b>(31,085.64)</b>	<b>-575.00 %</b>

Questions?



# Prorating and Allocating

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- What is Proration
- What is Allocation
- Income/Expenses to Prorate/Allocate
- How to Calculate



# *What is Proration?*

- The term “proration” derives from the Latin pro rata, which means “a sharing out.” It has been used in accounting for hundreds of years
- Proration determines how an income or expense can be adjusted for a specific time period

# *Examples of Income/Expenses to Prorate*

- Income to prorate (based on time)
  - Rental Income
- Expenses to prorate
  - Depreciation
  - Utilities
  - Salaries and related benefits/taxes

# Proration - How to Calculate Based on Time

- Rental Income – Monthly rental divided by 30 (or actual days in month) multiplied by the actual number of days occupied
- Depreciation Expense - Straight-line Method  
Cost of the asset (minus salvage value) divided by the useful life to calculate the annual depreciation (divide by 12 to calculate the monthly depreciation)

# *What is Allocation?*

- The term “allocation” splits costs between different activities, products, departments or companies within an organization
- Allocations are normally based on a percentage of the whole



# *Examples of Income/Expenses to Allocate*

- Income to allocate (based on percentage of the whole)
  - Undetermined rebate or sales discount
- Expenses to allocate
  - Salaries and related benefits/taxes
  - Utilities
  - Materials and Supplies
  - Software used for all programs

# Allocation - How to Calculate Based on %

- Determine the method of reasoning to derive your percentage and keep documentation
  - Example: number of apartments or number of bedrooms?
- 230 apartments - 190 Public Housing, 40 Different Program  
 $190/230 = 83\%$                        $40/230 = 17\%$
- 370 bedrooms - 298 Public Housing, 72 Different Program  
 $298/370 = 80\%$                        $72/370 = 20\%$

*Questions?*



# Accruing

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- Cash vs. Accrual Basis
- What to Accrue
- How to Accrue



# *Cash vs. Accrual Basis*

- The main difference between cash and accrual basis accounting lies in the timing of when revenue and expenses are recognized
  - Cash Method – records revenue and expenses when cash related to those transactions are actually received or dispensed
  - Accrual Method – records revenue and expenses when the actual transaction occurs, but before any funds are received or dispensed
- The HUD Guidebook 7510.1, Chapter 2, Section II Financial Operations and Accounting states:
  - The financial reporting requirements of HUD are based on recognition of revenues and expenditures on a modified accrual basis of accounting

# *What to Accrue*

- Income received early (example: prepaid rent)
- Invoices dated in the final month of the year but are not paid yet
- Utility expenses such as water, sewer, electric, and gas must be prorated based on the number of days not billed yet and then accrued
- Salary expenses must be prorated based on the number of days not paid as of the year end and then accrued

# *How to Accrue*

- Most agencies only do accruals at year end
- Prepaid rent must be reclassified as a liability, normally Tenant Prepaid Rents
- Unpaid invoices are expensed in the correct month and set up as a liability, normally Accounts Payable
- Utility expenses must be prorated based on the number of days not billed yet and then accrued. The prorated amount is expensed in the correct month and set up as a liability, normally Accrued Utilities
- Salary and payroll tax expenses must be prorated based on the number of days not paid as of the year end and then accrued. The prorated amount is expensed in the correct month and set up as a liability, normally Accrued Liabilities – Other, Accrued Payroll Taxes and Benefits

3/31/24 Accrued  
Accounts Payable

PHA 5-03

Inv Date	Payee	Amount	Other																		Date Paid		
			Travel	Adver	Dues/Fee	Sundry	Telephone	OFC Sup	Adm Ser	Water	Elect	Sec Lgt	Gas	Sewer	Matrls	Exterm	Garbage	DSL	Land/Grds	Prot Serv		Insur/otr	
			4150	4190.08	4190.12	4190.18	4190.13	4190.17	4190.19	4310	4320	4320.9	4330	4390	4420	4430.1	4430.05	4430.07	4430.19	4480	4510.15		
3/28/2024	Amazon	25.87													25.87								4/4/2024
3/31/2024	Ashley Office Systems	4.40							4.40														4/25/2024
3/31/2024	A T & T Mobility	592.85					592.85																4/25/2024
3/31/2024	Bowie Co Tribune	244.62		244.62																			4/4/2024
3/31/2024	City of New Boston	316.80																		316.80			4/11/2024
3/15/2024	City of New Boston W&S	9,744.46								6,985.73				2,758.73									4/4/2024
3/15/2024	CenterPoint Energy	351.43											351.43										4/1/2024
3/26/2024	Duffer & Offenhauser	100.00																				100.00	4/4/2024
3/31/2024	Datamax	147.88				147.88																	4/18/2024
3/31/2024	Farmers Bank & Trust	1,481.24			15.00	348.36	266.42	20.56	796.00						34.90								4/18/2024
2/15/2024	Pest-Pro Services	695.00														695.00							4/4/2024
3/31/2024	Renewed Lawn & Landscape	1,971.20																	1,971.20				4/4/2024
3/20/2024	SWEPCO	388.11									154.98	233.13											4/9/2024
3/20/2024	SWEPCO	17.70									17.70												4/9/2024
3/21/2024	SWEPCO	312.75									22.04	290.71											4/10/2024
3/21/2024	SWEPCO	13.80									13.80												4/4/2024
3/21/2024	SWEPCO	21.21									21.21												4/4/2024
3/21/2024	SWEPCO	53.06									53.06												4/10/2024
3/31/2024	SWEPCO	6.33									6.33												4/11/2024
3/31/2024	SWEPCO	28.51									28.51												4/18/2024
3/31/2024	SWEPCO	34.19									34.19												4/18/2024
3/31/2024	SWEPCO	44.17									44.17												4/18/2024
3/31/2024	SWEPCO	58.98									58.98												4/19/2024
3/31/2024	SWEPCO	293.08									293.08												4/25/2024
3/31/2024	SWEPCO	14.30									14.30												4/19/2024
3/31/2024	SWEPCO	249.52									241.27	8.25											4/19/2024
3/31/2024	SWEPCO	218.51									218.51												4/19/2024
3/31/2024	SWEPCO	16.68									16.68												4/19/2024
3/31/2024	SWEPCO	195.10									195.10												4/19/2024
3/31/2024	Texarkana IT	826.00							826.00														4/4/2024
3/31/2024	TX Dept. of Public Safety	19.20							19.20														4/25/2024
3/25/2024	Vyve Broadband	114.20																114.20					4/11/2024
3/25/2024	WM Corporate Services, Inc	36.38															36.38						4/4/2024
3/31/2024	WM Corporate Services, Inc	2,598.57															2,598.57						4/11/2024
3/31/2024	North Texas Tollway	22.88	22.88																				4/18/2024
3/31/2024	3N1 Products	37.41							37.41														4/4/2024
3/31/2024	Prorated Water	5,029.40								3,605.54				1,423.86									
3/31/2024	CenterPoint Energy	211.47											211.47										
3/31/2024	Prorated Electric	295.50									106.83	188.67											
	Totals for PH	26,832.76	22.88	244.62	15.00	496.24	859.27	20.56	1,683.01	10,591.27	1,540.74	720.76	562.90	4,182.59	60.77	695.00	2,634.95	114.20	1,971.20	316.80	100.00		



CITY OF NEW BOSTON  
P.O. BOX 5  
NEW BOSTON, TEXAS 75570  
(903) 628-5596

RETURN SERVICE REQUESTED

2815 123 N LINDSEY

SERVICES	Current	Meter Readings Previous	Usage	CHARGES
Water	81770	68440	13330	169.95
Sewage				91.78
Total Due				\$261.73

\*\*\* After Due Date 0.00 \$ 261.73 \*\*\*

ENTERED

2/16 - 3/15/24

Last payment received 3/11/24 for \$366.84.

Trouble after hours call 628-3771  
Bulk pickup will be April 1st, 2nd and 3rd.  
Please call between 8 and 10am on one of these  
days to be placed on the list.  
Service Date: Feb 15th to March 15th

346  
QB - 01-22



PRESORTED  
FIRST-CLASS MAIL  
U.S. POSTAGE  
PAID  
NEW BOSTON, TX 75570  
PERMIT NO. 101

CUSTOMER ACCOUNT	DUE DATE PAST DUE AFTER THIS DATE
2815	4/15/2024

TOTAL DUE UPON RECEIPT	AFTER DUE DATE PAY
261.73	261.73

MAIL THIS STUB WITH YOUR PAYMENT

NB PROPERTY MGMT  
LINDSEY  
PO BOX 806  
NEW BOSTON TX 75570

CITY OF NEW BOSTON  
P.O. BOX 5  
NEW BOSTON, TEXAS 75570  
(903) 628-5596

RETURN SERVICE REQUESTED

3130 307 E NORTH

SERVICES	Current	Meter Readings Previous	Usage	CHARGES
Water	8850	7710	1140	20.30
Sewage				12.75
Total Due				\$33.05

\*\*\* After Due Date 3.31 \$ 36.36 \*\*\*

ENTERED

PRESORTED  
FIRST-CLASS MAIL  
U.S. POSTAGE  
PAID  
NEW BOSTON, TX 75570  
PERMIT NO. 101

CUSTOMER ACCOUNT	DUE DATE PAST DUE AFTER THIS DATE
3130	4/15/2024

TOTAL DUE UPON RECEIPT	AFTER DUE DATE PAY
33.05	36.36

MAIL THIS STUB WITH YOUR PAYMENT

**Accrued Payroll 03/31/24**

Sample

03/18/24-03/31/24

Employee	Dept	Hours	Rate	PFC Salary	7% Ret	7.65% FICA	1.30% Unemp
Sample	Admin	80	32.50	2600.00	182.00	198.90	0.00 Met
Sample	Admin	80	20.00	864.00	60.48	66.10	0.00 Met
Sample	Admin	80	20.01	1600.80	112.06	122.46	0.00 Met
Sample	Admin	80	35.00	2240.00	156.80	171.36	0.00 Met
Sample	Admin	80	25.01	1080.43	75.63	82.65	0.00 Met
<b>TOTAL ADMIN</b>				<b>8385.23</b>	<b>586.97</b>	<b>641.47</b>	<b>0.00</b>

Employee	Dept	Hours	Rate	PFC Salary	Ret	FICA	1.30% Unemp
Sample	Maint	80	24.78	1585.92	111.01	121.32	0.00 Met
Sample	Maint	80	14.00	896.00	0.00	68.54	11.65
Sample	Maint	80	20.00	1280.00	0.00	97.92	0.00 Met
Sample	Maint	80	24.69	1580.16	110.61	120.88	0.00 Met
Sample	Maint	80	21.69	1388.16	97.17	106.19	0.00 Met
<b>TOTAL MAINT</b>				<b>6730.24</b>	<b>318.80</b>	<b>514.86</b>	<b>11.65</b>

*Questions?*



# *Closing Remarks*

