

H. Chart of Accounts

PHFA does not require a property to utilize any prescribed chart of accounts in their internal accounting system. However, when information is reported to PHFA, the following Chart of Accounts must be utilized. Although you may have additional accounts and more detail in your general ledger, you should combine them to correspond to the Agency's reporting format. The reporting formats included in this manual incorporate these accounts.

Please note that accounts marked with an (*) are not used for budget purposes.

INCOME ACCOUNTS

- 5120 RENTAL INCOME** – For Budgets and Operating Reports, this account reflects the gross potential rent approved at 100% occupancy for all residential units (including non-revenue producing units such as model apartments or administrative rent-free units).
- On the PHFA Statement of Profit and Loss, this line also represents 100% gross potential rental income with the exception of the Section 8 properties. For those properties, all Section 8 assistance payments received from government sources should be included in Account 5120, Tenant Assistance Payments. Normally, only the tenant paid rent would appear on this line.
- * 5121 TENANT ASSISTANCE PAYMENTS** – This account reflects the amount of housing assistance payments received by the property from government programs, including vacancy and debt service claims.
- 5140 STORES AND COMMERCIAL RENT** – This account reflects gross rental revenue expectancy from stores, offices, or other commercial facilities.
- 5190 OTHER RENTAL INCOME** – This account reflects income from rental subsidies (including TANF funds) which are included in gross potential rent. In addition, income from parking and garages is also included on this line.
- 5220 VACANCIES-APARTMENTS** – This account reflects the rental revenue lost through vacancy of an apartment unit.
- 5240 VACANCIES-COMMERCIAL** – This account reflects the rental revenue lost through vacancy of a store or other commercial units.
- 5250 RENTAL CONCESSIONS** – This account reflects the amount provided as rental concessions (i.e., free rent) in connection with the execution of leases of revenue producing units.
- 5300 SUPPORTIVE SERVICE INCOME** – This account reflects revenue received from tenant reimbursement of program expenses.
- 5410 INTEREST INCOME - OPERATIONS** – This account reflects any interest income earned by the operating account of the property. Income from restricted

reserves and escrows (reserve for replacement, operating reserve, etc.) is not included.

- * **5430 INTEREST INCOME – RESIDUAL RECEIPTS** – This account is used to record the interest earned on the residual receipts account.
- * **5440 INTEREST INCOME – RESERVE FOR REPLACEMENT** – This account is used to record the interest earned on the reserve for replacement account.
- * **5450 INTEREST INCOME – PAINTING AND DECORATING** – This account is used to record the interest earned on the painting and decorating reserve.
- 5510 GRANT INCOME** – This account reflects any funds received from outside sources, which contributes to the operations of the property.
- 5910 SERVICE INCOME** – This account reflects revenue received from the use of equipment (laundry, air conditioners) or vending.
- 5920 NSF AND LATE FEES** – This accounts reflects funds received due to any charges assessed to the tenants for the processing of checks with insufficient funds and late payments of rents.
- 5990 MISCELLANEOUS INCOME** – This account reflects any of the property’s income not otherwise described in the above income accounts, including tenant damages.

EXPENSE ACCOUNTS

- 6210 ADVERTISING & RENTING EXPENSE** – This account reflects the cost of advertising and marketing the rental property. It also reflects miscellaneous expenses related to the rent-up of vacant units which could include amounts paid to existing tenants to attract new tenants. Rent-up expenses reimbursed from construction funds should not be recorded in this account.
- 6310 OFFICE SALARIES** – This account reflects salaries for office employees (other than the site manager) responsible for the front-line operation of the property regardless of whether the employee works on site or in the agent’s office. Typical front-line responsibilities include taking applications; screening, certifying, and recertifying tenants; maintaining the property; and accounting for the property’s income and expenses. The account should not include salaries paid to occupancy, maintenance and regional supervisors who carry out the agent’s duties for supervising operations and on-site personnel (these salaries are to be paid from the approved management fee). This account also does not include the property’s share of payroll taxes or other employee benefits incurred by the property.
- 6311 OFFICE & TELEPHONE EXPENSE** – This account reflects office and related expense items; examples include office supplies, postage, stationery, copying,

internet charges, telephone and answering services.

NOTE: Expenses of the management agent are not to be considered property expenses. These expenses include, but are not limited to, all necessary office supplies, such as files, forms, letterhead stationery, etc., and all bookkeeping, clerical, and other necessary management overhead expenses, such as postage, transportation of managing agent personnel, telephone, etc.

- 6312 MODEL APARTMENT EXPENSE** – This account reflects the rental value of an apartment, otherwise considered potentially rent-producing, but used as the property’s office or as a model apartment.
- 6320 MANAGEMENT FEE** – This account reflects the cost of management agent service contracted for by the property. The amount reported in this account is calculated by multiplying the approved management fee factor in the Management Agreement by the amount of gross income for the preceding calendar month exclusive. Gross income includes net rental income, which is defined as gross rent potential less vacancies and bad debt expense; service income; interest income, exclusive of interest income on reserves, escrows and tenant security deposits; and late fees. Rental subsidies included in gross rent potential are eligible for management fee.
- 6330 MANAGER SALARIES** – This account reflects salaries paid to the property manager. It does not include the property’s share of payroll taxes or other employee benefits or compensation given the site manager in lieu of salary payments.
- 6331 ADMINISTRATIVE RENT FREE UNIT** – This account reflects the contract rent of any rent free unit provided to administrative personnel (including a resident manager, operating and maintenance personnel, security personnel, or superintendent) which would otherwise be considered revenue producing. Partial rent reductions given should be reflected in this account as well.
- 6340 LEGAL EXPENSE** – This account reflects legal fees or services incurred on behalf of the property. For example, fees incurred for eviction procedures should be reflected in this account.
- 6350 AUDIT EXPENSE** – This account reflects the auditing expense incurred by the property that is directly related to PHFA’s requirement for audited financial statements.
- 6351 ADMINISTRATIVE FEE (SECTION 8 ONLY)** – When applicable, PHFA will allow an administrative fee to be paid to the management agent to help defray the cost of record keeping. Presently, the administrative fee is equivalent to \$6.00 per subsidized unit per month up to a maximum annual amount of \$7,200. This is not an allowable expense for properties financed under the Agency’s PennHOMES, TCAP, Exchange or HRA programs.
- 6370 BAD DEBTS** – This account reflects the amount of tenant bad debts for the period under audit.

- 6390 MISC. ADMINISTRATIVE EXPENSES** – This account reflects administrative expense not otherwise classified in the 6200/6300 series. Examples include training, travel, membership dues and subscriptions.
- 6420 FUEL** – This account reflects the cost of fuel oil/coal charges billed to the property.
- 6450 ELECTRICITY** – This account reflects the cost of electricity charges billed to the property.
- 6451 WATER** – This account reflects the cost of water charges billed to the property.
- 6452 GAS** – This account reflects the cost of gas charges billed to the property.
- 6453 SEWER** – This account reflects the cost of sewer charges billed to the property.
- 6510 JANITOR/MAINTENANCE PAYROLL** – This account reflects the salaries of the property’s employees who perform services including but not limited to janitorial/cleaning, exterminating, grounds, repairs, and decorating. This account does not include the property’s share of payroll taxes or other employee benefits paid by the property.
- 6515 JANITOR/MAINTENANCE SUPPLIES** – This account reflects all cost of supplies charged to the property for janitorial/cleaning.
- 6520 OPERATING/MAINTENANCE CONTRACTS** – This account reflects the cost of contracts the owner or agent executes with third parties on behalf of the property for janitorial/cleaning, exterminating, repairs, fire safety equipment and swimming pool maintenance.
- 6525 RUBBISH REMOVAL** – This account reflects the cost of removing garbage and rubbish from the property. The account does not include salaries paid to janitors who collect trash.
- 6530 SECURITY PAYROLL/CONTRACT** – This account reflects the property’s expense attributable to security.
- 6541 REPAIRS MATERIAL** – This account reflects all costs of supplies charged to the property for repairs to buildings and equipment.
- 6545 ELEVATOR MAINTENANCE** – This account reflects the costs of maintaining the elevators. Such maintenance may be contract, based on a fixed amount per elevator per month or based on the performance of repairs only as needed.
- 6546 HEATING & AIR COND. MAINT.** – This account reflects the cost of repairing and maintaining heating or air conditioning equipment owned by the property, including maintenance contracts.
- 6548 GROUNDS MAINTENANCE/SNOW REMOVAL** – This account reflects the cost of grounds maintenance and removing of snow from the property’s sidewalks and parking areas.
- 6560 PAINTING AND DECORATING** – This account reflects the costs relating to the

painting and decorating at the property.

- 6570 VEHICLE OPERATION & REPAIRS** – This account reflects the cost of operating and repairing the property’s motor vehicles and maintenance equipment. Motor vehicle insurance is included in this account.
- 6590 MISC. OPERATING & MAINT. EXP.** – This account reflects the cost of maintenance and repairs not otherwise classified in the 6500 account series.
- 6710 REAL ESTATE TAXES** – This account reflects payments made for real estate taxes of the property. This may represent a payment in lieu of taxes (only in certain jurisdictions), which is generally charged as a percentage of income.
- 6711 PAYROLL TAXES** – This account reflects the property’s share of FICA and State and Federal Unemployment taxes.
- 6720 PROPERTY & LIABILITY INS.** – This account reflects the cost of the property and liability insurance. This account also includes costs for flood, mine subsidence and boiler and machine insurance.
- 6721 FIDELITY BOND INSURANCE** – This account reflects the cost of bonding employees who handle funds.
- 6722 WORKERS’ COMPENSATION** – This account reflects the cost of workmen’s compensation insurance for the property’s employees.
- 6723 HEALTH INS. & EMPLOYEE BENEFITS** – This account reflects the cost of any health insurance, pension and other employee benefits charged to the property.
- 6729 MISC. TAXES & INS. LICENSES/PERMITS** – This account reflects any taxes, licenses, permit fees, or cost of insurance assessed to the property and not otherwise categorized in the 6700 series.
- 6820 MORTGAGE INTEREST** – This account reflects interest incurred on mortgage notes issued to construct or permanently finance the property. This account should not include interest incurred on notes which are payable only from surplus cash.
- * 6821 PHFA LATE FEES** – This account reflects fees billed by PHFA due to delinquent payments of mortgage principal and interest.
- 6830 OTHER INTEREST PAYMENTS** – This account reflects all the interest paid or accrued on bonds, any interest or discount on notes payable, and any other interest expense of the property other than mortgage interest.
- 6850 MORTGAGE INSURANCE PREMIUMS** – This account reflects payments to HUD for insurance on the mortgage.
- 6851 PHFA SERVICE FEES** – This account reflects fees payable to PHFA on a monthly basis for servicing the mortgage.
- 6855 PHFA SELF INSURANCE FEES** – This account reflects fees payable to PHFA on a monthly basis for mortgage insurance against default.
- 6860 OTHER SERVICE FEE** – This account reflects other allowable service fees charged to the property as determined at the time of loan underwriting (i.e., HUD

Risk Sharing Service Fee).

- 6870 INVESTOR SERVICE FEE** – This account reflects investor service fee expense paid from the operating account of the property as determined at the time of loan underwriting.
- 6890 MISC. FINANCIAL EXPENSES** – This account reflects financial expenses not otherwise classified in the 6800 series including bank service charges.
- 6910 SUPPORTIVE SERVICE PAYROLL** – This account reflects payroll-related expenses related to special services such as nursing, food preparation, cleaning, recreation, etc., provided to the tenant.
- 6920 SUPPORTIVE SERVICE SUPPLIES** – This account reflects non-payroll expenses related to special services, such as nursing, drugs, food, cleaning supplies, recreational items, etc. provided to the tenant.

OWNER ACCOUNTS

- * 7100 INTEREST INCOME – ENTITY** – This account is used to record interest income earned on the general partner cash account. It is also used to record interest on owner funded restricted accounts such as operating deficit reserves, development contingency funds and supportive service escrows.
- * 7120 LEGAL EXPENSES – ENTITY** – This account is used to record legal expenses paid on behalf of the partners which are not expenses of the property's operations.
- * 7130 TAXES (Federal-State) ENTITY** – This account is used to record taxes paid on behalf of the partners which are not allowable operating expenses.
- * 7190 OTHER EXPENSES – ENTITY** – This account is used to record any other expenses paid on behalf of the partners (such as incentive management fees), which are not allowable operating expenses.

BALANCE SHEET ACCOUNTS

- 1310 REAL ESTATE TAX ESCROW** – This account reflects the cash balance on hand for future payments of real estate taxes.
- 1311 INSURANCE ESCROW** – This account reflects the cash balance on hand for future payments of insurance premiums.
- 1312 MORTGAGE INS. PREM. ESCROW** – This account reflects the cash balance on hand for future payments of mortgage insurance premiums to HUD.
- 1320 RESERVE FUND FOR REPLACEMENTS** – This account reflects cash and investments held by PHFA or the owner for major building and equipment improvements or replacements as set forth in the Regulatory Agreement.
- 1330 RESERVE FUND FOR PAINT. & DEC.** – This account reflects cash and investments held by the property for painting and decorating expenses as set forth

in the Regulatory Agreement.

- 1331 OPERATING DEFICIT RESERVE** – This account reflects the cash balance available to cover the estimated operating deficits for the property. The funds are held by PHFA and released according to the terms of the Operating Deficit Reserve Agreement.
- 1333 FSSP ESCROW** – This account reflects the cash balance available for the property’s Family Supportive Services Program expenses which is under the direction and control of PHFA.
- 1390 OTHER ESCROWS/RESERVES** – This account reflects the cash balance available for other escrow and reserves that are otherwise not classified in the 1300 series.
- 1420 CAPITAL IMPROVEMENTS** – This account reflects any replacements or improvements made to the building (including fixed building equipment).
- 1460 PROJECT EQUIPMENT** – The cost of any furnishings and equipment not charged to the cost of the building is recorded in this account.
- 2320 MORTGAGE PAYABLE** – This account represents the mortgage amount due on mortgage notes. All principal payments are debited to this account. The principal amounts that are due and payable within one year should be segregated and shown as a current liability on the balance sheet.
- 2390 OTHER PAYMENTS** – This account includes all long-term liabilities not included in account 2320.