PROCEDURES FOR COMPLETING MONTH-END REPORT

The purpose of the month-end report is to reconcile tenant rent charges, subsidy charges and vacancy loss to the contract rent on each apartment unit for each calendar month. The report is to be completed based upon underlined information as of the 15th of each month. Any expected events such as anticipated move-ins or move-outs after the 15th are not included because the event is not documented by the close on the 15th.

The report is made up of two parts with Part I reporting units where the status quo remained constant since the last report, and Part II reporting units where a move-in, move-out, vacancy, transfer, Section 8 Adjustment or any extraordinary adjustments took place.

At the beginning of each month, every unit starts out in Part I. As any of the above situations occur, all the unit information on the line must be transferred to Part 2 and "See Part 2" should be printed across the rent potential column in Part I. Once a unit is transferred to Part 1, all information on that unit during the month will be posted in Part 2. Each new month, the unit will begin in Part 1 again. Due to the transferring of units and complexity of the report we request you complete the report by hand, in pencil. When erasing, please erase thoroughly.

THE MONTH-END REPORT CANNOT BE COMPLETED UNLESS EACH ENTRY ON THE LEDGER CARDS EXACTLY MATCHES THE ENTRY ON THE CASH REPORT.

The report is completed step by step as follows:
A. **Beginning of Month** (Around the 25th of the month) -

(Part 1 only) The following columns are copied directly from the last corrected month-end immediately after receiving it and the target figures from the bookkeeper. Remember every unit begins in Part 1.

COLUMN TITLES

Unit - List every unit in the project.

Name - List every tenant in the project as of the last month-end report. Do not list any move-outs from that report. If the unit was vacant as of the last report, print VACANT in the name column and transfer this unit to Part 2.

Rent Potential - List the authorized potential for each unit.

Rent Free - For each rent free unit, copy the rent potential amount into this column. If you are holding a rent free for an assistant manager or maintenance man (and you have a slot available as per your HUD approved rent schedule) the basic rent is chargeable to rent free on Part I and not vacancy on Part II.

Balance Forward - Copy exactly the "NEW BALANCE DUE" from the last month-end

report for each tenant on this month-end. This means the balance due last month will be carried forward to this month-end <u>except move-outs</u> reported on the last month-end. Each "balance forward" amount will also match the "balance forward" on the <u>first</u> ledger/-cash report entry that was made this month. THE GRAND TOTAL OF PARTS 1 AND 2 MUST EQUAL THE GRAND TOTAL OF "BALANCE DUE" - LESS ANY MOVE-OUTS ON THE LAST MONTH-END.

Security Balance Forward - Copy exactly the "Security Ending Balance" amounts from the last month-end onto this month-end. Those that were move-outs on the last month-end had a "0" ending balance and are not copied onto this month-end. THE GRAND TOTAL OF LAST MONTH'S "SEC ENDING BAL" MUST EQUAL THE GRAND TOTAL OF THIS MONTH'S "SEC. BAL. FOR."....NO EXCEPTIONS! Be careful to match Apt. # and tenant to proper security amount.

Prior Voucher/Current Month Amounts - Copy the current month's REGULAR amounts from the voucher prepared on the tenth of the last month. Do <u>not</u> copy any adjustment from the voucher.

EXAMPLE: On the February month-end, copy <u>all</u> regular February (2/86) amounts off of the voucher prepared January 10. If the name on the voucher does not appear on the month-end you are preparing, add the name to Part 2. The total of this column <u>must</u> agree with the regular monthly amount total on the voucher and the target figure.

B. **During the Month** - Although we do not recommend posting anything else to the month-end <u>during</u> the month, it will be very helpful to follow the instructions on using the "ledger tray dividers" as rents are processed during the month. Filing the tenant ledger cards in the manner prescribed will make the completion of the month-end faster, easier and more accurate.

C. **End of the Month** - On or about the 12th of each month, you will receive the latest Section 8 voucher, and the final target figures from your bookkeeper. As soon as these are received, you will be able to finish the month-end. REMEMBER, DO NOT CLOSE OUT THE FINAL CASH SUMMARY REPORT UNTIL THE MONTH-END IS COMPLETELY FINISHED.

   1. MOVE UNITS TO PART II - For all units where the tenant ledger cards are filed behind the "ADVANCE DEPOSITS", "MOVE-INS", or "MOVE-OUTS" tray dividers, transfer all unit information already posted in Part I to Part 2:

   When transferring move-ins and move-outs to Part 2, the current month's gross potential on the unit must be prorated to each tenant according to the number of days during the month he is responsible for.

   EXAMPLE: If the unit gross potential is $300 and a tenant moved <u>out</u> on the 10th, the gross potential on his line is $100.

Each unit where a move-in or move-out took place will require up to 3 lines, all of which add up to the total unit potential.

2.   NEW VOUCHER/ADJUSTMENTS COLUMN (Part 2 only) - On this month-end, you will only be concerned with the ADJUSTMENTS on the voucher just received.

The bookkeeper will have marked off the adjustments that were already reported onthe prior month-end report. Since adjustments are only reported on one month-end, only enter the adjustments that the bookkeeper has designated to be reported on this month-end. These entries will total to the target figure which this column must equal.

If the tenant is not already listed in Part 2, transfer the unit information from Part 1 and print "SEE PART 2".

In the small block column "MO" enter the month the adjustment is for.
EXAMPLE: If the adjustment is for June enter "6" into the "MO" column.

3.   POSTING TENANT LEDGER SECTION - From this point on, the month-end will be completed one line at a time, by combining this month's information from each tenant ledger card. A line should have been drawn on the ledger card under the last entry for the prior month, and therefore, every entry under the line should be combined to go on this month-end. Post by pulling each card from the tray beginning at the front and going to the back. As each card is pulled, post as follows:

Locate the tenant's line on the month-end report. It could be in either Part 1 or Part

2.   COLUMN TITLES:
Rent Charges - Enter the combined total of rent charged/credited on the tenant's ledger card during the month, i.e., since the last month-end report.
Security Charges - Enter the combined total of security charged/credited on the tenant's ledger card during the month, i.e., since the last month-end report.
Other Charges - Enter the combined total of all other charges (codes B, C, D, L, etc.) on the tenant's ledger card during the month, i.e., since the last month-end report.
Balance Forward - This was already entered at the beginning of the month, but check to be sure this agrees with the "BALANCE FORWARD" on the first line of the ledger card used this month. If not, stop work and call bookkeeper.
Paid - Enter the combined total of all payments on the tenant's ledger card during the month, i.e., since the last month-end report.
Balance Due - Enter the "NEW BALANCE DUE" from the last line of the resident's ledger card used this month.

4.   BALANCING EACH TENANT'S LINE - Before going to the next ledger card in the tray, each tenant's line is balanced in the following manner.
    a. **Rent Potential Section** - Beginning with "rent charged", add or subtract from right-to-left the figure in each column according to the formula at the top of

each column. If the sum does <u>NOT</u> equal the tenant's "GROSS POTENTIAL" for the current month for which he is responsible, check for the following problems:

RENT CHARGED - It is possible that either the wrong rent was charged on the ledger card, or that no rent was charged at all. If so, put the card on the system (remember, the last cash report is still open!) and correct the rent charge. Re-combine the entries from the resident ledger card onto the month-end per step #3 above.

NEXT VOUCHER/ADJUSTMENTS - (Part 2 only) - For one reason or another, a necessary Section 8 adjustment has not been reported on a voucher yet, but should be on the next voucher to be run. If so, enter the adjustment in this column. If the unit is not already in Part 2, you must transfer it from Part I and write "SEE PART 2".

BMIR/236 EXCESS (current month amounts) - If the tenant is an excess or market renter, list the amount of excess rent the resident should have been charged for the current month, i.e., the amount over contract rent. On a move-in or move-out, the regular monthly excess may need to be prorated. (Part II). Do not plug the prorated excess rent charged or credited to vacancy.

PRIOR MONTH VACANCY ADJUSTMENT - (Part 2 only) - In case of a move-in or move-out, the portion of rent potential for which this tenant is responsible <u>that pertains to a prior month</u> must be entered in the "VACANCY" column. If this is a move-in, the entry will be in brackets ("found" rent). This entry will be necessary if we reported either too much or too little vacancy for the unit on the prior month-end report.

PRORATION ERRORS (Part 2 only) - On move-ins or move-outs, it is possible that rounding/proration errors occurred. If so, enter the error in the "vacancy" column. This should not exceed $10.00.
Re-calculate the "rent potential section" to be sure the sum of the figures in each column equals the tenant's gross potential for the current month for which he is responsible. If it does <u>not</u> add properly, call the bookkeeper for help.

b. **Tenant Ledger Section -** Beginning with "rent charged", add or subtract from <u>left-to-right</u> the figure in each column according to the formula at the top of each column. If the sum does <u>NOT</u> equal the "BALANCE DUE" figure look for the following errors:

MATH ERROR ON TENANT LEDGER CARD - Re-check math on each line on the ledger card since the last month-end. If an error is found on the ledger card, call your bookkeeper for instruction; or,

<u>Recombine</u> the entries in each column per C3 above.
If you still cannot balance the section for this unit, call your bookkeeper.

c. **Security Deposit Section** - The figure in the "Security Balance Forward" column +(-) the figure in the "Security Charges" column (=) equals the "Security Ending Balance" figure, NO EXCEPTIONS.

d. After the tenant's line balances, draw a line under the last entry on the ledger card to clarify where you cut off for this month-end report. All entries on the led-ger card below the line will be entered on the <u>next</u> month-end.

e. After you have balanced this tenant's line, pull the next tenant ledger card in the tray, and repeat instruction C3 and C4 until every ledger card in the tray has been posted.

5. **Close out Final Cash Report** - After each tenant's line is balanced, we know that the rent charges made were correct and we can now close the final *cash summary report*, update the month-to-date totals on the *final batch transmittal*, and arrive at target figures for the *tenant ledger* section.

6. **Checking Unit Rent Potential** - If there were move-ins and move-outs on the unit, the prorated rent potentials on each line must add up vertically to equal the total rent potential for the unit for the current month. If there were any vacant days in the <u>current month</u>, VACANCY must also take a line. On this line, enter the number in both the "RENT POTENTIAL" and "VACANCY" columns which will force the prora-ted potentials to add up to the correct rent potential for the unit. Show that the prorated rent potentials add up by writing the total unit rent potential on the last line for the unit. Do not write in a total for any other columns on this unit.

7. **Check Grand Totals Vertically** - For each page in Parts 1 and 2, add each column and write the column total on the bottom of the page and again on the last page of Part 2. It is not necessary to separately subtotal Part 1 and Part 2 on the <u>last page</u> of Part 2, add the page totals for each column and write the grand total for the report. Check to see if the Grand total is the same as the target figure. REWORK ONE COLUMN AT A TIME UNTIL IT AGREES WITH ITS TARGET FIGURE. Remember, the columns in the tenant ledger section will agree with the target figures from the cash reports <u>only if the entries on the ledger cards and cash reports are identical</u>. DO NOT PROCEED UNTIL EVERY COLUMN AGREES WITH ITS TARGET
FIGURE.

8. **Check Grand Totals Horizontally** - Using the same formulas with which each tenant line was added, check the grand total line to be sure the rent potential section, tenant ledger section, and security deposit section all balance horizontally. If one of the sections is not in balance, check the same section for each page of the report to find out which page is off. Then go to the page and find out whether you added one of the columns incorrectly or whether one of its lines does not balance

horizontally.

9. **Re-File Resident Ledger Cards** - After the report balances, re-file the resident ledger cards as follows:

   a. <u>Move-Ins</u> - Move the card either to the "current" section or the "delinquent" section of the tray.
   b. <u>Move-Outs</u> - File ledger cards in the tenant file. Tenant file will be kept in the dead file until end of year.
   c. Pending move-outs, advance deposits, current and delinquent ledger cards are left as they are.

   The cards in the tray now reflect the current status of the project, the month-end is complete, and you are ready to begin your next month.

10. Send the balanced month-end, updated target totals, and Rent Facs for all the move-ins on Part II to the office.