Chapter 8

Chart of Accounts

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Chart of Accounts: Introduction

The Chart of Accounts provides a systematic means by which a local government codes its financial transactions. Coding is the use of numerical designations, in lieu of words or names, for the identification of specific funds or accounts. The chart of accounts is divided into five elements, which include: (a) the funds; (b) the revenue (receipt) accounts; (c) the expenditure (disbursement) accounts; (d) the object code classifications; and (e) program codes.

Your chart of accounts should be designed to capture the financial information you need in order to keep track of your financial data and make good financial decisions. In deciding what to include in your chart of accounts you will want to consider each of the following questions:

- What reports do you want to prepare?
- What financial decisions, evaluations and assessments do you want to make on a regular basis?
- What level of detail do you require?

Note: CTAS requires you to use the Chart of Accounts as defined in publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor.

The basic account structure has four dimensions: fund, account, object code, and program code. Three digits are assigned to the fund, five to the account, three to the object code and three to the program code.

The basic structure in the Uniform Chart of Accounts, then, is as follows:

	Fund Number	Account Number	Object Code	Program Code*
Revenues	xxx	3xxxx		xxx
Expenditures	xxx	4xxxx	xxx	xxx

* The program code is optional

Accessing the Chart of Accounts Section

To access the Chart of Accounts section from within the Accounting Module of CTAS, click on the Acct No. icon. The Chart of Accounts screen, as shown below, will appear:
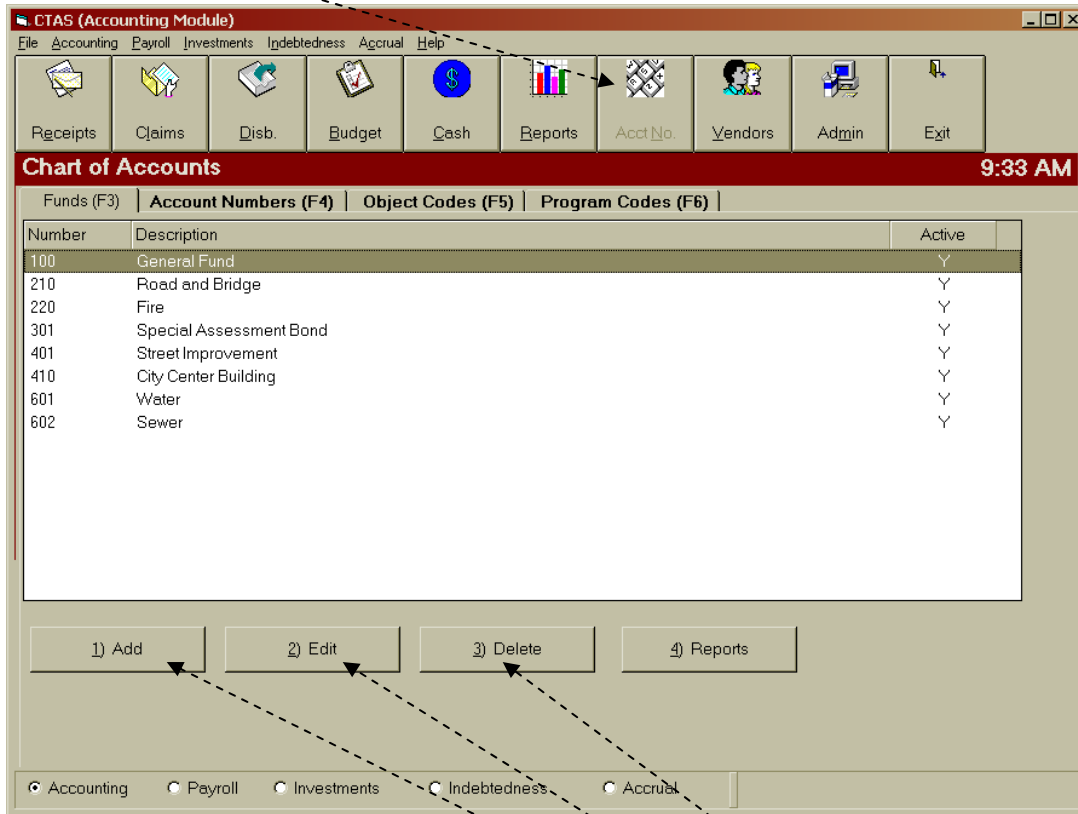
By selecting the appropriate tab, you can Add, Edit or Delete a fund number, account number, object code or program code from the Chart of Accounts screen. In addition, by clicking the Reports button, you can print a list of the fund numbers, account numbers, object codes or program codes. Instructions on how to use these buttons can be found later in this chapter.

Chart of Accounts: Funds - Introduction

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are segregated for the purpose of carrying on specific activities or objectives under special regulations, restrictions or limitations. It is recommended that separate funds be created only where necessary for operational or legal requirements. Too many funds may cause unnecessary complexity.

The following types of funds and account groups should be used by local governments:

1. **Governmental Funds** are those types of funds through which most governmental functions are typically financed. The governmental funds, and how they're used:

    The General Fund (100) - to account for all financial resources except those accounted for in another fund. It is the main operating fund of the government.

    Special Revenue Funds (200 – 299) - to account for revenues derived from specific revenue sources (other than those for major capital projects) that are legally restricted for specific purposes.

    Debt Service Funds (300 - 399) - to account for the accumulation of resources for the payment of general long-term debt principal and interest.

    Capital Projects Funds (400 - 499) - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. **Proprietary Funds** are used to account for a government's organizations and activities that are similar to the private sector.

    Enterprise Funds (600 – 699) - to account for operations that are financed and operated in a manner similar to private business enterprises, i.e. a government's business-type activities.

3. **Fiduciary Funds** (800 - 899) are trust and agency funds used to account for assets held by a governmental unit in a trustee capacity or as an agent. Fiduciary funds cannot be used to support the government's own programs.

For more information on funds and assigned numbers, see the publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor. For a copy of the Chart of Accounts see www.auditor.state.mn.us/other/ctas/docs/ctas_coa.pdf.

Note: CTAS requires you to use the Chart of Accounts as defined in publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor.

Chart of Accounts: Adding a New Fund

To add a fund number, click the Fund (F3) tab. Next, click on the Add button.
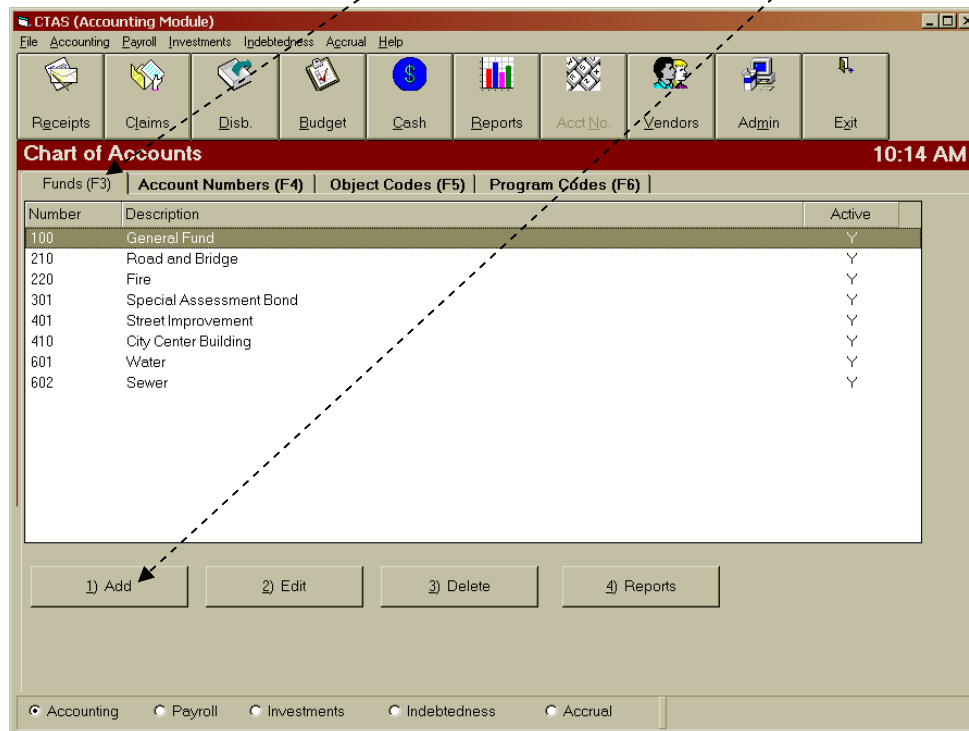
After the Add option is selected, a New Fund screen will appear, allowing you to enter the information for the new fund. An example of the New Fund screen is shown below.
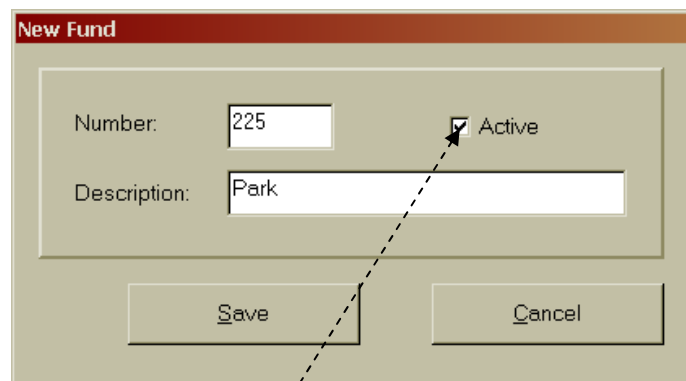

When the New Fund screen appears, complete the following steps:

- Enter the new fund number. For CTAS to run properly, a fund number must be three digits.
- Check the Active box.
- Enter the name of the fund in the Description box. A fund name is limited to 25 characters.
- Click the Save button to add the new fund.

Chart of Accounts: Changing a Fund

To change a fund's number, description, or status, highlight the fund on the Chart of Accounts screen and click the Edit button.
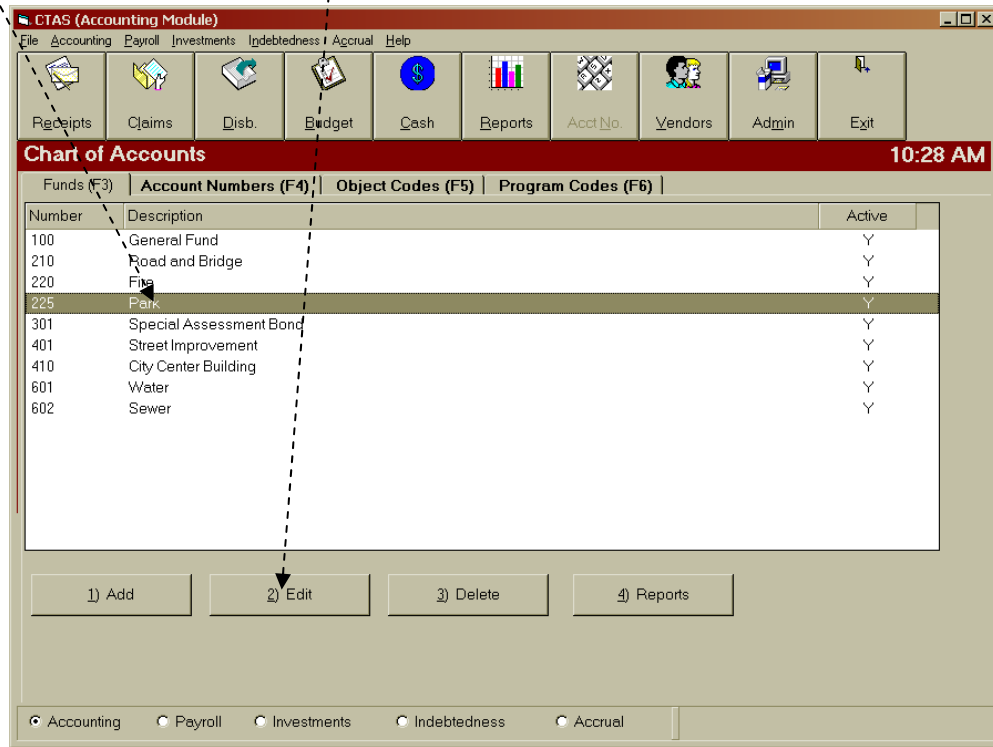

After the Edit option is selected, the Update Fund screen will appear:
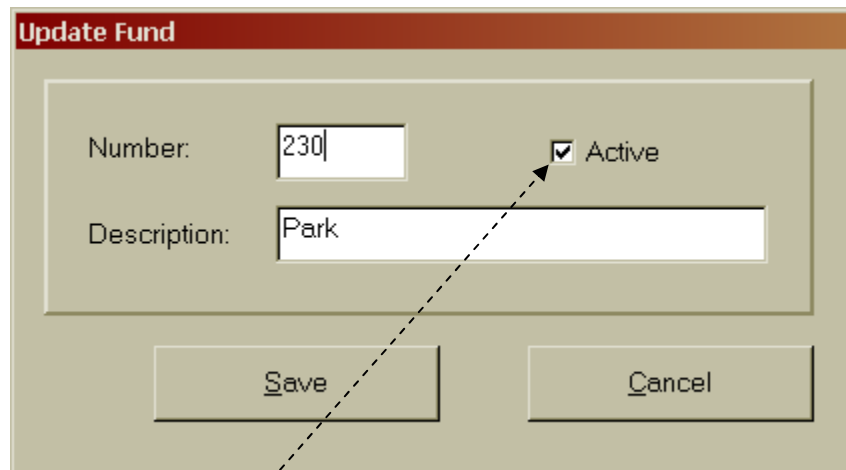
On the Update Fund screen you can change the status of the fund, the fund number, and/or the description. The status of the fund can only be changed from active to inactive when the fund balance is zero and the fund has not been used in a transaction during the current fiscal year. When a fund number is changed, all transactions associated with the fund will also reflect the new fund number. To complete the updating of the fund, click the Save button.

Chart of Accounts: Deleting a Fund

The need to delete a fund could result from a decision that the fund was not needed after it was added, or because the fund was included as part of the chart of accounts when CTAS was installed and you do not use that fund. Note: You can only delete a fund number if it has not been used in any transactions.
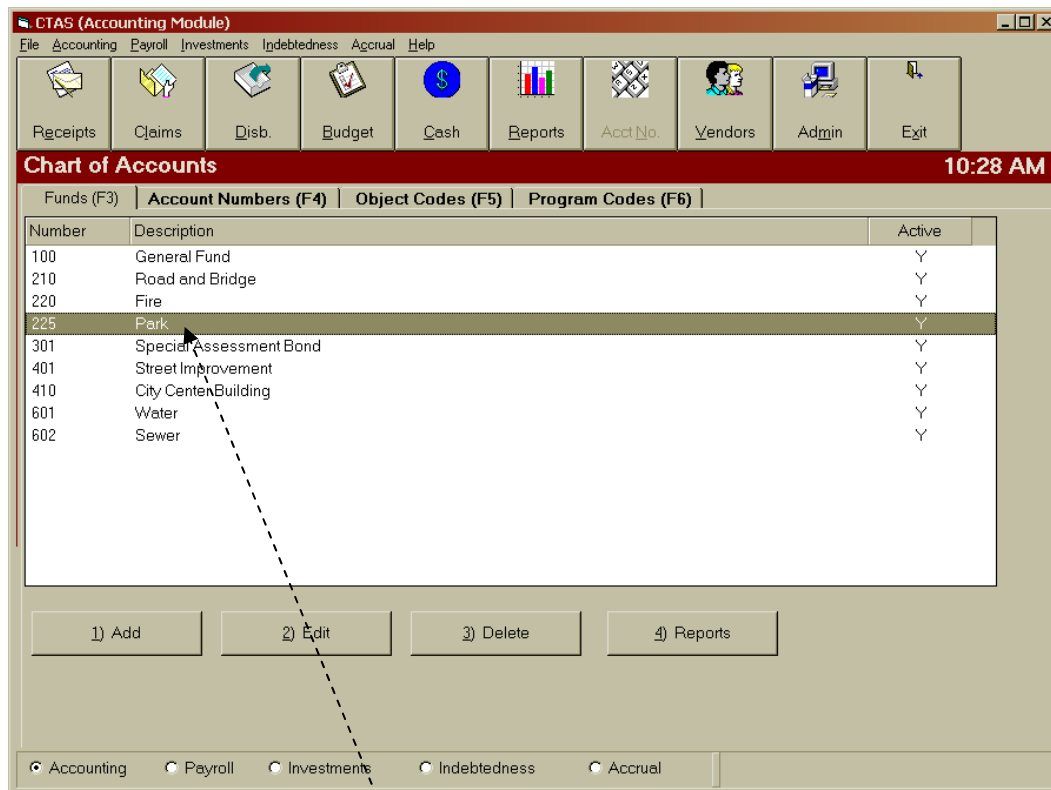

- To delete a fund, highlight the fund and click the Delete button. Note: You can only delete a fund if it has not been used in any transactions.

- After the delete option is selected, the Confirm Fund Delete screen appears (see below, left).

- Click on the Yes button to delete the fund.

- You will then receive a screen message (below, right) that indicates the fund was deleted. Click the OK button to complete the process.
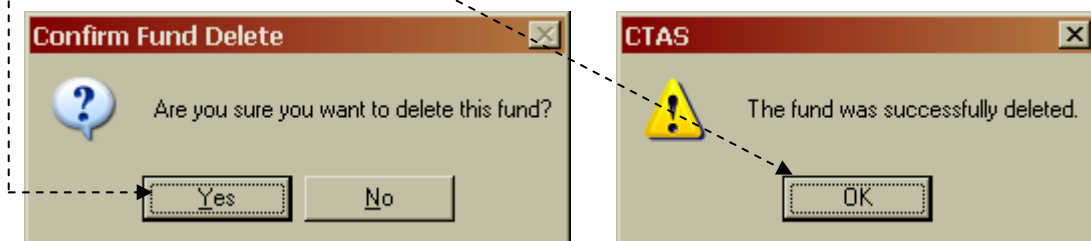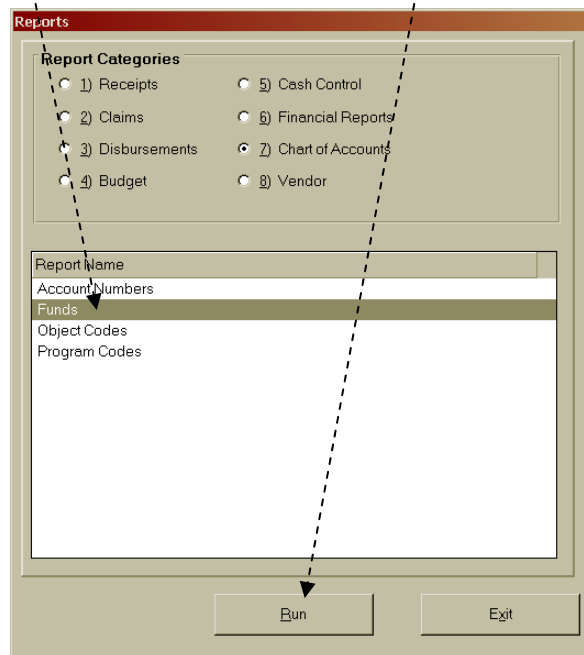
Chart of Accounts: Printing a List of the Funds

To print a list of the funds, click on the Reports button on the Chart of Accounts screen.
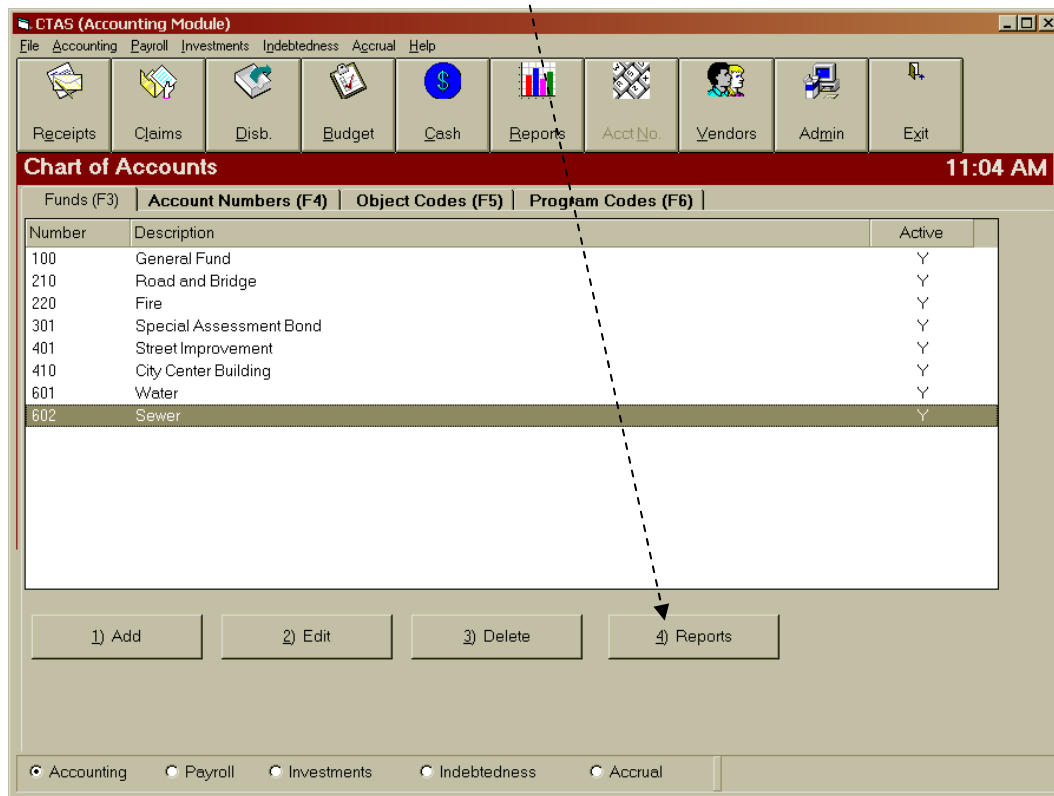

A Reports screen will appear, listing the four reports that can be printed in this section. To print a list of the funds, highlight Funds and click the Run button.

Chart of Accounts: Printing a List of the Funds (continued)

After clicking the Run button, the print preview (System Reports screen) appears, as shown below. After reviewing the preview, click on the Printer icon to begin the printing of the report. You can close the System Reports screen by clicking the red "X".
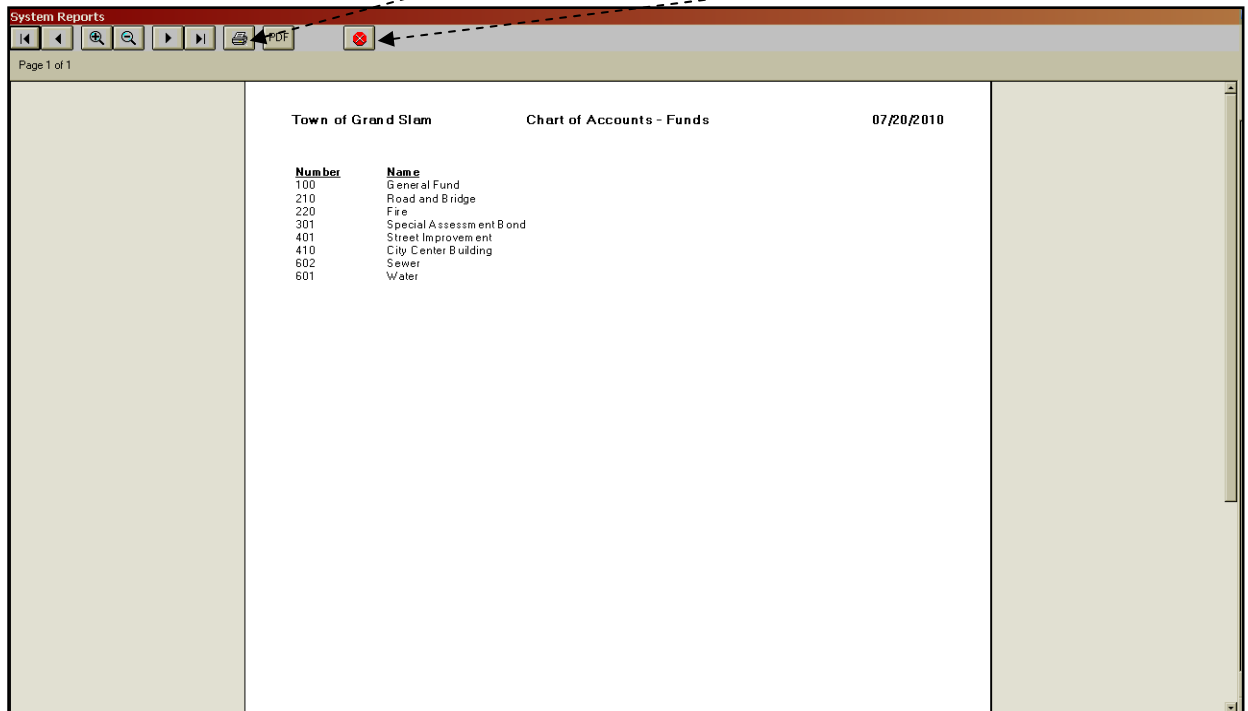
- After clicking on the Printer icon, the Printer Details screen appears:
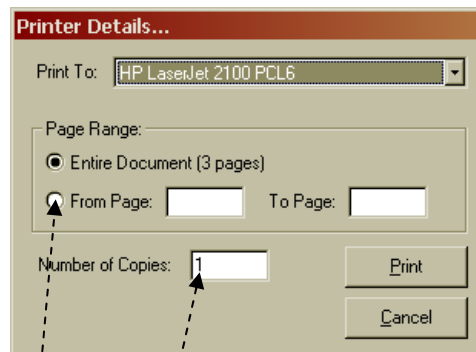
- By clicking the From Page radio button, you can choose to print only certain pages of the report. The Number of Copies box allows you to enter the number of copies you would like printed. After selecting the printer details, click on the Print button to begin printing the report. A sample of the report appears on the next page.

To close the printing of the report:
- Click the Red "X" icon on the System Reports screen.
- Click the Exit button on the Reports screen.

Chart of Accounts: Printing a List of the Funds (continued)

Sample Chart of Accounts - Funds Report

Town of Grand Slam	Chart of Accounts - Funds	07/20/2010

Number	Name
100	General Fund
210	Road and Bridge
220	Fire
301	Special Assessment Bond
401	Street Improvement
410	City Center Building
602	Sewer
601	Water

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Chart of Accounts: Account Numbers - Introduction

Revenue/Receipt Accounts

The primary classification of revenues is by fund and source. Major revenue source classifications are taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits, special assessments, and miscellaneous revenues. The revenue account (source code) is used to identify the source of the revenues. The major sources of revenue are:

Taxes
  General Property Taxes
  Tax Increments
  Hotel-Motel (Lodging) Tax
  Gravel Tax
  Franchise Taxes
  Forfeited Tax Sale Apportionments

Licenses and Permits
  Business Licenses and Permits
        Alcoholic Beverage
  Non-Business Licenses and Permits
        Building Permits
        Animal Licenses

Intergovernmental Revenues
  Federal Grants and Aids
        Community Develop. Block Grant
        Emergency Preparedness
        Federal Payments in Lieu of Taxes
        Federal Emergency Management Act
  State Grants and Aids
        Local Government Aid
        Gas Tax/Highway Use Tax
        Residential Market Value Credit
        Agricultural Market Value Credit
        Manufactured Home Market Value
        Credit
        Taconite Homestead Credit
        Taconite Municipal Aid
  Grants and Aids From Local Governmental Units
        County Grants for Highways
        Grants from Local Governments

Charges for Services
  General Government
        Filing Fees
  Public Safety
        Police and Fire Contracts
        Ambulance Revenues
  Highways and Streets (Road and Bridges)
  Refuse Collection Charges
  Culture – Recreation
        Recreation Fees
        Library Use Fees
        Park Fees
  Airport Revenues
  Cemetery Revenues

Fines and Forfeits
  Court Fines
  Parking Fines
  Library Fines
  Forfeits

Special Assessments

Miscellaneous Revenues
  Interest Earnings
  Donations from Private Sources

Enterprise Fund Revenues
  Water Sales
  Sewer Charges
  Refuse Charges
  Electricity Sales
  Liquor Stores Sales
  Golf Course Revenues
  Arena Revenues
  Swimming Pool Revenues

Chart of Accounts: Account Numbers - Introduction (continued)

Expenditure/Disbursement Accounts

Expenditures are to be classified according to character, function (or program), activity and object. The expenditure accounts provide the classification by function and activity, and the object code provides the character and object classification. This method of describing expenditures (use of both expenditure accounts and object code) permits analysis and aggregation of data in different ways and for different purposes.

The primary classification of expenditures is by function and activity. The major functions and sub-functions in the Uniform Chart of Accounts are:

General Government
   City Council\Town Board
   Mayor
   City/Town Clerk
   Financial Administration
   Personnel Administration
   City/Town Hall

Public Safety
   Police
   Fire
   Ambulance
   Building Inspection
   Civil Defense
   Animal Control

Public Works
   Highways, Streets and Roadways
   Sanitation

Health
   Health

Culture-Recreation
   Recreation
   Parks
   Libraries

Conservation of Natural Resources

Urban and Economic Development
   Urban Redevelopment and Housing
   Economic Development

**Debt Service**
   Principal Payments
   Interest Payments

Miscellaneous

For more information on account numbers and the assigned numbers, see the publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor. For a pdf copy of the Chart of Accounts see www.auditor.state.mn.us/other/ctas/docs/ctas_coa.pdf.

Note: CTAS requires you to use the Chart of Accounts as defined in publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor. In addition, if you are creating accounting numbers they must be an unused number be within the category range. For example, a new Streets and Highways (Road and Bridge) account number must be in the 43100 – 43199 range.

Chart of Accounts: Adding a New Account Number

To add an account number click on the Account Numbers (F4) tab on the Chart of Accounts screen.   Next, click on the Add button.
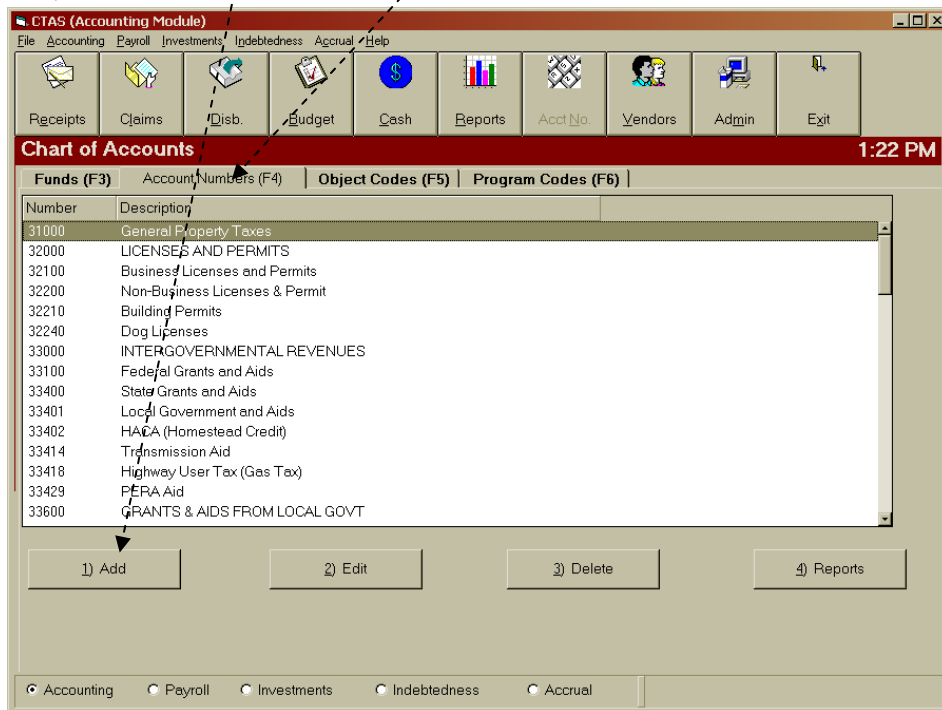
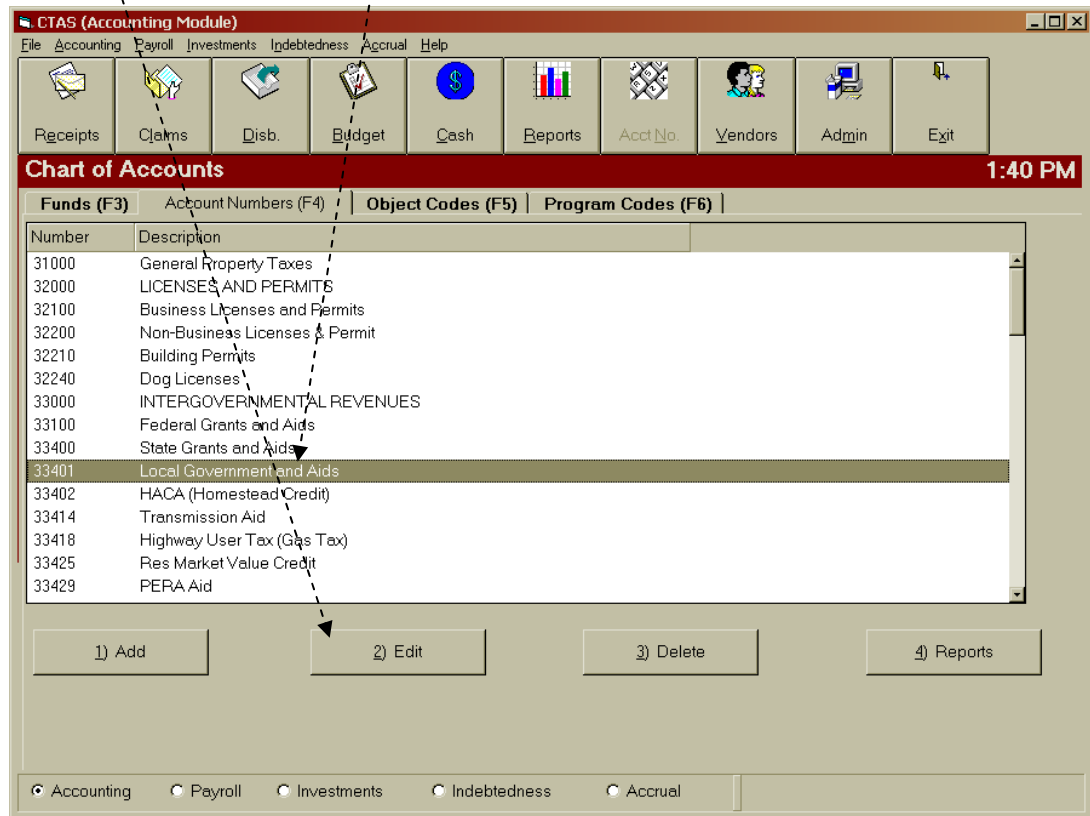After the Add option is selected, a New Account Number screen will appear:
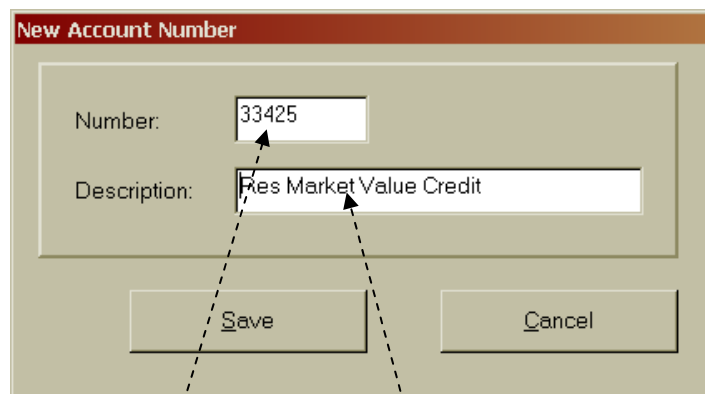
To enter the information for the new account number, complete the following steps:

- Enter the new account number in the Number box. The revenue/receipt numbers are the 30000 numbers, and the expenditure/disbursement account numbers are the 40000 numbers.
- Enter the name of the account into the Description box. The account name is limited to 25 characters.
- Click the Save button to add the new account number.

Chart of Accounts: Changing an Account Number

To change an account number, highlight the account number on the Chart of Accounts screen and click the Edit button.


After the Edit option is selected, the Update Account Number screen will appear:
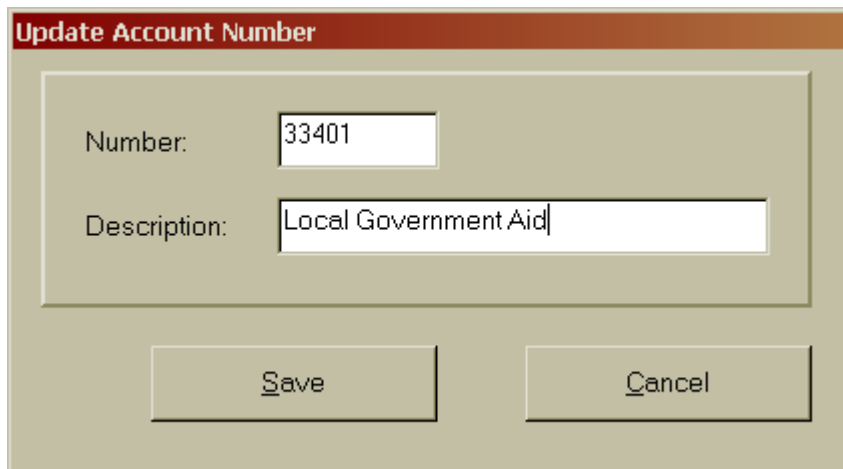

On the Update Account Number screen, you can change the account number and the description. When an account number is changed, all transactions associated with the account number will also reflect the new number. To complete the updating of the account number, click the Save button.

Chart of Accounts: Deleting an Account Number

The need to delete an account number could result from a decision that the account number was not needed after it was added or the account number was included as part of the chart of accounts when CTAS was installed and you do not use that account number. <u>Note:</u> You can only delete an account number if it has not been used in any transactions.
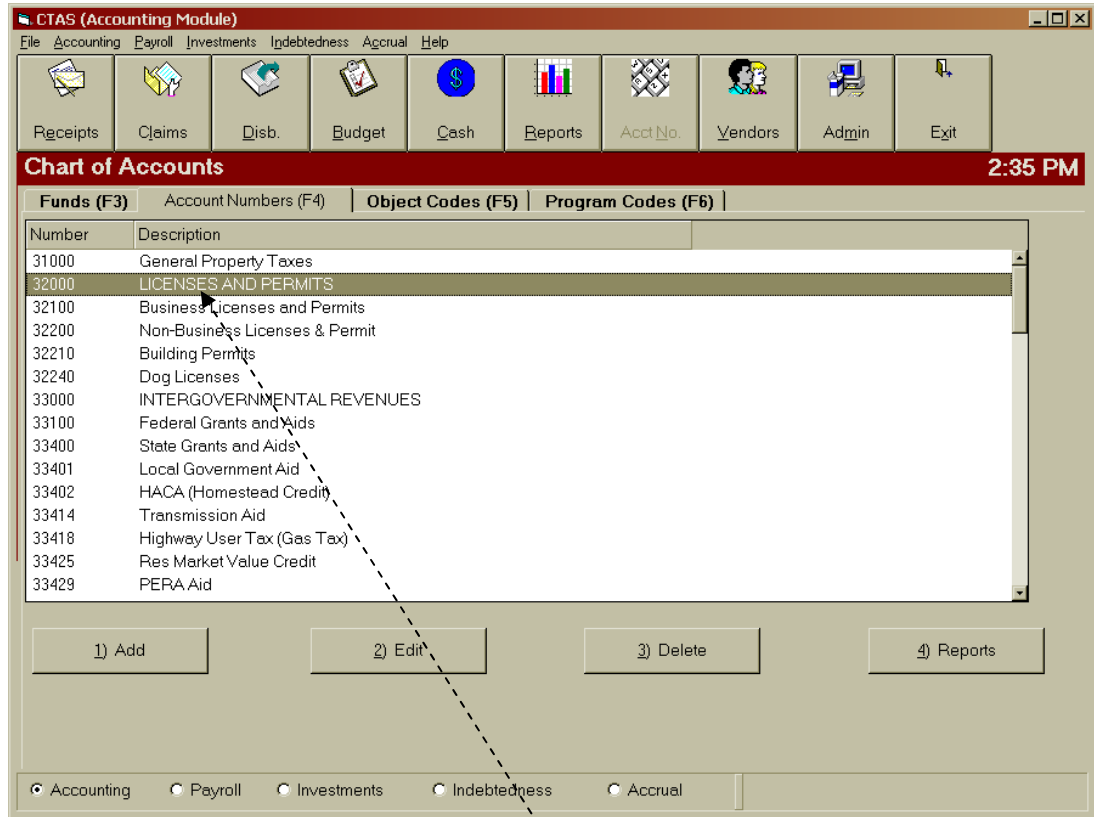

- To delete an account number, highlight the account on the Chart of Accounts screen and click the Delete button.

- After the delete option is selected, the Confirm Account Number Delete screen will appear (see below, left).

- Click on the Yes button to delete the account number.

- You will then receive a screen message (below, right) that indicates the account number was deleted. Click the OK button to complete the process.
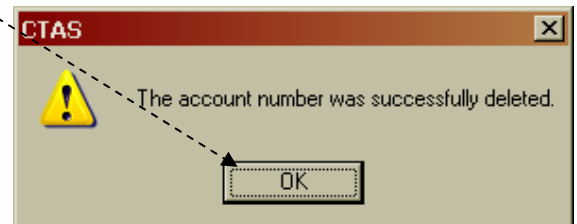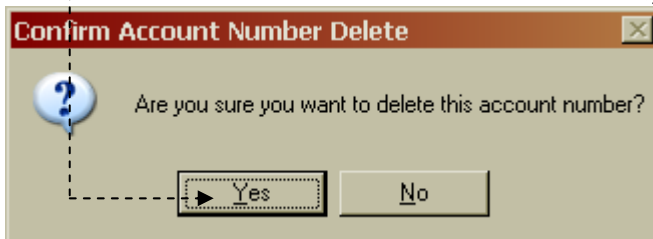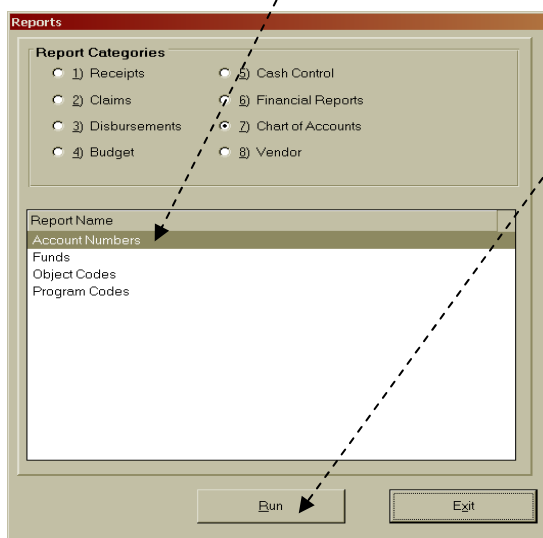
Chart of Accounts: Printing a List of the Account Numbers

To print a list of the Account Numbers, click on the Reports button at the bottom of the Chart of Accounts screen.
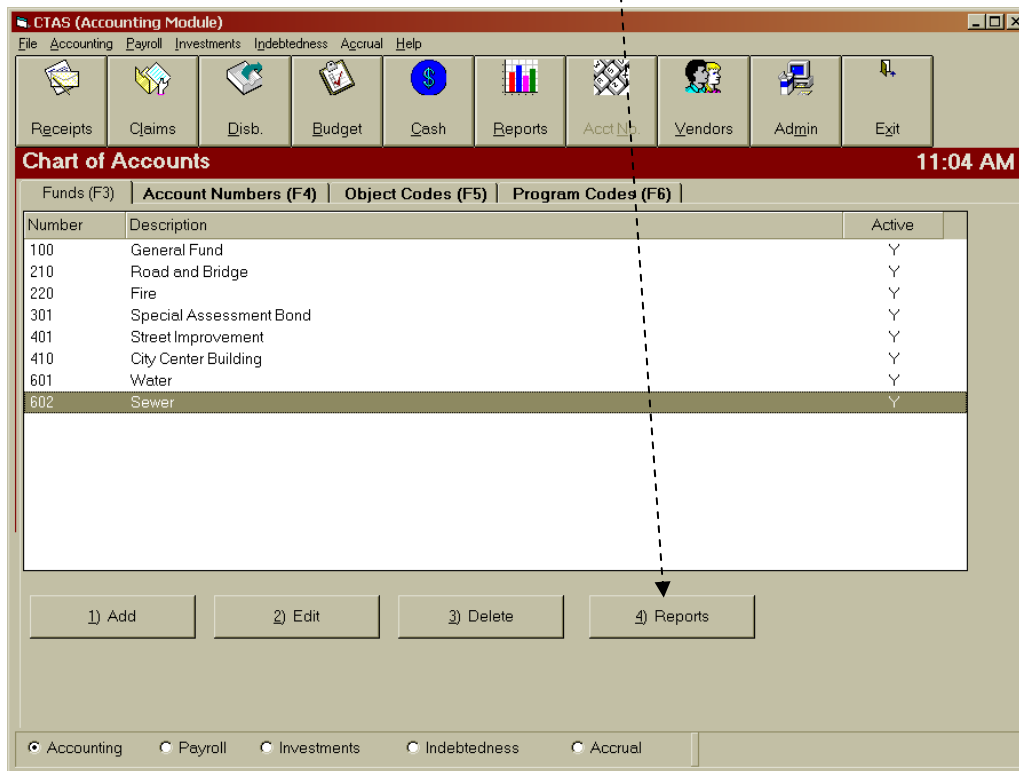

The Reports screen will appear, listing the four reports that can be printed in this section. To print a list of the account numbers, highlight Account Numbers and click the Run button.

Chart of Accounts: Printing a List of the Account Numbers (continued)

After clicking the Run button, the print preview (System Reports screen) appears, as shown below. After reviewing the preview, click on the Printer icon to begin the printing of the report. You can close the System Reports screen by clicking the red "X".
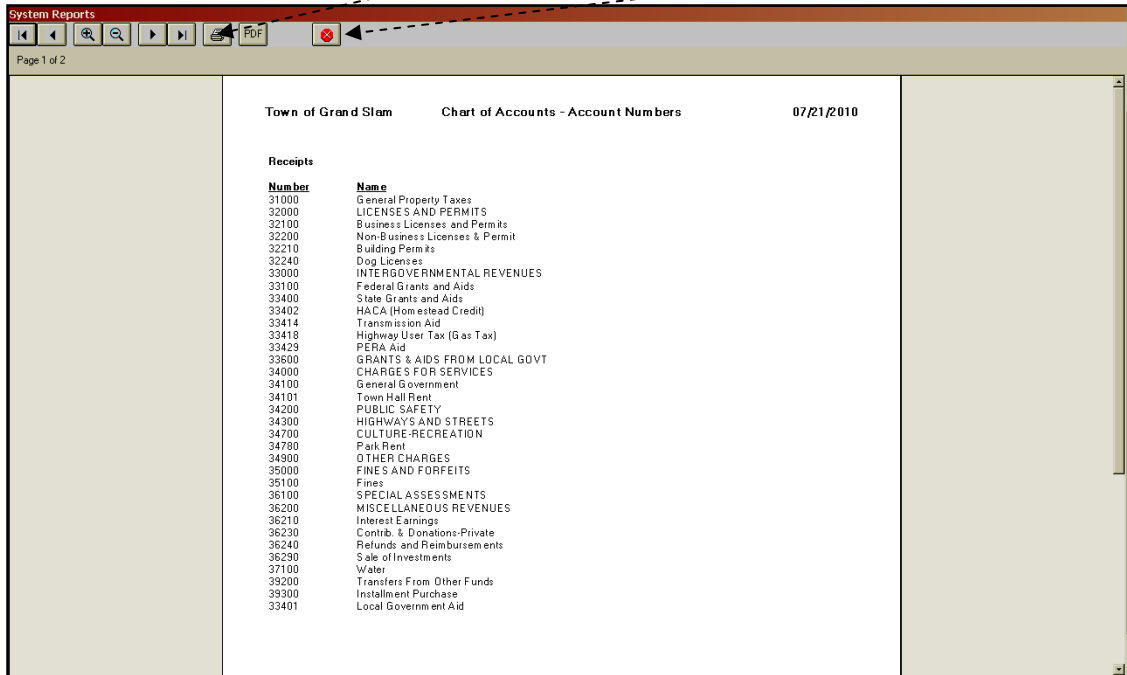
- After clicking on the Printer icon, the Printer Details screen appears:
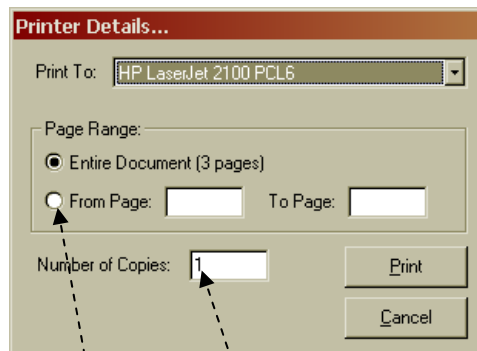
- By clicking the From Page radio button, you can choose to print only certain pages of the report. The Number of Copies box allows you to enter the number of copies you would like printed. After selecting the printer details, click on the Print button to begin printing the report. A sample copy of the report is on the following pages.

To close the printing of the report:
- Click the Red "X" icon on the System Reports screen.
- Click the Exit button on the Reports screen.

Chart of Accounts: Printing a List of the Account Numbers (continued)

Sample Chart of Accounts – Account Numbers Report

Town of Grand Slam	Chart of Accounts - Account Numbers	07/21/2010

Receipts

Number	Name
31000	General Property Taxes
32000	LICENSES AND PERMITS
32100	Business Licenses and Permits
32200	Non-Business Licenses & Permit
32210	Building Permits
32240	Dog Licenses
33000	INTERGOVERNMENTAL REVENUES
33100	Federal Grants and Aids
33400	State Grants and Aids
33402	HACA (Homestead Credit)
33414	Transmission Aid
33418	Highway User Tax (Gas Tax)
33429	PERA Aid
33600	GRANTS & AIDS FROM LOCAL GOVT
34000	CHARGES FOR SERVICES
34100	General Government
34101	Town Hall Rent
34200	PUBLIC SAFETY
34300	HIGHWAYS AND STREETS
34700	CULTURE-RECREATION
34780	Park Rent
34900	OTHER CHARGES
35000	FINES AND FORFEITS
35100	Fines
36100	SPECIAL ASSESSMENTS
36200	MISCELLANEOUS REVENUES
36210	Interest Earnings
36230	Contrib. & Donations-Private
36240	Refunds and Reimbursements
36290	Sale of Investments
37100	Water
39200	Transfers From Other Funds
39300	Installment Purchase
33401	Local Government Aid

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Chart of Accounts: Printing a List of the Account Numbers (continued)

Sample Chart of Accounts – Account Numbers Report (continued)

Town of Grand Slam	Chart of Accounts - Account Numbers	07/21/2010

Disbursements

Number	Name
41000	GENERAL GOVERNMENT
41100	Supervisors
41130	Publishing
41400	Clerk
41410	Elections
41500	Financial Administration
41530	Accounting
41550	Assessing
41600	Legal Services
41900	Other General Government
41910	Planning and Zoning
41940	Town Hall Building
42000	PUBLIC SAFETY
42100	Police
42200	Fire
42401	Building Inspection
42800	Other Protection
43000	PUBLIC WORKS
43100	Highways, Streets & Roadways
43122	Grading
43125	Ice and Snow Removal
43127	Street Engineering
43260	Weed Control
45000	CULTURE-RECREATION
45100	Recreation
45200	Parks
46300	Cemetery
47000	DEBT SERVICE
49000	MISCELLANEOUS
49010	Cemetery
49200	Unallocated Expenditures
49300	Other Financing Uses
49350	Purchase of Investments
49360	Transfers to Other Funds
49400	Water Expenses

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Chart of Accounts: Object Codes - Introduction

In addition to the function/activity classification, expenditures should be classified according to object class. The object indicates the type of item purchased or service obtained.

The four major classifications by object class are:

- **Personal Services** This category includes expenditures for salaries, wages, and related employee benefits provided for all persons employed by the city, including elected officials. Employee benefits include employer contributions to a retirement system, insurance, sick leave, severance pay, and similar benefits.

- **Supplies** This category includes articles and commodities which are consumed or materially altered when used, such as office supplies, operating supplies, repair and maintenance supplies, and small tools and minor equipment.

- **Other Services and Charges** This category includes expenditures for services other than personal services. Examples of such changes include professional services, communication, transportation, advertising, printing and binding, insurance, utility services, repair and maintenance, rentals, and depreciation.

- **Capital Outlays** This category includes expenditures which result in the acquisition of or additions to fixed assets.

While classification at this aggregated level is acceptable for financial reporting purposes, you will require a greater level of detail for management and budgeting purposes. Object codes should be assigned to provide a level of detail that meets your internal and external reporting requirements without undue complexity.

For more information on object codes and the assigned numbers, see the publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor. For a copy of the Chart of Accounts, see www.auditor.state.mn.us/other/ctas/docs/ctas_coa.pdf.

Note: CTAS requires you to use the Chart of Accounts as defined in publication "Minnesota City and Town Accounting and Financial Reporting Standard – Uniform Chart of Accounts" published by the Office of the State Auditor. In addition, if you are creating object codes there must be an unused number be within the category range. For example, a new Operating Supply object code must be in the 210-219 range.

Chart of Accounts: Adding a New Object Code

To add an object code, click on the Object Codes (F5) tab on the Chart of Accounts screen. Next, click on the Add button.
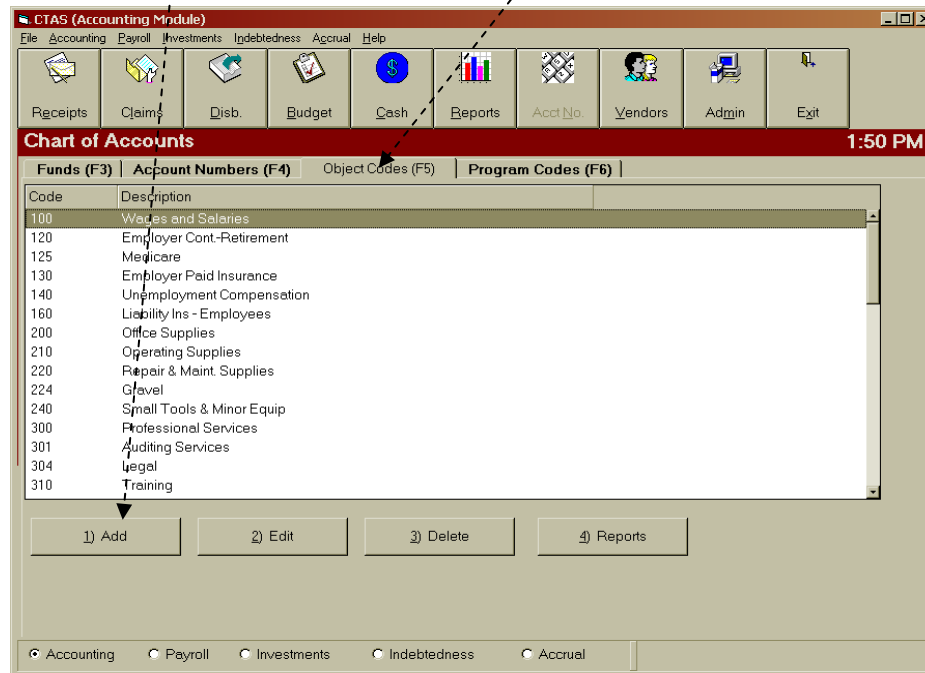
After the Add option is selected, a New Object Code screen will appear, allowing you to enter the information for the new object code:
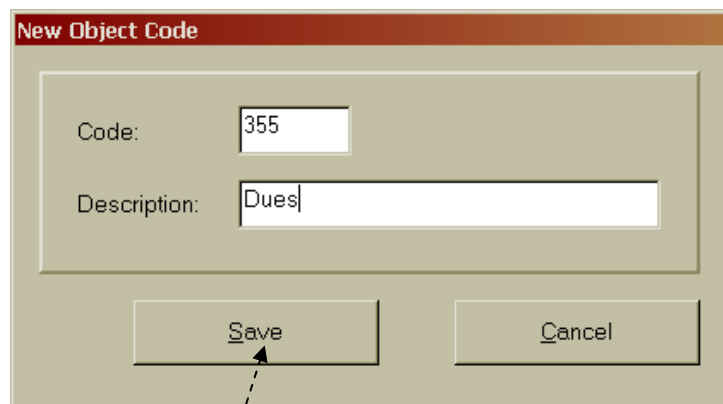

When the New Object Code screen appears, complete the following steps:

- Enter the new object code in the Code box. For CTAS to run properly, the object code must be three digits.
- Enter the name of the object code in the Description box. The name is limited to 25 characters.
- Click the Save button to add the new object code.

Chart of Accounts: Changing an Object Code

To change an object code, highlight the object code you wish to change and click the Edit button on the Chart of Accounts screen.
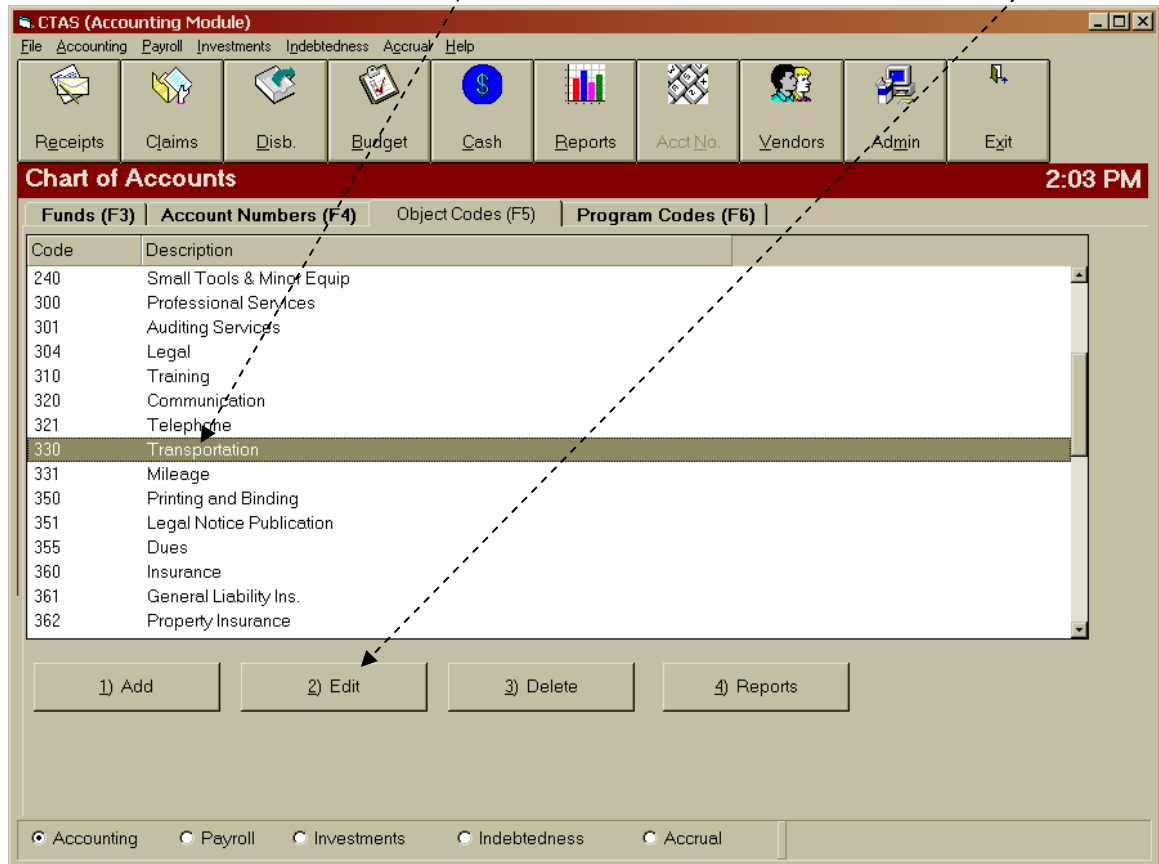
After the Edit option is selected, the Update Object Code screen will appear:
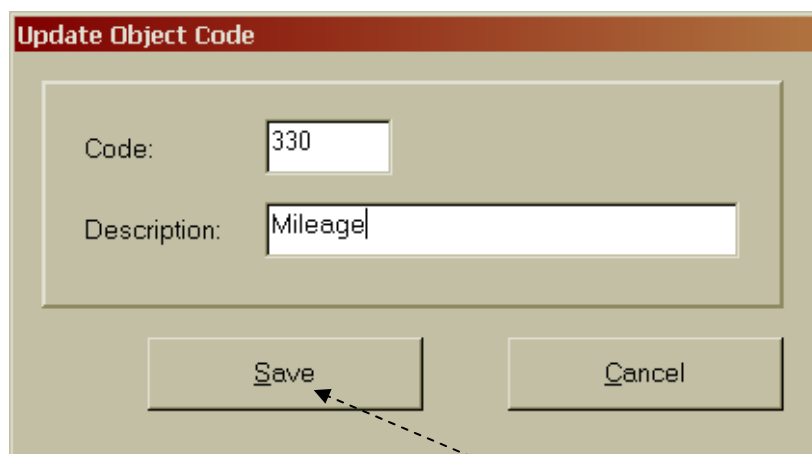
On the Update Object Code screen, change the object-code number and the description. When an object code is changed, all transactions associated with the object code will reflect the new number. To complete updating the object code, click the Save button.
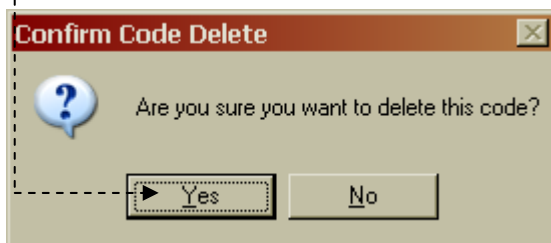
Chart of Accounts: Deleting an Object Code

The need to delete an object code could result from a decision that the object code was not needed after it was added, or an object code was included as part of the chart of accounts when CTAS was installed and you will not use that object code. <u>Note</u>: You can only delete an object code if it has not been used in any transactions.
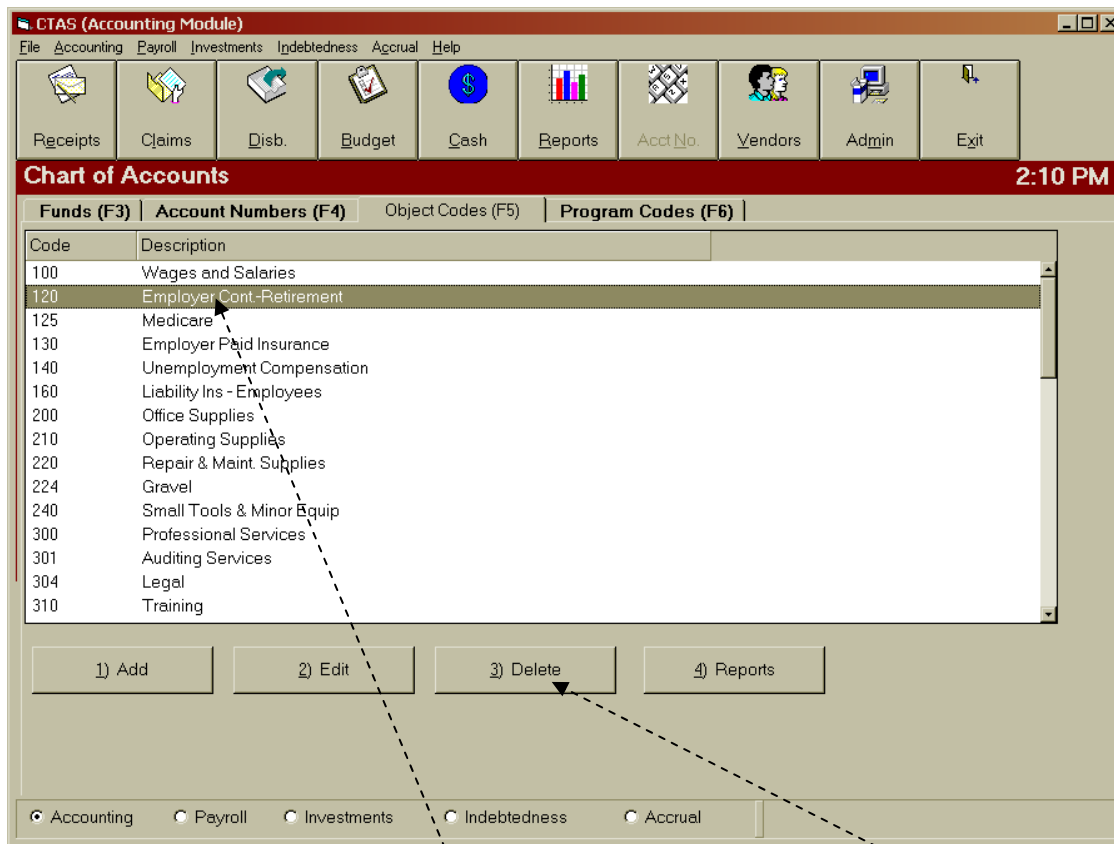
To delete an object code, highlight the object code and click the Delete button. After the delete option is selected, the Confirm Fund Delete screen appears (see below, left).

- Click on the Yes button on the Confirm Fund Delete screen to delete the object code.

- You will then receive a screen message (below, right) that indicates the object code was deleted. Click the OK button to complete the process.
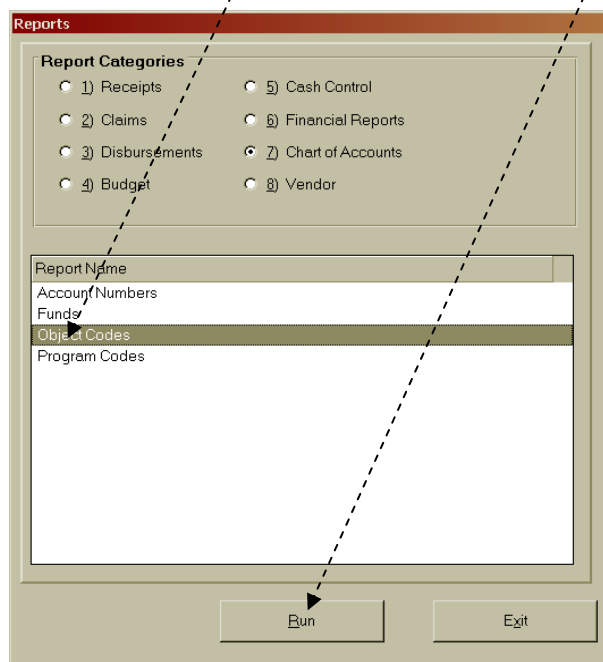
Chart of Accounts: Printing a List of the Object Codes

To print a list of the object codes, click on the Reports button on the Chart of Accounts screen.
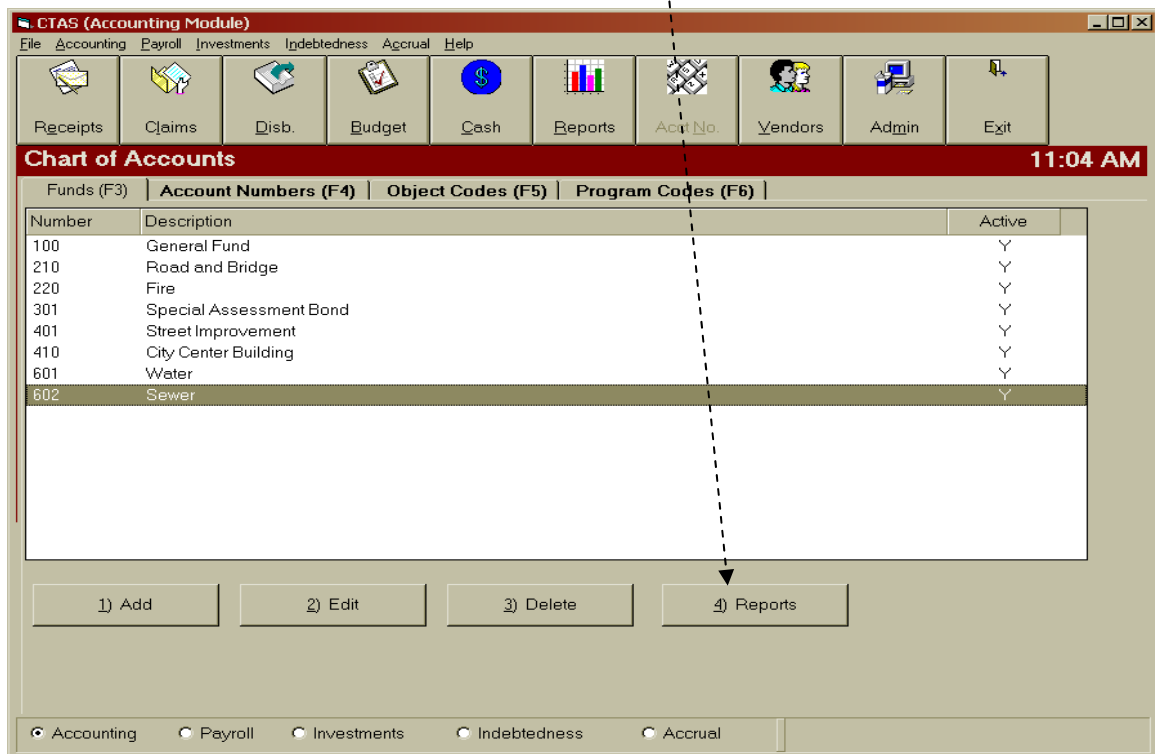

A Reports screen will appear, listing the four reports that can be printed from this section. To print a list of object codes, highlight Object Codes and click the Run button.

Chart of Accounts: Printing a List of the Object Codes (continued)

After clicking the Run button, the print preview (System Reports screen) appears, as shown below. After reviewing the preview, click on the Printer icon to begin the printing of the report. You can close the System Reports screen by clicking the red "X".
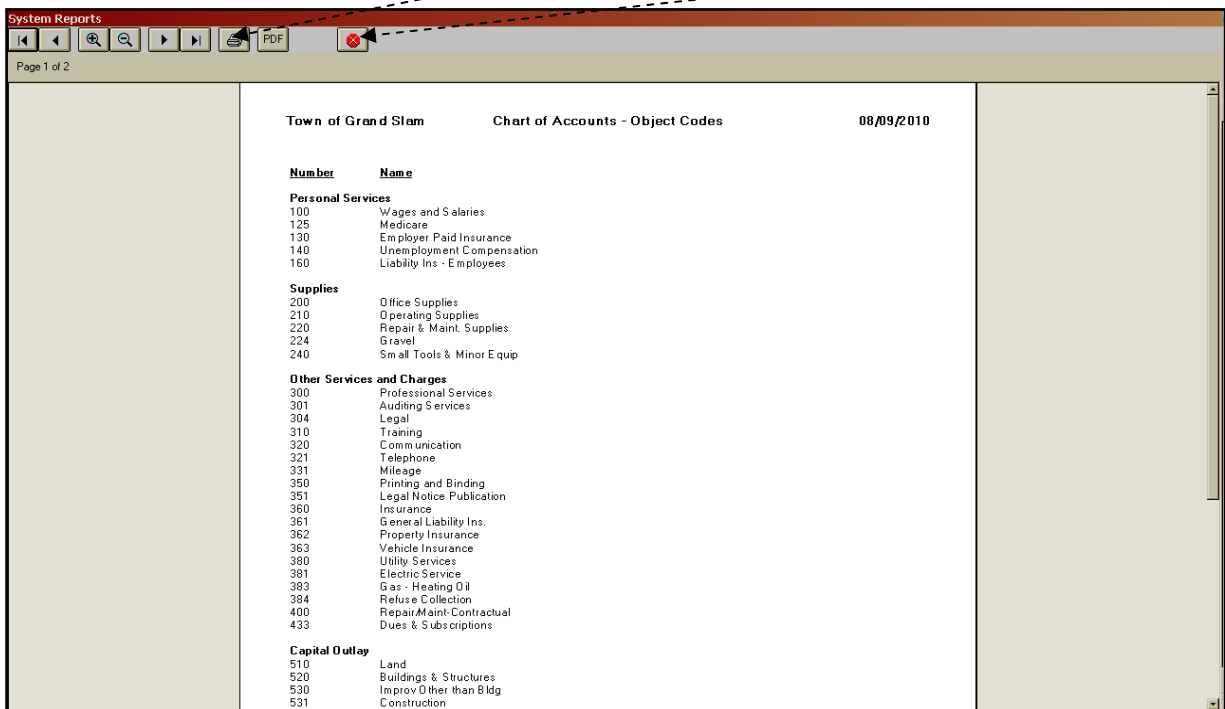
fter clicking on the Printer icon, the Printer Details screen appears:
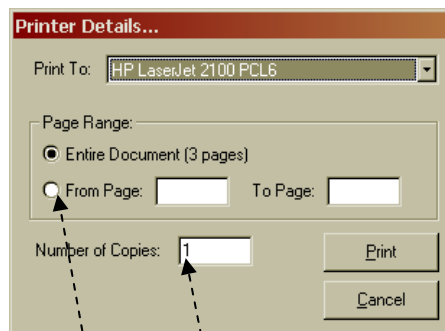
- By clicking the From Page radio button, you can choose to print only certain pages of the report. The Number of Copies box allows you to enter the number of copies you would like printed. After selecting the printer details, click on the Print button to begin printing the report. A sample of the report can be found on the next page.

To close the printing of the report:
- Click the Red "X" icon on the System Reports screen.
- Click the Exit button on the Reports screen.

Chart of Accounts: Printing a List of the Object Codes (continued)

Sample Chart of Accounts – Object Codes Report

Town of Grand Slam	Chart of Accounts - Object Codes	08/09/2010

Number   **Name**

Personal Services
Number	Name
100	Wages and Salaries
125	Medicare
130	Employer Paid Insurance
140	Unemployment Compensation
160	Liability Ins - Employees

Supplies
Number	Name
200	Office Supplies
210	Operating Supplies
220	Repair & Maint. Supplies
224	Gravel
240	Small Tools & Minor Equip

Other Services and Charges
Number	Name
300	Professional Services
301	Auditing Services
304	Legal
310	Training
320	Communication
321	Telephone
331	Mileage
350	Printing and Binding
351	Legal Notice Publication
360	Insurance
361	General Liability Ins.
362	Property Insurance
363	Vehicle Insurance
380	Utility Services
381	Electric Service
383	Gas - Heating Oil
384	Refuse Collection
400	Repair/Maint-Contractual
433	Dues & Subscriptions

Capital Outlay
Number	Name
510	Land
520	Buildings & Structures
530	Improv Other than Bldg
531	Construction
540	Heavy Machinery
550	Motor Vehicles
560	Furniture and Fixtures
570	Office Equip & Furnishing
580	Other Equipment
590	Other Capital Outlay

Debt Service
Number	Name
600	Principal
610	Interest
620	Fiscal Agents Fees

Other Financing Uses
| Number	Name
710	Residual Equity Transfers
720	Operating Transfers
800	Investments Purchased
810	Refunds & Reimbursements

Page 1

Chart of Accounts: Program Codes - Introduction

Program codes are designed to track an activity across funds, account numbers and object codes. By assigning a program code, you will be able to print a report the shows all revenues received and all expenditures made for a coded activity. Program codes are not required when entering transactions. In addition, the Chart of Accounts does not have defined program code numbers; you can assign numbers to meet your needs.

Adding a New Program Code

To add a program code, click on the Program Codes (F6) tab on the Chart of Accounts screen. Next, click on the Add button.
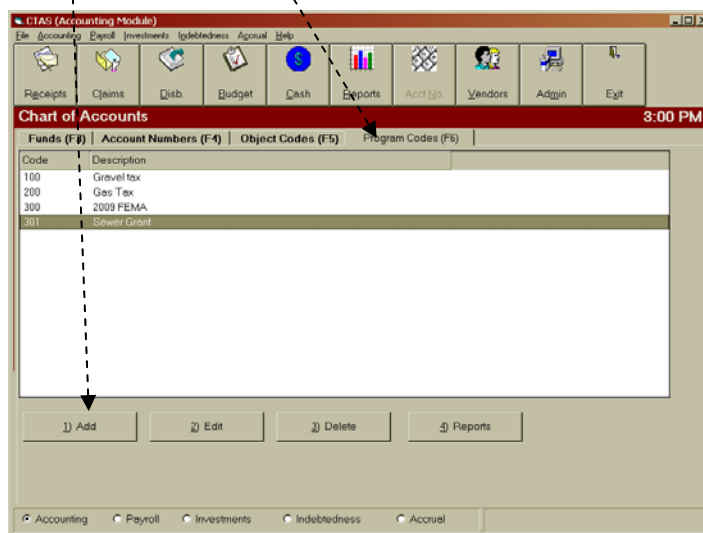
After the Add option is selected, a New Program Code screen will appear, allowing you to enter the information for the new program code:
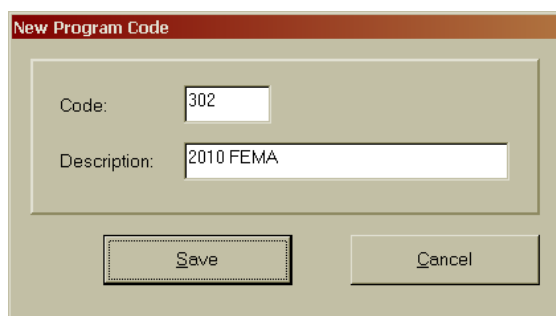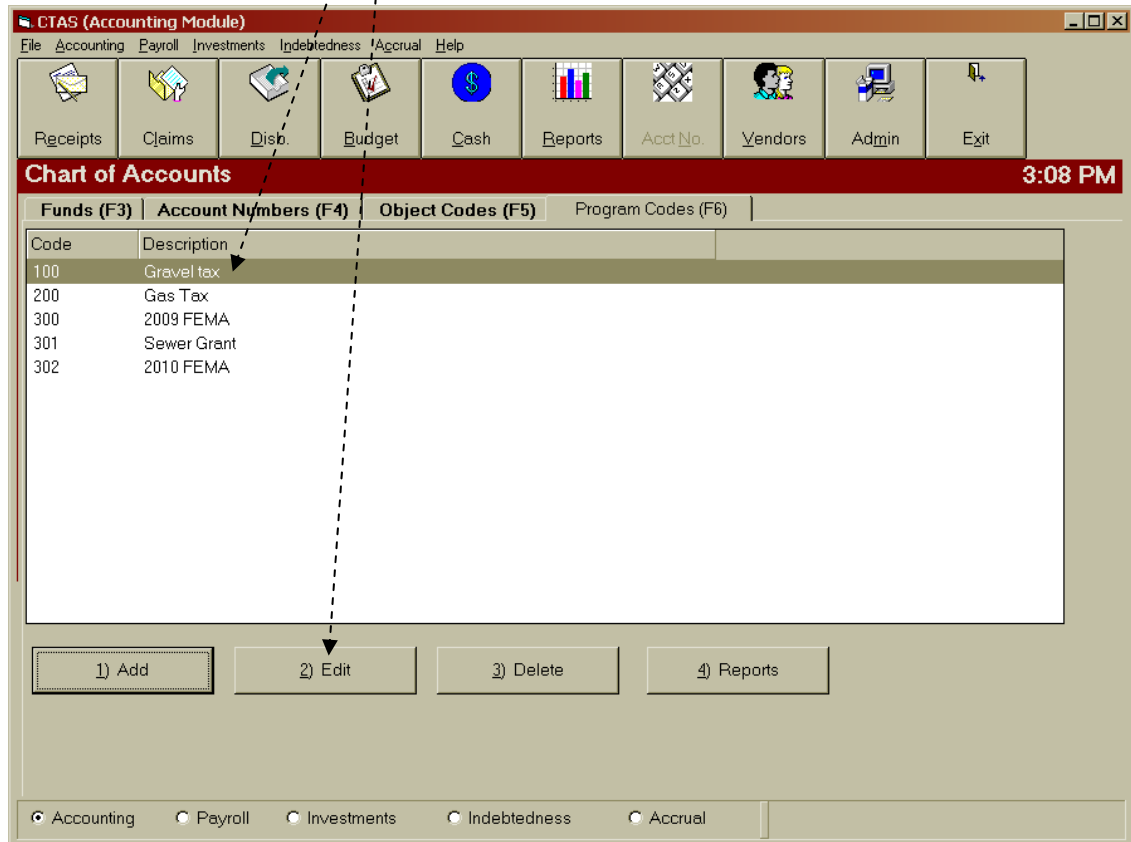

When the New Program Code screen appears, complete the following steps:
- Enter the new program code in the Code box. For CTAS to run properly, the program code must be three digits.
- Enter the name of the program in the Description box. The name is limited to 25 characters.
- Click the Save button to add the new program code.

Chart of Accounts: Changing a Program Code

To change a program code, highlight the program code you want to change on the Chart of Accounts screen and click the Edit button.

After the Edit option is selected, the Update Program Code screen will appear:
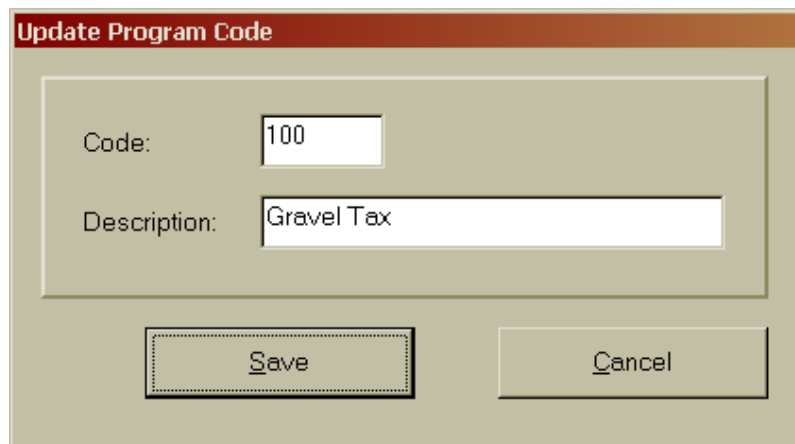
On the Update Program Code screen, change the program code number and the description. To complete the updating of the program code, click the Save button.

When a program code is changed, all transactions associated with the program code will also reflect the new number.

Chart of Accounts: Deleting a Program Code

The need to delete a program code could result from a decision that the program code was not needed after it was added. <u>Note</u>: ou can only delete a program code if it has not been used in any transactions.
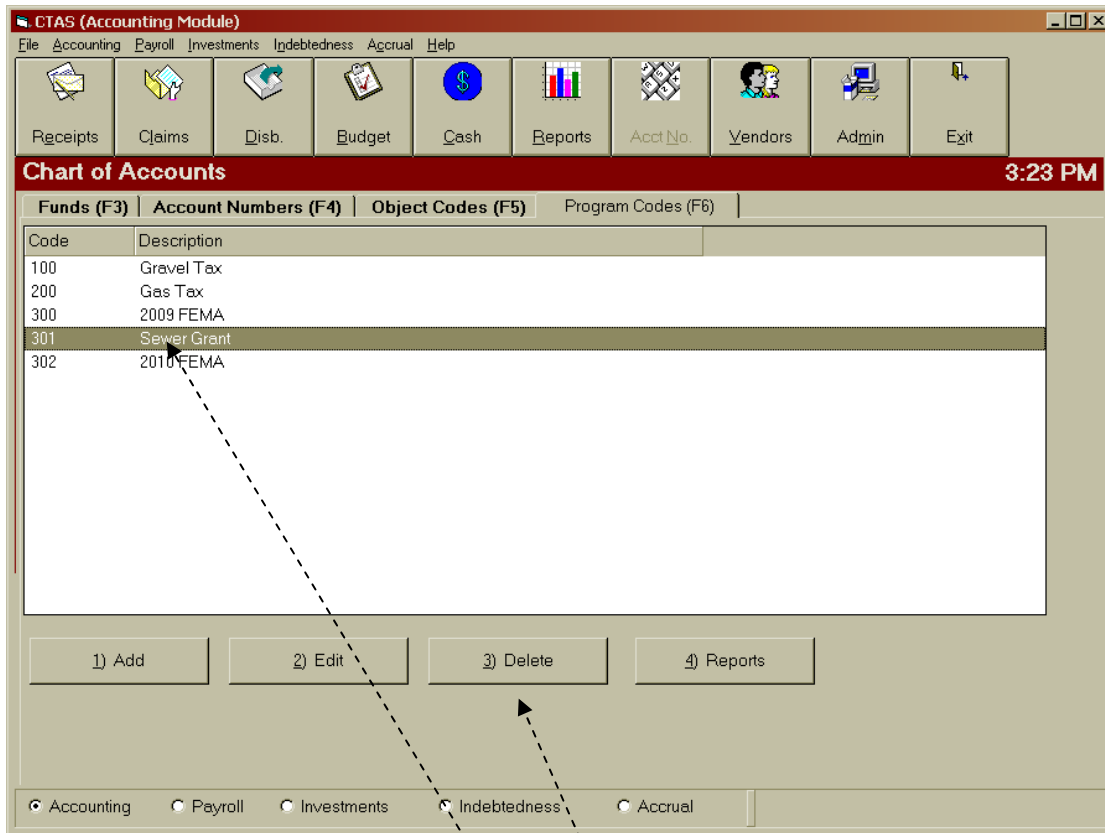

- To delete a program code, highlight the program code you want to change on the Chart of Accounts screen and click the Delete button.

- After the delete option is selected, the Confirm Code Delete screen will appear (see below, left).

- Click on the Yes button to delete the program code.

- You will then receive a screen message that indicates the program code was deleted (below, right). Click the OK button to complete the process.
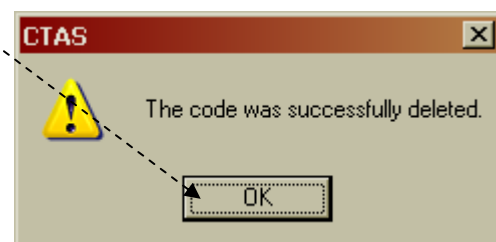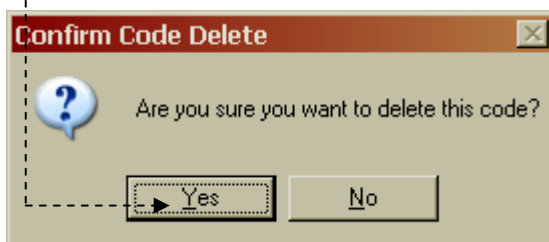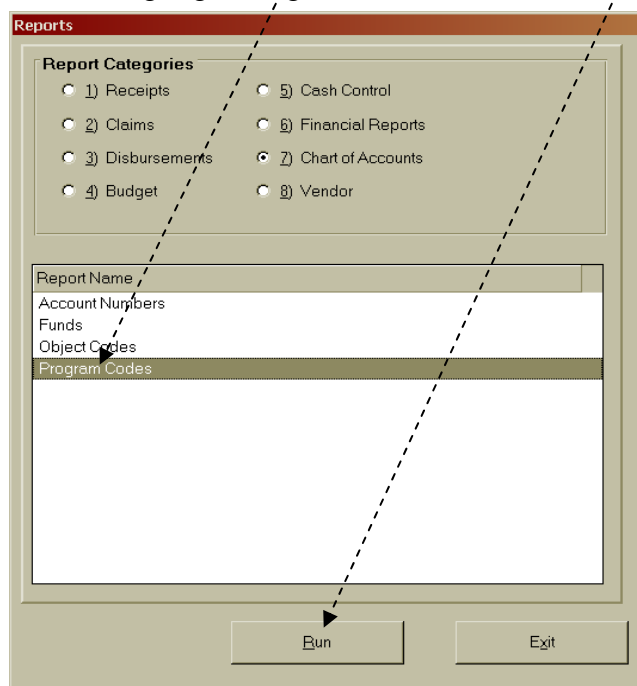
Chart of Accounts: Printing a List of the Program Codes

To print a list of the program codes, click on the Reports button on the Chart of Accounts screen.
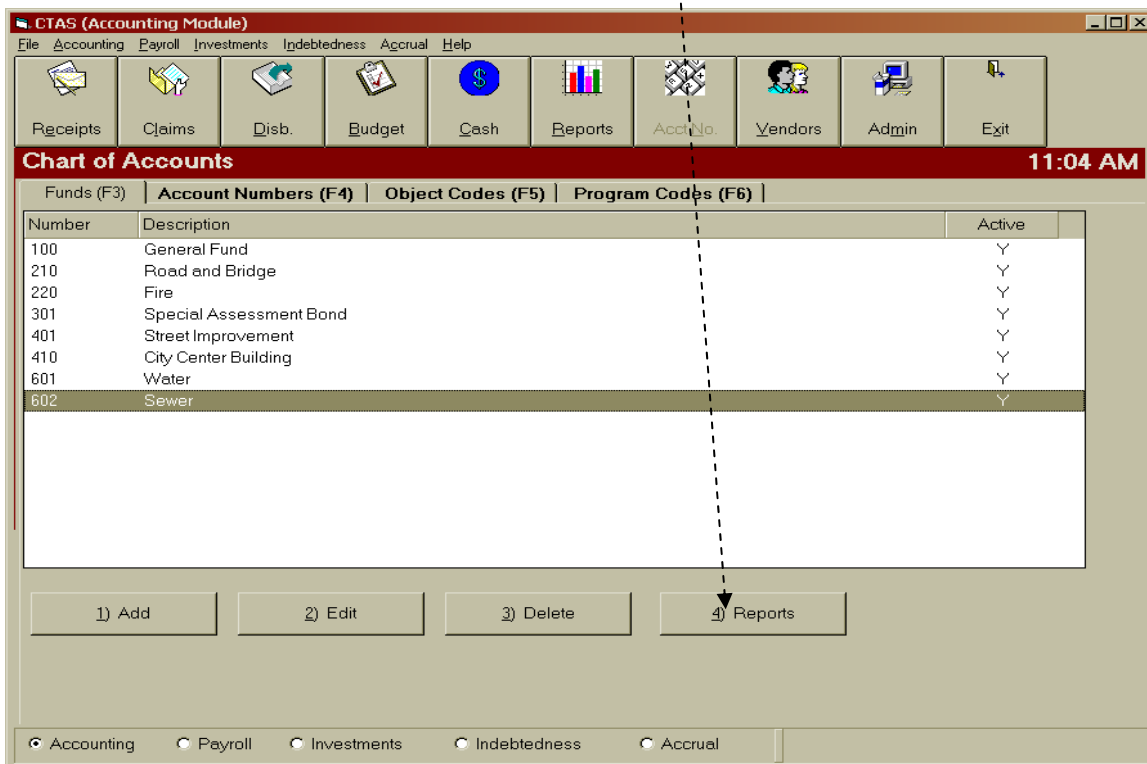

A Reports screen will appear, listing the four reports that can be printed from this section. To print a list of program codes, highlight Program Codes and click the Run button.

Chart of Accounts: Printing a List of the Program Codes (continued)

After clicking the Run button, the print preview (System Reports screen) appears, as shown below. After reviewing the preview, click on the Printer icon to begin the printing of the report. You can close the System Reports screen by clicking the red "X".
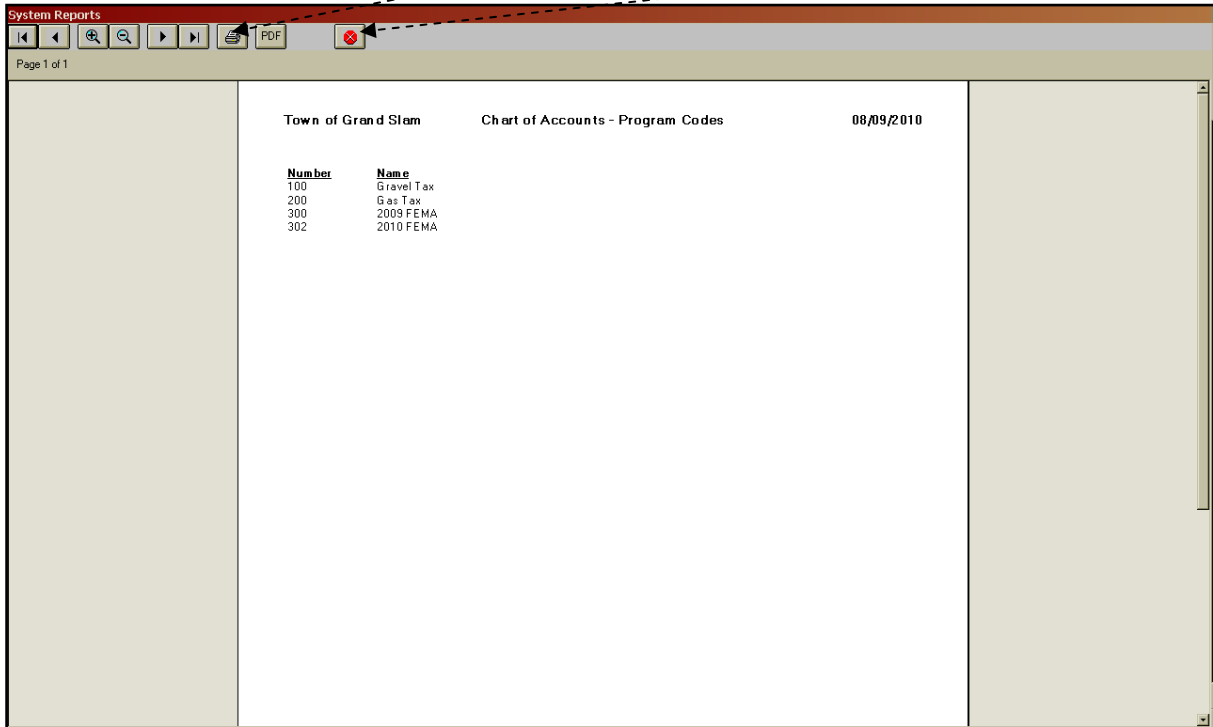
fter clicking on the Printer icon, the Printer Details screen appears:
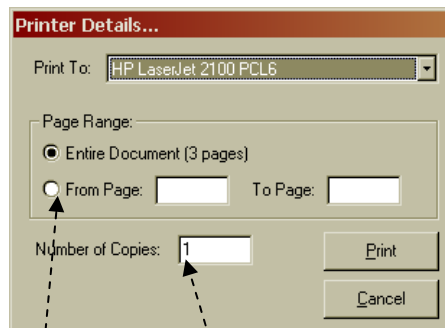
- By clicking the From Page radio button, you can choose to print only certain pages of the report. The Number of Copies box allows you to enter the number of copies you would like printed. After selecting the printer details, click on the Print button to begin printing the report. A sample report can be seen on the next page.

To close the printing of the report:
- Click the Red "X" icon on the System Reports screen.
- Click the Exit button on the Reports screen.

Chart of Accounts: Printing a List of the Program Codes (continued)

Sample Chart of Accounts – Program Codes Report

| Town of Grand Slam | Chart of Accounts - Program Codes | 08/09/2010 |

Number	Name
100	Gravel Tax
200	Gas Tax
300	2009 FEMA
302	2010 FEMA

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