

Chapter 25

Appendix A: Chart of Accounts

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Uniform Chart of Accounts: Introduction

The primary objective of a Uniform Chart of Accounts is to facilitate the preparation of uniform annual financial statements -- that is, statements that may be reliably compared to those of other cities and towns. Because of this aim, it is especially important that transactions are entered in a consistent manner. The Uniform Chart of Accounts is not a source of authority for towns to enter into agreements or to make transactions. Rather, it describes the accounting for transactions authorized by law.

The design of this Uniform Chart of Accounts is closely tailored to the 2001 GAAFR (Governmental Accounting, Auditing, and Financial Reporting) of the Government Finance Officers Association.

Although a Uniform Chart of Accounts implies a uniform account numbering system for all towns, it is the structure, rather than the numbers, that is important. Cities and towns with a large investment in a different chart of accounts need not adopt the account numbers presented here, provided those different systems can be modified to present uniformly-classified information.

We further recommend that the Uniform Chart of Accounts be adopted when an entity changes from a manual- to a computer-based accounting system or modifies an existing computer-based system. In addition, towns using the Small City and Town Accounting System (CTAS) must follow this chart of accounts. Recommendations, corrections, or additions to the uniform chart of accounts can be sent to the Office of the State Auditor at ctas@osa.state.mn.us.

Note: This appendix is a simple reference, not a complete Chart of Accounts. 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, which can be accessed by going to <http://www.auditor.state.mn.us/default.aspx?page=ctas>, under "Related Accounting Manuals".

Account Structure

The basic account structure has three dimensions: fund, account, and object code. Three digits are assigned to the fund, five to the account, and three to the object code. Where required, cities/towns may expand the number of dimensions and/or the number of digits assigned to a dimension.

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

	<u>FUND</u>	<u>ACCOUNT</u>	<u>OBJECT</u>
Assets	xxx	1xxxx	
Liabilities and Fund Equity	xxx	2xxxx	
Revenues	xxx	3xxxx	
Expenditures	xxx	4xxxx	xxx

Uniform Chart of Accounts: Funds

This section of the chart of accounts covers the various types of funds and examples of funds most appropriate for cities and towns in Minnesota.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts to record cash and other resources, together with related liabilities and balances. 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 cause unnecessary complexity.

Funds are grouped into three categories under the GAAFR restatement principles:

1. **Governmental Funds** are those types of funds through which most governmental functions are typically financed. The governmental types of funds are:

<u>Fund Type</u>	<u>Fund Number</u>
➤ General Fund.....	100
➤ Special Revenue Funds.....	200 - 299
➤ Debt Service Funds.....	300 - 399
➤ Capital Projects Funds.....	400 - 499
➤ Permanent Funds.....	500 - 599
➤ Governmental Activities.....	900 - 999

2. **Proprietary Funds** are used to account for a government's organizations and activities that are similar to the private sector. There are two types of proprietary funds:

<u>Fund Type</u>	<u>Fund Number</u>
➤ Enterprise Funds.....	600 - 699
➤ Internal Service Funds.....	700 - 799

3. **Fiduciary Funds** 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. The fund numbers are 800 – 899.

Uniform Chart of Accounts: Funds (continued)**Fund Definitions**

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

GOVERNMENTAL FUNDS

The General Fund - 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 - to account for revenues derived from specific revenue sources that are legally restricted for specific purposes.

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

Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities.

Permanent Funds – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs.

PROPRIETARY FUNDS

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprises. A government’s business-type activities.

Internal Service Funds - to account for the financing of goods and services provided by one department to other departments of the city or town on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - to account for assets held by an entity in a trustee capacity or as an agent for individuals, organizations, or other governments, or other funds.

Uniform Chart of Accounts: Funds (continued)

Cities and towns should use the following types of funds where applicable. Fund names are shown for illustrative purposes and are not intended to be an exhaustive list for cities and towns.

FUND NAMES**GOVERNMENTAL FUNDS****General Fund** (100)100 **General Fund****Special Revenue Funds** (201 through 299)201 **Road and Bridge** (recommended for towns)225 **Fire**225-299 **Other****Debt Service Funds** (301 through 399)301-350 **General Debt Service** (Identify)**Capital Projects Funds** (401 through 499)401-450 **General Capital Projects****PROPRIETARY FUNDS****Enterprise Funds** (601 through 699)601 **Water**602 **Sewage Collection and Disposal**603 **Refuse or Garbage Collection**651-699 **Other**

Uniform Chart of Accounts: Revenues

In governmental funds, the primary classification of governmental fund 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. The revenue account (source code) is used to identify the source of the revenues.

TAXES

31000 **General Property Taxes** General Property Taxes are taxes levied on an assessed valuation of real and/or personal property by the city or town government.

31700 **Taxes Imposed and Apportioned by the Counties**

31701 **Gravel Tax**. A percentage is credited to towns and the general funds of cities as determined by the county board, to be expended for maintenance and construction of roads, highways and bridges..

31800 **Other Taxes** Other tax revenues not enumerated elsewhere.

31810 **Franchise Taxes** Proceeds from taxes imposed on public utilities by the town other than property taxes.

31900 **Penalties and Interest on Delinquent Taxes** Penalties collected for late payment of taxes.

31910 **Penalties and Interest on Ad valorem Taxes** Amounts received in cash as interest or penalties for failure to pay ad valorem taxes on time.

31920 **Forfeited Tax Sale Apportionments** Revenue received from tax forfeiture sales.

LICENSES AND PERMITS

32000 **LICENSES AND PERMITS** Revenues received from the sale of business and non-business licenses.

32100 **Business Licenses and Permits** Revenues from license sales to businesses and occupations, which must be licensed before doing business within the town.

32200 **Non-Business Licenses and Permits** Revenues from all non-business licenses and permits levied according to benefits presumably conferred by the license or permit.

Uniform Chart of Accounts: Revenues (continued)**INTERGOVERNMENTAL REVENUES**

33000 **INTERGOVERNMENTAL REVENUES** Revenues from other governments in the form of grants, entitlements or shared revenues. Does not include charges for services provided by an entity fund to another government.

33100 **Federal Grants and Aids**

33400 **State Grants and Aids**

33401 **Local Government Aid**

33405 **Taconite Production Tax**

33406 **Taconite Homestead Credit**

33407 **Taconite Mobile Home Homestead Credit**

33408 **Taconite Municipal Aid**

33418 **Highway Use Tax** (Gas Tax)

33425 **Residential Market Value Credit**

33426 **Agricultural Market Value Credit**

33427 **Manufactured Home Market Value Credit**

33428 **State – Payments in Lieu of Taxes**

33429 **State – P.E.R.A. Aid**

33600 **Grants and Aids From Local Governmental Units**

33610 **County Grants and Aids for Highways**

33620 **Other County Grants and Aids (Identify)**

33630-33699 **Grants and Aids From Other Local Governments**

Uniform Chart of Accounts: Revenues (continued)**CHARGES FOR SERVICES**

34000 **CHARGES FOR SERVICES** Charges for services should be segregated according to function and activity in the accounts indicated below.

34100 **General Government**

34102 **Filing Fees** Amounts received from persons filing for election.

34200 **Public Safety** Revenues for services rendered by police, fire and other public safety departments.

34201 **Police Services**

34202 **Fire Protection Services**

34205 **Ambulance Revenues**

34300 **Highways and Streets. (Road and Bridges)** Revenues from sales or charges rendered by the entity's street department.

34700 **Culture - Recreation** Revenue received by the entity for use of cultural or recreational facilities or from participation in programs run by the town.

34900 **Other Charges**

34940 **Cemetery Revenues**

34950 **Other** (Identify) Charges for services not classified elsewhere.

FINES AND FORFEITS

35000 **FINES AND FORFEITS**

35100 **Fines** Fines are receipts from penalties imposed for violation of laws or regulations, or neglect of duty.

35200 **Forfeits** Revenue derived from confiscated deposits or collection bonds or other surety held by the entity for the enforcement of contracts or as security against loss or damage.

Uniform Chart of Accounts: Revenues (continued)**SPECIAL ASSESSMENTS**

36100 **SPECIAL ASSESSMENTS** Revenues received from a compulsory levy on selected properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties. Revenues received should be classified into the following two accounts, as a minimum:

36101 **Principal**

36102 **Penalties and Interest**

MISCELLANEOUS REVENUES

36200 **MISCELLANEOUS REVENUES** Revenues not properly classified as taxes, licenses and permits, intergovernmental revenues, charges for services, or fines and forfeits.

36210 **Interest Earnings** Revenue received as interest on investments, including such investments as savings accounts, Certificates of Deposit, Money Market Funds and Treasury Bonds and Bills.

36220 **Rents and Royalties** Revenues received from rental of an entity's properties, excluding city hall, town hall and community hall rent, parking lot fees, and auditorium use fees, which are classified elsewhere

36230 **Contributions and Donations from Private Sources** Amounts received as donations from private agencies or persons.

36240 **Refunds and Reimbursements**

36290 **Sale of Investments** Proceeds received from the sale of investments.

39200 **Interfund Transfers In** Legally authorized transfers between funds receiving revenue to the funds through which the resources are to be expended. Example: transfers from the General Fund to the Road and Bridge Fund.

Uniform Chart of Accounts: Expenditures

Governmental 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.

GENERAL GOVERNMENT

41000 **GENERAL GOVERNMENT** In expenditures, General Government represents a set of accounts to which are charged the expenditures for running the entity's government.

41100 **Legislative** Expenditures by the City Council (Town Board) or its committees in the performance of its main work and subsidiary activities.

41300 **Executive** Town Manager.

41400 **City/Town Clerk** Expenditures by the office of the city clerk or town clerk. Such expenditures should be sub-classified according to major activities performed by the clerk.

41410 **Elections**

41500 **Financial Administration** Expenditures of staff agencies performing financial management and administrative functions for the town government.

41510 **Treasurer**

41540 **Auditing**

41550 **Assessing**

41600 **Legal Services** Legal services, including the city or town attorney.

41900 **Other General Government**

41940 **General Government Buildings and Plant.** Expenditures for the purchase and maintenance of government buildings and plant, such as the city/town hall.

Uniform Chart of Accounts: Expenditures (continued)**PUBLIC SAFETY**

42000 **PUBLIC SAFETY** The objective of Public Safety is the protection of persons and property. All accounts within this group are directly related to that objective.

42100 **Police**

42153 **Ambulance Services** Expenditures for emergency ambulance services provided directly or as a contractual service.

42200 **Fire**

42800 **Other Protection**

PUBLIC WORKS

43000 **PUBLIC WORKS** Public Works has two major sub-classifications: 1) Highways, Streets and Roadways and 2) Sanitation.

43100 **Highways, Streets and Roadways** This group of accounts is used to record expenditures for the construction and maintenance of roadways. Expenditures for roadways and walkways in parks are not charged to these accounts, but to the appropriate accounts under culture-recreation.

43121 **Paved Streets** Expenditures for construction, maintenance and repair of street surfaces, curbs and gutters which are paved with asphalt, concrete, brick or stone.

43122 **Unpaved Streets** Expenditures incurred for the construction, maintenance and repair of unpaved streets, including grading, graveling, oiling, etc.

43125 **Ice and Snow Removal** Expenditures for removing ice and snow and for sanding and salting streets, sidewalks, alleys and bridges. Includes expenditures for equipment specifically designed or intended for ice and snow removal.

43126 **Road and Bridge Equipment** Expenditures for road and bridge equipment such as road graders and maintenance trucks.

43130 **Bridges, Viaducts and Grade Separations** Expenditures for the construction, maintenance and repair of bridges, viaducts, grade separations, trestles and railroad crossings.

Uniform Chart of Accounts: Expenditures (continued)**PUBLIC WORKS (continued)**

43160 **Street Lighting** Expenditures for street lighting fixtures and for lighting all bridges, alleys and streets, except those located in parks.

43170 **Street Cleaning**

43200 **Sanitation** This group of accounts is used to record expenditures for the removal of solid waste and other types of waste material.

43230 **Waste (Refuse) Collection** Expenditures incurred for the collection of garbage and other refuse and delivering it to the place of disposal.

43240 **Waste (Refuse) Disposal** Expenditures incurred for the disposal of garbage and other refuse.

43260 **Weed Control** Expenditures for cutting and removing weeds from government property such as parkways and alleys and from private property where such is not done by the property owners.

43270 **Pest Control** This group of accounts is used to record expenditures for the control and removal of pest including mosquitoes, beavers and gophers.

CULTURE AND RECREATION

45000 **CULTURE-RECREATION** This group of accounts is used to record all expenditures for cultural and recreational activities maintained by the town for the benefit of residents and visitors.

45100 **Recreation**

45200 **Parks** Expenditures for public parks, public squares similar areas. Excludes ground surrounding public buildings, land areas encompassed in other recreational facilities and maintenance of areas classified elsewhere under culture-recreation.

45509 **Branch Libraries** Expenditures for the construction, maintenance and operation of branch libraries that are located away from the central library.

CONSERVATION OF NATURAL RESOURCES

46100 **CONSERVATION OF NATURAL RESOURCES** All expenditures for the conservation and development of natural resources.

Uniform Chart of Accounts: Expenditures (continued)**DEBT SERVICE**

- 47000 **DEBT SERVICE** Expenditures for debt service should be sub-classified by the type of debt (bonds, other long-term obligations and short-term debt) and between principal and interest payments, through the use of the object code.
- 47110 **Bond Principal** Expenditures for periodic principal maturities of general obligation bonds.
- 47120 **Other Debt Principal** Payment of principal on general long-term debt other than bonds.
- 47210 **Interest - Bonds** Expenditures for periodic interest payments on general obligation bonds.
- 47220 **Interest – Other Debt** Expenditures for periodic interest payments on general long-term debt other than bonds.
- 47500 **Fiscal Agent’s Fees** Payments made to financial institutions for services rendered in paying interest and redeeming debt at maturity.
- 47600 **Issuance Costs** Payments to bond underwriters, legal fees, and other costs associated with bond issuance.

MISCELLANEOUS

- 49000 **MISCELLANEOUS** This group of accounts is charged with expenditures, which cannot properly be classified under or allocated to the foregoing functions and activities.
- 49010 **Cemetery** Expenditures for maintaining the town owned cemetery.
- 49100 **Judgments and Losses** Expenditures in settlement of claims against the town for injury to persons or property. Does not include the cost of land acquired by condemnation proceedings or the settlement of damage claims resulting from construction projects.
- 49200 **Unallocated Expenditures** Expenditures by the town for various purposes, which cannot be allocated to specific functions and activities. Such unallocated expenditures should comprise a small minority, rather than a majority, of these expenditures.
- 49350 **Purchase of Investments** Payment amounts for the purchase of investments.
- 49360 **Interfund Transfer Out** Financial outflows to other funds that are not classified as interfund services provided and used, reimbursements of loans.

Uniform Chart of Accounts: Expenditures Object Codes

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 classifications by object class are:

- **Personal Services** Include expenditures for salaries, wages, and related employee benefits provided for all persons employed by the city or town. Employee benefits include employer contributions to a retirement system, insurance, sick leave, severance pay, and similar benefits.
- **Supplies** Include articles and commodities that are consumed or materially altered when used, such as office supplies, operating supplies, repair and maintenance supplies, and small tools and minor equipment.
- **Services and Charges** Include 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** Include expenditures that result in the acquisition of or additions to fixed assets.
- **Debt Service Expenditures** These expenditures are in the form of debt principal payments, periodic interest payments, and related service charges that benefit prior fiscal periods, as well as in current and future fiscal periods
- **Other Financing Uses**

Uniform Chart of Accounts: Expenditures Object Codes**CURRENT EXPENSE****Personal Services**

- 100 **Wages and Salaries**
- 115 **Federal Income Taxes**
- 120 **State Income Taxes**
- 121 **PERA Contributions**
- 122 **FICA Contributions**
- 125 **Defined Contribution Plan (P.E.R.A.)**
- 126 **Medicare Contributions**
- 130 **Employer Paid Insurance**
- 140 **Unemployment Compensation**
- 150 **Worker' s Compensation**
- 160 **Liability Insurance for Employees**

Supplies

- 200 **Office Supplies**
- 210 **Operating Supplies**
- 212 **Motor Fuels**
- 213 **Lubricants and Additives**
- 220 **Repair and Maintenance Supplies**
- 221 **Equipment Parts**
- 222 **Tires for Equipment**
- 224 **Street Maintenance Materials (Gravel)**
- 225 **Street Maintenance Materials (Culverts)**

Uniform Chart of Accounts: Expenditures Object Codes (continued)**Supplies (continued)**

- 226 **Signs/Repair**
- 240 **Small Tools and Minor Equipment**
- 250 **Merchandise for Resale**

Services and Charges

- 300 **Professional Services**
- 301 **Auditing and Accounting Services**
- 304 **Legal Fees**
- 310 **Training**
- 320 **Telephone**
- 331 **Mileage**
- 340 **Advertising**
- 350 **Printing and Binding**
- 351 **Legal Notices Publishing**
- 360 **Insurance**
- 380 **Utility Services**
- 384 **Refuse Disposal**
- 400 **Repairs and Maintenance--Contractual**
- 410 **Rentals**
- 430 **Miscellaneous**
- 433 **Dues and Subscriptions**
- 435 **Bank Service Charges**
- 490 **Donations to Civic Organizations (Bands, etc.)**

Uniform Chart of Accounts: Expenditures Object Codes (continued)**CAPITAL OUTLAY**

- 510 **Land**
- 520 **Buildings and Structures**
- 530 **Improvements Other Than Buildings**
- 540 **Heavy Machinery**
- 550 **Motor Vehicles**
- 560 **Furniture and Fixtures**
- 570 **Office Equipment and Furnishings**
- 580 **Other Equipment**
- 590 **Books**
- 599 **Leasehold Improvements**

DEBT SERVICE

- 600 **Principal**
- 610 **Interest**
- 620 **Fiscal Agents' Fees**

OTHER FINANCING USES

- 720 **Interfund Transfers** All other interfund transfers, e.g. legally authorized transfers of tax revenue from the general fund to a debt service fund, capital projects fund, etc.
- 730 **Interfund Loans**
- 800 **Investments Purchased**
- 810 **Refunds and Reimbursements**