

CHART OF ACCOUNTS

The chart of accounts provides a systematic means by which the county may code its financial transactions. Coding is the use of numerical designations, in lieu of words or names, for the identification of specific funds or accounts. Coding simplifies the identification of transactions and may be used in either a manual or automated system. The chart of accounts is divided into four elements, which include: (a) the fund structure, (b) the general ledger account summary, (c) the revenue classifications, and (d) the expenditure classifications.

The fund structure is the classification which provides the basis for the fund accounting system. Coding transactions by fund allows the county to account for specific resources (tax levies) and their expenditure, which are required by law to be accounted for in a specific fund.

The general ledger account summary coding controls the asset, liability and equity accounts. These accounts provide the county with a picture of the financial position of a fund at a specific point in time. These accounts are the primary source of financial data to be used in the compilation of the financial statements.

The revenue classifications provide a means of coding the revenue received by the county from various sources. Revenues are defined as additions to assets which do not increase a liability, do not represent a recovery of a current expenditure, and do not represent resources received from within the county (e.g., from another fund). The resources received from another fund should be classified and coded as "other financing sources." The coding of revenue sources facilitates the primary functions of revenue accounting which are as follows:

1. To provide a means of verifying receipt of all revenues which should have been received.
2. To furnish information for preparing financial statements.
3. To implement budgeting and planning for the future, by giving necessary information about sources of revenues which have been utilized, and the amount obtained from each source.

Coding by expenditure classification provides a means of controlling and identifying what the resources received were used for and which department or activity utilized them. The expenditure classifications listed in this section have been developed as a guide for collecting and recording the expenditure information to satisfy statutory requirements, provide prudent stewardship of funds, and meet management needs regarding making decisions, preparing the budget and preparing financial statements.

Coding, in general, for revenue sources should be by fund and type of revenue. For example, the county sheriff collects a fee. The coding would be General Fund - Sheriff's Fees or 101-342.1. Expenditure coding is by fund, activity and object. The county purchases insurance for the highway department. The coding would be County Road and Bridge Fund - Highways, Roads and Bridges - Insurance or 201-311-421. The codings are recorded on the source documents, journalized in the books of original entry, are summarized and are posted to each fund's revenue budget record and expenditure budget record, respectively.

In addition to the detailed recording of revenues and expenditures, the summary of total revenues and expenditures by fund must be coded and posted to the control accounts in the general ledger. Therefore, total revenues of General Fund would be coded to General Fund - Debit General Ledger Cash Account or 101 - 101 and Credit the General Ledger Revenue Control or 101 - 295 and/or Credit the General Ledger for an applicable Receivable Account. The total expenditures of General Fund would be coded to General Fund - Debit General Ledger Expenditure Control - or 101 - 195 and Credit to General Ledger Cash - or 101 - 101 and/or Credit the General Ledger for an applicable Liability Account.