

The following sections of this procedures manual illustrate the various chart of accounts dimensions and the coding scheme ranges for each dimension.

This section explains how the dimensions relate to each other in a logical, hierarchical sequence. This arrangement allows counties to prepare budgets, account for, and retrieve fiscal information at varying levels, as appropriate to each county.

This chart of accounts approach allows for the use of manual accounting systems to start with the basic standard accounting dimensions and maintain subsidiary ledgers for other levels of information and reporting purposes as those needs occur.

However, all counties are using automated accounting systems, which also allows the counties to utilize the program and services dimensions (Section 6000), where budgeting for areas within a department would be useful for management, accountability, and state reporting.

The basic chart of accounts includes those dimensions presently being used by all counties. These are: assets, liabilities, fund balances/net assets, revenues, and expenditures.

The basic chart of accounts numbering scheme is as follows:

	<u>Fund</u>	<u>Department</u>	<u>Transaction Code</u>	<u>Object</u>
Assets	XX	XXX	1	XXX
Liabilities and Fund				
Balances	XX	XXX	2	XXX
Net Assets	XX	XXX	3	XXX
Revenues	XX	XXX	5	XXX
Expenditures	XX	XXX	6	XXX

This numbering scheme is similar to coding schemes already used in Minnesota counties. However, more counties are moving towards a more expanded coding scheme. In the Human Services area, with the large number of programs and activities that are needed for reporting to the state, additional digits are added to include the program and service dimensions for their specific use. These additional dimensions have been provided in Section 6000 which can be tailored to fit management and reporting needs as they relate to any particular fund.

August 2003

If these additional dimensions are used, the structure becomes:

	<u>Fund</u>	<u>Department</u>	<u>Program</u>	<u>Service</u>	<u>Transaction Code</u>	<u>Object</u>
Assets	XX	XXX	XXX	XXXX	1	XXXX
Liabilities and Fund						
Balances	XX	XXX	XXX	XXXX	2	XXXX
Net Assets	XX	XXX	XXX	XXXX	3	XXXX
Revenues	XX	XXX	XXX	XXXX	5	XXXX
Expenditures	XX	XXX	XXX	XXXX	6	XXXX

By utilizing this approach, an array of mutually exclusive code numbers has been developed. Each array of numbers has components which make it unique and applicable only to a specific area within a county.

For example, the following four entries which are all related to clerical salaries may be required:

	<u>Fund</u>	<u>Department</u>	<u>Object</u>
Entry 1	General	Auditor	Clerical Salaries
Entry 2	General	District Court	Clerical Salaries
Entry 3	Road and Bridge	Highway Administration	Clerical Salaries
Entry 4	Human Services	Income Maintenance	Clerical Salaries

Three funds are represented, and two of the entries are in the general revenue fund. Each array of the unique nine-digit account number makes up the “fund¹-department-object” entry and explains exactly where the entry came from. For example, depending on the specific department and expenditure numbers developed by a county, the nine digits would look like the following:

¹In this example, fund numbers 03 and 05 are used for the Road and Bridge and Human Services Special Revenue Funds; however, the use of these specific numbers is not required.

August 2003

	Fund	Department	Object
Entry 1	01	040	6113
Entry 2	01	014	6113
Entry 3	03	301	6113
Entry 4	05	410	6113

The advantage of utilizing this approach (especially when a county's financial records are automated) is simplified reporting. For example, the following types of information can readily be reported:

- N Clerical salaries for the county,
- N Clerical salaries for each fund, and
- N Clerical salaries by department.

As additional dimensions (program and service) are added, counties can prepare budgets and retrieve financial data on an organizational level that relates directly to the specific services provided by the county. These are explained in more detail in Section 6000.

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