

## 1.

## CHARTS OF ACCOUNTS

### 1.1 Account Structure

#### 1.1.1 Applicability

1.1.1.10 The *Budgeting, Accounting and Reporting System* (BARS) must provide a complete record of financial transactions to ease preparation of the prescribed financial reports.

1.1.1.20 The prescribed chart of accounts represents an orderly means of classifying transactions. Only the accounts applicable to a particular entity type should be used. This uniform system of accounts is best applied consistently throughout the budgeting, accounting and reporting cycles. However, it is permissible to use a different system of numbers for internal accounting, so long as equivalent detail is maintained for reporting purposes.

1.1.1.30 The following policies will govern the application of this accounting system by local governments following GAAP:

1. Double-entry accounting should be employed. This method requires that appropriate journals and ledgers be maintained to reflect the flow of financial transactions from the original source documents to the final posting. Journals provide a chronological history of financial transactions and systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts. Subsidiary ledgers provide detail necessary to support or supplement control accounts in the general ledger. The general ledger control accounts record financial information in summary form for the local government.
2. The modified accrual basis of accounting is mandatory for the general (current expense), special revenue, debt service, capital projects and permanent funds.
3. The accrual basis of accounting is prescribed for enterprise, internal service, investment, pension (and other employee benefits), private-purpose and agency funds.
4. The prescribed chart of accounts must be used for detail reporting of revenues and expenditures/expenses. If a different system of numbers is used for internal accounting, it must contain equivalent detail throughout the budgeting, accounting, and reporting processes.