



4-1951

Manual of Accounts for Tennessee Municipalities

W. Harold Read

Municipal Technical Advisory Service

William R. Snodgrass

Municipal Technical Advisory Service

Follow this and additional works at: http://trace.tennessee.edu/utk_mtaspubs

 Part of the [Public Administration Commons](#)

The MTAS publications provided on this website are archival documents intended for informational purposes only and should not be considered as authoritative. The content contained in these publications may be outdated, and the laws referenced therein may have changed or may not be applicable to your city or circumstances.

For current information, please visit the MTAS website at: mtas.tennessee.edu.

Recommended Citation

Read, W. Harold and Snodgrass, William R., "Manual of Accounts for Tennessee Municipalities" (1951). *MTAS Publications: Full Publications*.

http://trace.tennessee.edu/utk_mtaspubs/271

This Report is brought to you for free and open access by the Municipal Technical Advisory Service (MTAS) at Trace: Tennessee Research and Creative Exchange. It has been accepted for inclusion in MTAS Publications: Full Publications by an authorized administrator of Trace: Tennessee Research and Creative Exchange. For more information, please contact trace@utk.edu.

Accounting-Chart of Accounts

ARCHIVE

UT MTAS Library



37996008664 1

**Manual
of
Accounts**

FOR TENNESSEE MUNICIPALITIES

W. Harold Read

William R. Snodgrass

The University

of Tennessee

Accounting-Chart of Accounts

Manual of Accounts

FOR TENNESSEE MUNICIPALITIES

W. HAROLD READ, C. P. A.

Professor of Accounting

WILLIAM R. SNODGRASS

Research Accountant

Published by the

MUNICIPAL TECHNICAL ADVISORY SERVICE

in cooperation with the

Tennessee Municipal League

APRIL, 1951

The University Record,

Extension Series,

Vol. XXVII, No. 1,

Division of University Extension

Study No. 22

Bureau of Research

College of

Business Administration

THE UNIVERSITY OF TENNESSEE

FOREWORD

Proper municipal accounting is basic to efficient city administration. Hence, if good municipal government is to prevail, the accounting system must be so designed and operated as to produce the required fiscal information.

For this reason the Municipal Technical Advisory Service is grateful for the opportunity to make available to municipal finance officers and other officials in Tennessee this publication, a "Manual of Accounts." The manual is the first of a series of important technical publications in this field; two others now in preparation are scheduled for publication within the coming year.

This present manual was prepared by the authors, following a series of regional conferences with municipal finance officers. At these conferences, sponsored by the Tennessee Municipal Finance Officers' Association and extending over a two year period, the need and desire for such a guide was indicated repeatedly.

In the belief that municipal finance officers and accountants in Tennessee will find this publication a practical fiscal aid of important and lasting benefit, it is presented herewith for their serious review and for application to the day-to-day task of recording and reporting financial transactions of their respective cities.

**GERALD W. SHAW, Executive Director,
Municipal Technical Advisory Service**

Contents

I Introduction

1	Manual of Accounts	9
2	The Classification of Accounts	9
3	Scope and Applicability	10
4	Code Symbols	11
5	Cash vs Accrual Basis of Accounting	11
6	Receipts vs Revenues, Disbursements vs Expenditures	12

II Classification of Accounts

1	Funds and Account Groups	17
2	Summary of Accounts, by major account class	17
3	Assets	18
4	Liabilities, Reserves, and Surplus	20
5	Revenue Accounts, by source	21
6	Expenditure Accounts, by function and activity	23
7	Expenditure Accounts, by character and object	29

III Explanation of Accounts

1	Funds	33
2	Summary by Type of Account	38
3	Assets	40
4	Liabilities, Reserves, and Surplus	47
5	Revenue Accounts, by source	52
6	Expenditure Accounts, by function and activity	63
7	Expenditure Accounts, by character and object	83

● **I Introduction**

1	Manual of Accounts	9
2	The Classification of Accounts	9
3	Scope and Applicability	10
4	Code Symbols	11
5	Cash vs Accrual Basis of Accounting	11
6	Receipts vs Revenues, Disbursements vs Expenditures	12

1 MANUAL OF ACCOUNTS

A manual of accounts consists of two primary sections—the chart or classification of accounts, and the description and explanation of the use of these accounts.

2 THE CLASSIFICATION OF ACCOUNTS

A classification of accounts is a systematic arrangement of the ledger accounts for convenience in use. Its purpose is to provide an agreed upon terminology which is to be used in the recording of financial transactions applicable to an accounting entity. It can be thought of as the language in which the financial transactions are to be reported. It is sometimes said that it is the network of nerves reflecting all areas of financial activity of the organization.

In general, the most convenient arrangement of accounts is the proper one. These accounts should follow the organizational structure of the municipality. It is presumed that the departmental organization of a municipality falls within the normal functional lines so that a classification of accounts by function and activity would automatically become a classification of accounts by organizational unit.

The same classification should be followed consistently throughout the budget, the accounting records, and the financial reports. If adequate attention is given to the proper organizational structure and a classification of accounts at the outset, the most fundamental step will have been taken toward the establishment of an adequate accounting system.

All municipal accounts are classified by funds. Expenditure accounts, within funds, are classified by department, function, activity, character, and object. Revenue accounts are classified by fund and source.

Values to be derived from the use of a standard classification of accounts are:

- (1) It makes possible the comparison of actual operations as shown by the financial reports with planned operations as shown in the budget.
- (2) It makes possible comparisons within the organization of the current period's operations with the same period of activity in a previous year.
- (3) It makes possible comparisons between organizational units within the same governmental unit.
- (4) It facilitates comparison of the activities of one municipality with those of other municipalities of comparable size and function.
- (5) It aids in securing control of accountability of municipal officials and employees.

3 SCOPE AND APPLICABILITY

In the classification of accounts appearing herein, it has been the purpose to set forth a significant number of accounts which are in sufficient detail to meet the needs of any Tennessee municipality, large or small. It is not expected that any municipality would use every account included in the chart. It is intended that the chart be all-inclusive so that each municipality may select from the chart those accounts which are of significance to its operations.

This classification meets the standards set by the National Committee on Governmental Accounting and the National Municipal Finance Officers' Association, and is in accordance with the recognized standard practices on municipal accounting. It has been adapted to the special needs of Tennessee municipalities. In other words, it is an application of nationally recognized standards to Tennessee situations.

The accounts contained in Section II are applicable to all funds other than utility funds. Section III, Paragraph 1, discusses the significance of utility funds. Should the municipality own and operate an electric utility which is purchasing power under the TVA contract, it is required by contract to

observe the accounting procedures and follow a classification of accounts prescribed by TVA. These accounts have been based on the Federal Power Commission's chart of accounts. For other publicly owned electric utilities, the standard classification of accounts of the Federal Power Commission should be used. In like manner, for the other utilities the standard classification of accounts and accounting procedures prescribed for that type of utility by some national authority should be followed.

Most of the accounts contained herein, particularly the revenue and expenditure accounts, are more applicable to the general fund than to any of the other funds. This is primarily true because the general fund encompasses the entire volume of municipal operations, whereas the other funds are much more restricted in character.

4 CODE SYMBOLS

The accounts presented hereinafter have been assigned code numbers which are not compulsory but which do fall in a logical pattern. It is felt that this will facilitate the use of the account classification. Code symbols facilitate the location of accounts quickly, give a certain definiteness to the accounting plan, and usually reduce the clerical work involved in making entries since code symbols can be used on original documents and accounting media in lieu of writing out the entire account title.

5 CASH vs ACCRUAL BASIS OF ACCOUNTING

In relation to certain revenue and expenditure accounts, it is necessary to distinguish between the cash and accrual basis of accounting.

Under the cash basis of accounting, a revenue transaction is recorded as revenue in the period in which the cash is collected and an expenditure transaction is recorded in the period in which the cash is paid out. For example, property taxes assessed and collected during the current year would be credited to Property Taxes—Current (101), and property taxes collected during the current year, but which had been assessed in some prior year, would be credited to Property Taxes—Delinquent (102).

Under the accrual method of accounting, a revenue transaction is considered revenue in the period in which the levy is made and an expenditure is charged in the period in which the obligation is made. For example, Property Taxes—Current (101) would be credited for the entire amount of the current tax levy less allowance for uncollectible taxes. Were this done, it would be unnecessary to have a revenue account Property Taxes—Delinquent (102) since all taxes would have been taken up as revenue in the period in which the levy took place, and a collection of the delinquent taxes would be nothing more than a reduction of a taxes receivable account.

It is preferable to use the accrual basis in the case of expenditures regardless of the method of accounting for revenues.

6 RECEIPTS vs REVENUES

DISBURSEMENTS vs EXPENDITURES

It is also desirable to distinguish between receipts and revenues and between disbursements and expenditures since each set of these terms is frequently erroneously used as a synonym for the other.

The term receipts refers to cash collected regardless of source—that is, it might be revenue or the collection of an asset receivable. It might result also from the proceeds of a bond sale or from the sale of fixed properties.

The term revenue designates the source of additions to assets provided such additions do not increase any liability, do not represent the recovery of a previous expenditure, or

do not represent the cancellation of liabilities without the corresponding increase in other liabilities or a decrease in assets. In the case of accounting on the cash basis, the additions to assets referred to heretofore are restricted to cash only.

The term disbursement refers to payments in cash or by check. This includes all current bills, debt retirement, and the transfer of cash between funds.

An expenditure designates the total charges incurred, either paid or unpaid, including expense, provision for retirement of debt not reported as the liability of a fund from which retired, and capital outlay. For example, a \$2,100 motor vehicle might be purchased under an agreement to pay one-third cash at time of purchase with the balance to be liquidated over a period of twelve months. During the month of purchase the expenditure is \$2,100 and the disbursement is \$700 (1/3 of the cost). No further expenditures appear in this connection, but disbursements in the amount of \$1,400 are to be made over the next twelve months.

● II Classification of Accounts

1	Funds and Account Groups.....	17
2	Summary of Accounts, by major account class.....	17
3	Assets	18
4	Liabilities, Reserves, and Surplus.....	20
5	Revenue Accounts, by source.....	21
6	Expenditure Accounts, by function and activity.....	23
7	Expenditure Accounts, by character and object.....	29

I FUNDS AND ACCOUNT GROUPS

- A General Fund
- B Utility Funds
 - 1B Waterworks—utility fund
 - 2B Electric—utility fund
 - 3B Gas—utility fund
 - 4B Sewer—utility fund
- C Sinking Funds
- D Special Assessment Funds
- E Special Revenue Funds
- F Bond Funds
- G Trust and Agency Funds
- H Working Capital Funds
- J Fixed Asset Account Group
- K Bonded Debt Account Group
- T Treasurer's Fund

2 SUMMARY OF ACCOUNTS

by Major Account Class

Code Number	Account Class
01- 59	Assets
60- 79	Liabilities
80- 99	Reserves and Surplus
100-199	Revenue
200 and above	Expenditures

3 ASSETS

00 Cash

- 01 Cash on hand
- 02 Cash on deposit
 - 02.1 Bank account No. 1
 - 02.2 Bank account No. 2
 - 02.3 Bank account No. 3
- 03 Petty cash
- 04 Treasurer's cash
 - 04.1 General fund
 - 04.2 Utility funds
 - 04.21 Water utility
 - 04.22 Electric utility
 - 04.23 Gas utility
 - 04.24 Sewer utility
 - 04.3 Sinking funds
 - 04.4 Special assessment funds
 - 04.41 Cash for construction
 - 04.42 Cash for bond payments
 - 04.43 Cash for interest payments
 - 04.5 Special revenue funds
 - 04.6 Bond funds
 - 04.7 Trust and agency funds
 - 04.8 Working capital funds

10 Inventories and Prepaid Expenses

- 11 Stores
- 12 Work in process

20 Receivables

- 21 Property taxes receivable—current
 - 21.1 Allowance for uncollectible property taxes—current (cr.)
- 22 Property taxes receivable—delinquent
 - 22.1 Allowance for uncollectible property taxes—delinquent (cr.)
- 23 Notes receivable
- 24 Accounts receivable
 - 24.1 Allowance for uncollectible accounts receivable (cr.)
- 25 Accounts receivable from officials and employees

- 26 Due from other governmental units
 - 26.1 Due from state
 - 26.2 Due from county
 - 26.3 Due from U. S.
- 27 Due from other funds
 - 27.1 Due from general fund
 - 27.2 Due from utility fund
 - 27.3 Due from sinking fund
 - 27.4 Due from special assessments fund
 - 27.5 Due from special revenue fund
 - 27.6 Due from bond fund
 - 27.7 Due from trust and agency fund
 - 27.8 Due from working capital fund
- 28 Special assessments receivable
 - 28.1 Special assessments receivable—current
 - 28.11 Allowance for uncollectible special assessments—current (cr.)
 - 28.2 Special assessments receivable—deferred
 - 28.21 Allowance for uncollectible special assessments—deferred (cr.)
 - 28.3 Special assessments receivable—delinquent
 - 28.31 Allowance for uncollectible special assessments—delinquent (cr.)
- 30 **Investments**
 - 31 U. S. bonds
 - 32 City bonds
 - 33 Other bonds
- 40 **Fixed Assets**
 - 41 Land
 - 42 Buildings and improvements
 - 43 Office furniture and equipment
 - 44 Roads and bridges
 - 45 Road machinery
 - 46 Motor vehicles
 - 47 Other moveable equipment
- 50 **Budgetary Control Accounts (Dr.)**
 - 51 Estimated revenues
 - 52 Bonds authorized and unissued
 - 53 Improvements authorized
 - 54 Sinking fund contributions required
 - 55 Sinking fund earnings required
 - 56 Amount available for retirement of bonds
 - 57 Amount to be provided for retirement of bonds

4 LIABILITIES, RESERVES, AND SURPLUS

60 Current Liabilities

- 61 Vouchers payable
- 62 Notes payable
- 63 Contracts payable
- 64 Judgments payable
- 65 Accrued interest on bonds
- 66 Taxes collected in advance
- 67 Deposits due to others
- 68 Due other governmental units
 - 68.1 Due to state
 - 68.2 Due to county
 - 68.3 Due to U. S.
- 69 Due other funds
 - 69.1 Due general fund
 - 69.2 Due utility fund
 - 69.3 Due sinking fund
 - 69.4 Due special assessments fund
 - 69.5 Due special revenues fund
 - 69.6 Due bond fund
 - 69.7 Due trust and agency fund
 - 69.8 Due working capital fund

70 Long-term Liabilities

- 71 Bonds payable
- 72 Notes payable
- 73 Matured bonds payable

80 Reserves

- 81 Reserve for encumbrances
- 82 Reserve for retirement of bonds—sinking fund
- 83 Reserve for stores
- 84 Reserve for work in process
- 85 Reserve for authorized expenditures

90 Surplus and Budgetary Control Accounts (Cr.)

- 91 Unappropriated surplus
- 92 Appropriations
 - 92.1 Encumbrances (dr.)
 - 92.2 Expenditures (dr.)
- 93 Earned surplus
- 94
- 95 Surplus invested in fixed assets
- 96 Capital invested in utility properties

5 REVENUE ACCOUNTS

by Source

100 Taxes

- 101 Property taxes—current
- 102 Property taxes—delinquent
- 103 Penalty and interest on delinquent taxes
- 104 Poll taxes
- 105 Street taxes
- 106 In-lieu tax payments
- 107 Amusement tax

110 Licenses and Permits

- 111 Privilege licenses
- 112 Merchants' ad valorem taxes
- 113 Building and other permits (plumbing, electric, etc.)
- 114 Parking meters
- 115 Inspection fees
- 116 Motor vehicle licenses, fees, and permits
- 117 Other vehicle fees

120 Fines, Forfeitures, and Penalties

- 121 Police court fines
- 122 Forfeitures
- 123 Penalties

130 Revenues from Use of Money and Property

- 131 Interest on bank deposits
- 132 Interest on securities
- 133 Interest on special assessments
- 134 Other interest
- 135 Rents and concessions

140 Revenues from Individuals and Other Agencies

- 141 State
 - 141.1 Beer tax allocation
 - 141.2 Income tax allocation
 - 141.3 Sales tax allocation
 - 141.4 Grants-in-aid for school purposes
 - 141.5 Grants-in-aid for highway purposes
 - 141.6 Grants-in-aid for hospital
 - 141.7 Grants-in-aid for public health
 - 141.8 Grants-in-aid for relief purposes
 - 141.9 Grants-in-aid for other purposes

- 142 County
 - 142.4 Grants-in-aid for school purposes
 - 142.5 Grants-in-aid for highway purposes
 - 142.9 Grants-in-aid for other purposes
- 143 Federal
 - 143.4 Grants-in-aid for school purposes
 - 143.5 Grants-in-aid for highway purposes
 - 143.9 Grants-in-aid for other purposes
- 144 Other governmental agencies
- 145 Private donations and contributions
- 146 Employees' contribution to pension fund
- 147 Unclaimed money

- 150 **Special Assessments**
 - 151 Special assessments—current
 - 152 Special assessments—delinquent
 - 153 Penalty and interest on delinquent special assessments

- 160 **Sales and Service Charges**
 - 161 General government
 - 161.1 Court costs, fees, and charges (not fines)
 - 161.2 Recording legal instruments
 - 161.3 Other charges
 - 162 Public safety
 - 162.1 Police charges
 - 162.2 Fire protection charges
 - 162.3 Liquor confiscation
 - 163 Public service
 - 163.1 Street and sidewalk charges
 - 163.2 Bridge and other tolls
 - 163.3 Sewer charges
 - 163.4 Garbage collection charges
 - 163.5 Airport
 - 163.6 City garage charges
 - 164 Public welfare
 - 164.1 Hospital charges
 - 164.2 Health unit charges
 - 164.3 Charities
 - 164.4 Cemeteries
 - 165 Education
 - 165.1 Elementary school fees
 - 165.2 High school fees
 - 165.3 Public library fees
 - 166 Recreation
 - 166.1 Parks and playgrounds

- 166.2 Swimming pools
- 166.3 Ball parks
- 166.4 Golf courses
- 166.5 Others
- 167 Sale and recovery of loss of properties
- 170 **Transfers from Other Funds**
- 180 **Non-revenue Receipts**

6 EXPENDITURE ACCOUNTS

by Function and Activity

- 200 **General Government Administration**
 - 210 Executive
 - 211 Mayor
 - 212 City Manager
 - 220 Legislative
 - 221 Council
 - 222 Board of Commissioners
 - 223 Board of Aldermen
 - 230 Municipal court
 - 240 Law
 - 241 Office of City Attorney
 - 242 Office of Trial Attorney
 - 243 Other legal counsel
 - 250 Special commissions and committees
 - 251 Election Commission
 - 252 Civil Service Commission
 - 253 Planning Commission
 - 254 Equalization Board
 - 260 Research and investigation
 - 261 Research bureaus
 - 262 Special research projects
 - 270 Pensions of former employees
 - 280 Transfers to other funds
 - 290 Miscellaneous general government

- 300 **Accounts, Revenue, and Finance**
 - 310 Administration (City Recorder)
 - 311 Supervision
 - 312 Accounting procedures
 - 320 Assessment division
 - 321 Supervision
 - 322 Real property
 - 323 Personal property
 - 324 Merchants' ad valorem
 - 330 Accounts division
 - 331 Supervision
 - 332 General accounts
 - 333 Special accounts
 - 334 Payroll
 - 335 Reports
 - 340 Collection division
 - 341 Supervision
 - 342 Current tax
 - 343 Delinquent tax
 - 344 Other revenue
 - 350 Treasury division
 - 351 Supervision
 - 352 Receipt of money
 - 353 Custody of money
 - 354 Disbursement of money
 - 355 Records
 - 360 Purchasing division
 - 361 Supervision
 - 362 Standardization
 - 363 Procurement
 - 364 Stores control
 - 370 Budget division
 - 371 Supervision
 - 372 Revenue budget
 - 373 Expenditure budget
 - 374 Budget accounts
 - 380 Auditing division
 - 381 Supervision
 - 382 Payroll audit
 - 383 Transportation and travel audit
 - 384 Collection audit
 - 385 Expenditure audit
 - 386 Property audit

400 Public Safety

- 410 Administration
 - 411 Supervision
- 420 Police department
 - 421 Supervision
 - 422 Uniformed patrol
 - 423 Traffic control
 - 424 Detective bureau
 - 425 Communication system
 - 426 Training
 - 427 Records
 - 428 Detention and custody of prisoners
 - 429 Police station
- 430 Fire department
 - 431 Supervision
 - 432 Fire fighting
 - 433 Fire prevention
 - 434 Hydrant and water service
 - 435 Communication system and alarm
 - 436 Training
 - 437 Volunteer service
- 440 Protective inspection
 - 441 Supervision
 - 442 Building inspection
 - 443 Plumbing inspection
 - 444 Electrical inspection
 - 445 Gas inspection
 - 446 Boiler inspection
 - 447 Elevator inspection
 - 448 Weights and measures
 - 449 Motor vehicle inspection
- 450 Parking meters
 - 451 Supervision
 - 452 Maintenance and operation

500 Public Service

- 510 Administration
 - 511 Supervision
- 520 Streets, sidewalks, curbs, and gutters
 - 521 Supervision
 - 522 Maintenance
 - 523 Construction
 - 524 Cleaning
 - 525 Lighting

- 530 Bridges, viaducts, and grade separations
 - 531 Supervision
 - 532 Maintenance
 - 533 Construction
- 540 Sewers and sewage disposal
 - 541 Supervision
 - 542 Maintenance and operation
 - 543 Construction and extension
- 550 Garbage collection and disposal
 - 551 Supervision
 - 552 Maintenance and operation—disposal plant
 - 553 Maintenance and operation—collection service
- 560 Public buildings
 - 561 Supervision
 - 562 Maintenance and operation
 - 563 Construction
- 570 Airport
 - 571 Supervision
 - 572 Maintenance and operation
 - 573 Construction
- 580 City garage or service station
 - 581 Supervision
 - 582 Maintenance and operation
 - 583 Construction and equipment
- 590 Auxiliary activities
 - 591 City yards
 - 592 Quarry
 - 593 Smoke abatement
 - 594 Dog pound
- 600 **Public Welfare**
 - 610 Administration
 - 611 Supervision
 - 620 Hospitals
 - 621 Supervision
 - 622 Dormitory
 - 623 Operation of hospital
 - 624 Maintenance of buildings and equipment
 - 625 Operating room
 - 626 Construction
 - 630 Health unit
 - 631 Supervision
 - 632 Regulation and inspection
 - 633 Control of communicable disease
 - 634 Child health services

- 635 Adult health services
- 636 Laboratory
- 637 Health centers and clinics
- 640 Charities
 - 641 Supervision
 - 642 Municipal institutional care
 - 643 Non-municipal institutional care
 - 644 Non-institutional care
- 650 Cemeteries
 - 651 Supervision
 - 652 Maintenance and operation
- 700 **Education**
 - 710 Administration
 - 711 Supervision
 - 720 Elementary Schools
 - 721 Supervision
 - 722 Instruction
 - 723 Operation and maintenance
 - 724 Transportation
 - 725 Library
 - 726 Auxiliary services
 - 726.1 Health
 - 726.2 Food lunch program or cafeteria
 - 726.3 Recreation
 - 726.4 Special education
 - 730 High Schools
 - 731 Supervision
 - 732 Instruction
 - 733 Operation and maintenance
 - 734 Transportation
 - 735 Library
 - 736 Auxiliary services
 - 736.1 Health
 - 736.2 Food lunch program or cafeteria
 - 736.3 Recreation
 - 736.4 Veterans' farm service
 - 736.5 Distributive education
 - 736.6 Federal Works Agency
 - 740 Public libraries
 - 741 Supervision
 - 742 Operation
 - 743 Maintenance
 - 744 Books, periodicals, and other materials

800 Recreation

- 810 Administration
 - 811 Supervision
- 820 Parks and playgrounds
 - 821 Supervision
 - 822 Operation
 - 823 Maintenance
- 830 Swimming pools
 - 831 Supervision
 - 832 Operation
 - 833 Maintenance
- 840 Ball parks
 - 841 Supervision
 - 842 Operation
 - 843 Maintenance
- 850 Golf courses
 - 851 Supervision
 - 852 Operation
 - 853 Maintenance
- 860 Zoo
 - 861 Supervision
 - 862 Operation
 - 863 Maintenance
- 870 Special recreational facilities
 - 871 Stadium
 - 872 Auto trailer camps
 - 873 Community centers
 - 874 Other recreational facilities

900 Debt Service

- 910 Administration
- 920 Interest charges
 - 921 Interest on general obligation bonds
 - 922 Interest on notes and warrants
 - 923 Interest on other than general obligation bonds
- 930 Bond redemption
 - 931 Serial bond maturities on general obligations
 - 932 Sinking fund contributions for bond redemption on general obligations
 - 933 Redemption of other than general obligations
- 940 Bond expense
- 950 Discount on bonds

7 EXPENDITURE ACCOUNTS

by Character and Object

00 **Current Expense**

01 **Personal Services**

011 Salaries and wages—regular employees

012 Salaries and wages—temporary employees

013 Salaries and wages—per diem and fees

02 **Professional services**

03 **Travel and transportation**

04 **Operation of motor vehicles**

05 **Communication**

06 **Rent and utility services**

07 **Printing and binding**

08 **Publicity, subscriptions, and dues**

09 **Other contractual services**

10 **Repairs and maintenance**

11 **Supplies**

12 **Materials**

13 **Grants, subsidies, and contributions**

14 **Pensions, annuities, and insurance premiums and losses**

15 **Refunds, awards, and indemnities**

16 **Interest**

20 **Public Debt Retirement**

21 **Serial bonds**

22 **Sinking fund contributions**

30 **Capital Outlay**

31 **Land**

32 **Buildings and improvements**

33 **Roads and bridges**

34 **Road machinery**

35 **Office furniture and equipment**

36 **Motor vehicles**

37 **Other moveable equipment**

38 **Investments**

● **III Explanation of Accounts**

1	Funds	33
2	Summary by Type of Account	38
3	Assets	40
4	Liabilities, Reserves, and Surplus	47
5	Revenue Accounts, by source	52
6	Expenditure Accounts, by function and activity	63
7	Expenditure Accounts, by character and object	83

I FUNDS

Since each municipality must raise and spend its money in accordance with certain legal and administrative requirements, it is necessary for a governmental unit to keep its accounts by funds. A fund is a sum of money or other resources set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. From an accounting standpoint, each fund is an independent bookkeeping entity. The records for each fund should be kept as if it were a separate and distinct business.

Funds may be established by law or by action of the officials. Generally speaking, it is desirable to have as few funds as possible consistent with legal and functional requirements. However, it is usually impossible to record all transactions through the operation of only one fund without destroying the accuracy and significance of the financial reports. Even where there are no legal requirements establishing several funds, it is usually desirable because of the wide diversity of the many municipal operations to have more than one fund.

All municipal funds can be classified according to the following eleven types:

- A General Fund**
- B Utility Funds**
 - 1B Waterworks—utility fund**
 - 2B Electric—utility fund**
 - 3B Gas—utility fund**
 - 4B Sewer—utility fund**
- C Sinking Funds**
- D Special Assessment Funds**
- E Special Revenue Funds**
- F Bond Funds**
- G Trust and Agency Funds**
- H Working Capital Funds**
- J Fixed Asset Account Group**
- K Bonded Debt Account Group**
- T Treasurer's Fund**

Most local units, at one time or another, will have need for funds of each of the above types. However, few will use all eleven classes constantly. This does not mean that the maximum number of funds is eleven. A local unit may have

several funds of one type. For instance, a municipality operating its electric and water systems should have two utility funds. Each fund is an operating entity. It has its own assets, liabilities, revenues, and expenditures.

A General Fund

The general fund finances the principal services of government, including general government administration, public safety, public service, public welfare, and education. Usually, its major source of revenue is the general property tax. Revenues from other taxes, licenses, fees, earnings of general departments, and other miscellaneous sources also go into this fund to help provide for expenditures applicable to general municipal functions.

B Utility Funds

Utility funds are established to finance the construction, operation, and maintenance of municipally owned utilities, such as water, electric, gas, and sewer. Frequently such funds are created by contract. The agreement between the Tennessee Valley Authority and municipalities purchasing TVA power for distribution through their own systems stipulates that the affairs of the electric system constitute an entity independent from other governmental services. Many times municipal bonds issued to finance waterworks state that interest and principal are to be paid from the revenues of the water plant. Even where there is no contractual or legal requirement that utility funds be created, they are desirable from an administrative point of view. A public utility is a business enterprise and the accounts for it should take the same form regardless of whether it is publicly or privately owned.

The affairs of the government-owned utility should not be mixed in any way with those of the government proper. In many places, utility property is assessed and the utility fund pays taxes to the governmental unit as if it were privately owned. If the utility offices occupy quarters in the city hall, the utility pays space rental to the general fund. In like manner, the general fund should pay the utility at regular rates for all utility services rendered to it, such as street lights and electricity for city hall, schools, and public buildings.

C Sinking Funds

A sinking fund is one accumulated by periodic installments of cash for the purpose of retiring a debt at its maturity. Contributions from the general fund are the usual source of sinking-fund receipts for municipalities although some munic-

ipalities continue to have a special tax levy for sinking fund purposes. The periodic deposits of cash are usually invested in bonds of the local unit or other governmental bodies. The revenue of the fund may be further increased by interest on the investments. The only expenditure from this fund, other than the purchase of investments, should be for the purpose of retiring the bonds of the local unit. Normally, interest on the bonds of a municipality is not paid for sinking fund assets. However, in some cases, specific calculations are made so that the sinking fund is sufficient to provide for both interest on the outstanding bonds and debt retirement. In cases of this nature, the fund should properly be termed Debt Service Fund rather than Sinking Fund. The separation of interest payments from debt retirement provisions is generally considered proper.

D Special Assessment Funds

Special assessment funds are established to provide for the financing of improvements which are to be paid for wholly or in part from the proceeds of special assessments levied against the properties benefited by the improvements. Street improvements and sidewalk construction are typical examples of operations frequently financed by this type of fund. Each special improvement project constitutes a separate special assessment fund.

E Special Revenue Funds

Special revenue funds operate exactly in the same manner as the general fund, except that specific revenues are designated as being available for the accomplishment of certain definite objects or purposes. The principal aim in establishing these funds is to make certain that the revenue so provided is used for the purpose designated. Special revenue funds, which are used to excess by Tennessee counties, are seldom needed by municipalities.

F Bond Funds

Bond funds are established to account for the use of the proceeds resulting from the sale of bond issues. Bond funds are temporary and operate only between the date of the bond sale and the time when all of the proceeds have been expended. If the bonds were issued for the purpose of funding or refunding existing debt, the life of the fund created would be very short. On the other hand, if the bonds had been issued to provide funds for construction of a new city hall or other permanent improvement, the bond fund created at the time of issuing the bonds would exist until the construction was completed and all of the bond proceeds disbursed. Any amount remaining in

the bond fund after construction is completed should be transferred to the sinking fund or such fund being used to pay off the bonds. Each bond issue requires a separate bond fund.

G Trust and Agency Funds

Trust and agency funds are resources held by the municipality as trustee or agent for individuals or other governmental bodies. Usually, the governmental unit acting as agent or trustee has no equity in the assets of these funds.

Resources to be used only for payment of pensions to municipal employees is an example of a trust fund.

H Working Capital Funds

Working capital funds are established to finance internal service activities rendered to a government's own departments.

A central garage providing transportation facilities or a storeroom furnishing office supplies to all departments are examples of working capital funds. The accounting for these units should be the same as if they were operated as private businesses. Working capital funds and utility funds are similar in this respect. However, they are dissimilar in that working capital funds render services to only governmental departments while the utility serves the public as well as other governmental departments. Unless it is desired that these interdepartmental services be operated on a self-sustaining basis, they might just as well be included in a general fund.

J and K Fixed Asset Account Group and Bonded Debt Account Group

Strictly speaking, the fixed asset account group and the bonded debt account group are not funds according to the definition applied to the eight fund types just described. However, since each of these groups is a separate accounting entity, the same accounting techniques apply.

Some Tennessee municipalities consider these two groups together as the capital fund. A balance sheet of the capital fund shows the fixed property as assets, the bonded debt as liabilities, and the resulting difference as capital surplus or deficit. This is an old and outmoded idea about governmental accounting which has been carried over from industrial accounting. In industry, the fixed assets are frequently mortgaged to secure the bonded debt and the relationship between these accounts is often computed. However, no such relationship exists in government. Consequently, each group should be accounted for separately.

The purpose of the fixed asset account group is to account for and control all fixed property of the government which does

not belong to a utility or working capital fund. The bonded debt account group discloses the general bonded indebtedness of the municipality and the requirements necessary to supplement the present sinking funds in order to meet the obligations at maturity. Bonded indebtedness of utilities and special assessment funds are not included in this group.

T Treasurer's Fund

Frequently the receipts and disbursements accounting followed by Tennessee municipalities has become unduly complicated due to the existence of many separate bank accounts. There has been a conception on the part of many municipal officials that it was legally necessary to provide a separate checking account for each fund. In most cases, this is erroneous. It is not necessary that a separate bank account be set up for any fund unless such bank account has been required by contract or in a bond indenture.

The city should maintain such bank accounts as are necessary in order to facilitate the easy handling of the receipts and disbursements through the treasurer's office and to so distribute the city's cash resources among the available banking depositories as to provide the necessary safety.

It is the purpose of the treasurer's fund to show the bank deposits in the respective accounts as assets of this fund, and to show as liabilities of the fund the equities in those accounts as distributed through the various funds A through H as discussed heretofore. Under this conception, the treasurer is the city's banker with his money resources distributed among the various depositories and his deposit liabilities distributed among the various city funds.

2 SUMMARY BY TYPE OF ACCOUNT

Municipal accounts fall into the following four major types:

- (1) Assets
- (2) Liabilities, reserves, and surplus
- (3) Revenue
- (4) Expenditures

The first two groups of accounts are those which normally appear in the financial statement known as the balance sheet, while the latter two groups of accounts will appear in some financial statement portraying the operations of the enterprise during a given period.

In general, assets are those accounts which record things of value owned by or owed to the municipality. This would include cash resources, receivables due the municipality regardless of source, and fixed properties owned by the municipality. The fund classification necessarily used in municipal accounting so divides the assets that these accounts are frequently portrayed with more significance in municipal accounts than in industrial accounts.

Liabilities represent debts of the municipality that can be settled in due course of operations.

Reserves, in general, are accounts set up for the purpose of earmarking surplus as unavailable for expenditure.

Surplus is the term used to represent the excess of assets over liabilities and reserves. It represents the municipality's equity in the fund, and in certain funds, such as the general fund, it represents an amount of resources available for appropriation.

Revenue accounts designate the source of additions to assets which do not increase any liability, or represent the recovery of an expenditure, or the cancellation of liabilities without the corresponding increase in other liabilities or a decrease in assets.

Expenditure accounts designate the total charges incurred, either paid or unpaid, including expense, provision for retirement of debt not reported as the liability of a fund from which retired, and capital outlay.

The proper classification of expenditure accounts provides for what amounts to a two-way classification. Method No. 1 will cover function and activity classification which, in the proper city organization, will dovetail with organizational structure. Consequently, by this one-way classification by departmental unit, function and activity have been accomplished. Classification method No. 2 classifies expenditures by character and object. The object classification attempts to answer the question "What did we get?" and classifies the expenditure as to personal services, materials, supplies, bond interest, capital outlay, etc. Character classification refers to whether the expenditure resulted in benefit to the current period only, prior periods, or future periods. For example, current expenses are applicable to the current period; bond retirement to prior period transactions; and capital outlay results in the acquisition of some assets useable in the future.

3 ASSETS

00 Cash

The cash accounts are subdivided in sufficient detail to portray the cash balances in whatever form they may exist. These accounts are charged and credited as hereinafter provided.

01—Cash on Hand is charged with all cash received in the office. It is credited with all cash deposited in account 02 or cash disbursed before deposit. The debit balance indicates the amount of undeposited cash held in the office.

02—Cash on Deposit is charged with cash deposited in commercial banks regardless of source from which received. It is credited with checks issued for all purposes and with checks previously deposited but returned unpaid by depositories. The debit balance denotes the cash available for disbursement which is in the bank subject to check.

03—Petty Cash is charged with all money set up as special advances for the purpose of making small disbursements in payment of petty expenses. The only credits to this account would arise when the fund is no longer needed and is returned to another cash account. The debit balance represents the actual cash in the fund plus the petty cash vouchers held for reimbursement.

04—Treasurer's Cash will appear in all funds other than in the treasurer's fund and the fixed asset and fixed liability account groups. It is charged with the amount of cash applicable to a particular fund which is in custody of the treasurer. It will be credited for disbursements properly made out of a particular fund which are to be paid by treasurer's check. The debit balance indicates the available unexpended cash which is in possession of the treasurer and applicable to any fund.

10 Inventories and Prepaid Expenses

The accounts in this group are charged with the cost of inventory and prepaid expense items and are credited as these inventory and prepaid items are consumed. Although specific accounts for prepaid expenses have not been listed, such accounts as may be needed, e.g., "prepaid insurance," may be added after the inventory accounts listed.

11—Stores account is charged with the cost of all consumable supplies not immediately consumed in operations. It is credited as these supplies are requisitioned by and are charged to the various departments as expenses. The debit balance indicates the value of all inventories on hand.

This account should also be a control account over a subsidiary ledger which should hold accounts with office supplies, household supplies, building materials, etc., depending upon the types of items in the inventory.

12—Work in Process is charged with the cost of labor, materials, and other costs applicable to jobs in process of construction by the municipality. It is credited with the total cost of a completed construction project when the property is transferred to the fixed asset account group. The debit balance represents cost to date of construction now in process.

20 Receivables

The accounts in this group are charged with all amounts owed to the city or to a particular fund and credited with such collections, cancellations, or transfers as may be made. Debit balances in these accounts represent the amounts owed to the city or fund.

21—Property Taxes Receivable—Current is charged with property taxes assessed during the current year. It is credited with collections, cancellations, and abatements of these taxes made during the year. The debit balance indicates the amount of current property taxes remaining uncollected. The balance of this account is closed into Property Taxes Receivable—Delinquent when current taxes become delinquent.

21.1—Allowance for Uncollectible Property Taxes—Current is credited with the amount of current property taxes which are estimated to be uncollectible. The balance is closed into Allowance for Uncollectible Property Taxes—Delinquent when current property taxes become delinquent.

22—Property Taxes Receivable—Delinquent is charged with current property taxes as they become delinquent. It is credited with collections, cancellations, and abatements of these taxes. The debit balance indicates the amount of prior years' property taxes which have not been collected.

22.1—Allowance for Uncollectible Property Taxes—Delinquent is credited with the amount of the Allowance for Uncollectible Property Taxes—Current when the current taxes become delinquent and is charged with taxes written off as uncollectible. The credit balance represents prior years' taxes outstanding which are estimated to be uncollectible.

23—Notes Receivable is charged with all notes receivable owed to the city. It is credited with collections and cancellations. The debit balance represents the amount of notes receivable owed to the city.

24—Accounts Receivable is charged with all open accounts other than property taxes (and account 25, hereinafter) owed to the city. It is credited with collections and cancellations. The debit balance represents the amount of open accounts owed to the city.

24.1—Allowance for Uncollectible Accounts Receivable is credited with an amount estimated to be sufficient to absorb all bad accounts contained in the Accounts Receivable ledger. It is debited with bad accounts that are actually written off. The credit balance indicates the expected uncollectibles included in Accounts Receivable.

25—Accounts Receivable from Officials and Employees is charged with all open accounts owed to the city by city officials and city employees. It is credited with collections and cancellations. The debit balance represents the amount of open accounts owed to the city by its officials and employees.

26—Due from other Governmental Units is charged with the amount due the municipality from the federal government, the state, the county, or any other governmental unit. It is credited with the collections of these amounts. A debit balance indicates the total amount owed the city by all outside governmental units. Subsidiary accounts may be added within this classification if the details so warrant.

27—Due from Other Funds is charged with loans and advances made by one fund to another fund of the city. It is credited with the repayment of these loans and advances. A debit balance indicates the amount owed to a fund by other funds of the city. Detail accounts to which charges and credits will be made depend on the respective funds involved.

28—Special Assessments Receivable. The accounts in this group include all special assessments due to the municipality. They are charged and credited as hereinafter provided.

28.1—Special Assessments Receivable—Current is charged with the amount of special assessments due during the current year. It is credited with collections, cancellations, and abatements made during the year. The debit balance represents the amount of current special assessments remaining uncollected. The balance is closed into Special Assessments Receivable—Delinquent when current assessments have become delinquent.

28.11—Allowance for Uncollectible Special Assessments—Current is credited with the amount of current special assessments receivable which are estimated to be uncollectible. The balance is closed into Allowance for Uncollectible Special Assessments—Delinquent when current special assessments become delinquent.

28.2—Special Assessments Receivable—Deferred is charged with the amount of special assessments which are not due during the current year. It is credited with the amount of special assessments that become due and are transferred to Special Assessments Receivable—Current (28.1). A debit balance represents the amount of special assessments receivable that will become due in future years.

28.21—Allowance for Uncollectible Special Assessments—Deferred is credited with the amount of deferred special assessments receivable which are estimated to be uncollectible. The balance is transferred to Allowance for Uncollectible Special Assessments—Current (28.11) in proportion to the amount of Special Assessments Receivable—Deferred (28.2) that have become due and are transferred to Special Assessments Receivable—Current (28.1). A credit balance indicates the amount of deferred special assessments which it is estimated will not be collected.

28.3—Special Assessments Receivable—Delinquent is charged with the amount of current special assessments that become delinquent. It is credited with

collections, cancellations, and abatements of these levies. The debit balance represents the amount of delinquent special assessments that have not been collected.

28.31—Allowance for Uncollectible Special Assessments—Delinquent is credited with the amount of delinquent special assessments receivable which are estimated to be uncollectible. The balance represents delinquent special assessments which are estimated to be uncollectible.

30 Investments

This group of accounts is charged with the cost price plus brokerage fees of all securities purchased by the city for investment purposes. It is also charged with the amortization of discount on securities. It is credited with the amortization of premium on securities and the carrying value of the securities when they are sold or redeemed. The balance represents the book value of securities owned by the city.

31—U. S. Bonds records holdings of U. S. government securities.

32—City Bonds records holdings of the municipality's own bonds which have been reacquired.

33—Other Bonds records bond investments owned by the municipality other than those shown in accounts 31 and 32.

40 Fixed Assets

This group of accounts provides for all fixed assets owned by the municipality.

41—Land is charged with the cost of all land purchased by the city and the appraised value of all land donated to the city. It is credited with the carrying value of the land upon disposal. The debit balance represents the cost of the land owned by the city.

42—Buildings and Improvements is charged with the purchase price or construction cost of all buildings or improvements to buildings owned by the city. Buildings donated to the city should be charged at appraised value. This account is credited with the carrying value of buildings upon disposal. The debit balance represents the cost of buildings owned by the city.

43—Office Furniture and Equipment is charged with the cost of office furniture and equipment. It is credited with the carrying value of these assets upon disposal. The

debit balance represents the cost of all office furniture and equipment owned by the city.

44—Roads and Bridges is charged with the contract price or construction cost to the city of all roads and bridges. It is credited with the carrying value of roads abandoned or replaced. The debit balance indicates the city's investment in roads and bridges.

45—Road Machinery is charged with the cost of all scrapers, shovels, plows, and such other road machines, excepting trucks, as are owned by the city. It is credited with the carrying value of these items when they are scrapped or upon disposal. The debit balance represents the cost of equipment owned by the city.

46—Motor Vehicles is charged with the cost of all automotive equipment, trucks, and cars, and is credited with the carrying value upon disposal. The debit balance represents the cost of automotive equipment owned by the city.

47—Other Moveable Equipment is charged with the cost of all other permanent equipment not enumerated above. It is credited with the carrying value of these assets upon disposal. The debit balance represents the cost invested by the city in these items.

50 Budgetary Control Accounts (Dr.)

The accounts in this group will only be used by cities which include budgetary accounts in the accounting records. For cities which use only the proprietary accounts and have their budgets set up entirely separate, these accounts may be ignored.

51—Estimated Revenues is charged at the beginning of the fiscal year with the amount of revenues estimated to be received or accrued during the current fiscal year. This debit balance is closed out at the end of the year to the Revenue (100 account group) and Unappropriated Surplus (90 account group) accounts.

52—Bonds Authorized and Unissued is charged at the time of authorization with the amount of bonds for which authorization has been given. The account is credited at the time the bonds are issued or at such time as the authorization may be withdrawn. A debit balance in this account represents the amount of bonds authorized and unissued.

53—Improvements Authorized is charged at the time of authorization of a special assessment project with the amount the project is estimated to cost. The account is credited when the levy of assessments is made and the municipality's share of the cost is determined. A debit balance in this account represents the amount of special assessment improvements which have been authorized but for which assessments have not been made.

54—Sinking Fund Contributions Required is charged at the beginning of the fiscal year with the required contribution, as determined, to be added to the sinking fund during the year. This debit balance is closed out at the end of the fiscal year in the matching of it with the respective sinking fund revenue account.

55—Sinking Fund Earnings Required is charged at the beginning of the fiscal year with the required earnings as estimated to be added to the sinking fund during the year. This debit balance is closed out at the end of the fiscal year in the matching of it with the respective sinking fund revenue account.

56—Amount Available for Retirement of Bonds is used only in the bonded debt account group. It is charged, at the time sinking fund contributions and revenues are closed out in the sinking fund, with the amount of the actual additions to the sinking fund. The account is credited when bonds mature at the same time the liability is set up in the sinking fund. The debit balance represents the amount of resources in the sinking fund which is available for the retirement of bonds.

57—Amount to Be Provided for Retirement of Bonds is used only in the bonded debt account group. It is charged at the time bonds are issued with the amount of the added liability. The account is credited at the same time the charge is made to Amount Available for Retirement of Bonds (56) with the amount of the addition to the Sinking Fund. The debit balance represents the difference between the amount of bonded indebtedness accounted for in the bonded debt account group and the Amount Available for Retirement of Bonds.

4 LIABILITIES, RESERVES, AND SURPLUS

60 Current Liabilities

This group of accounts includes those liabilities of the municipality which became payable and are expected to be paid within one year.

61—Vouchers Payable is credited with the value of invoices vouchered. It is charged with the value of vouchers paid. The credit balance represents the amount of outstanding current debt in the form of vouchers.

62—Notes Payable is credited with the face value of all notes payable issued by the city which are due within one year. It is charged as the notes are paid. The credit balance represents the amount of outstanding current debt in the form of notes.

63—Contracts Payable is credited with the amount due on contracts. It is charged with the value of contracts paid. The credit balance represents the amount currently due on contracts.

64—Judgments Payable is credited with the amount due to be paid by the city as a result of court decisions, including condemnation awards. It is charged with the amount of judgments paid. The credit balance represents the amount due to be paid on judgments.

65—Accrued Interest on Bonds is credited for interest accrued to date on bonded indebtedness. It is debited with the amount of interest paid. The credit balance indicates the amount of interest owed.

66—Taxes Collected in Advance is credited with the amount of taxes collected before they have been levied. It is charged with the amount credited to the specific tax receivable account after the taxes are levied. A credit balance represents the amount of money deposited with the city by a taxpayer to be applied against a tax liability after the taxes have been levied.

67—Deposits Due to Others is credited with sums deposited by contractors and others to accompany and guarantee their bids. It may also be used in the utility funds to record customer deposits. It is charged with the sums deposited when the deposits are returned. A

credit balance represents the sums deposited and not yet returned.

68—Due Other Governmental Units is credited with advances made to the city by the state, county, federal, or other governmental units, or debts payable by the city to these organizations. It is charged with the liquidation of these debts. A credit balance represents the amount owed by the city to other governmental units. This account may be subdivided to show debts due the different levels of government. For example, Due the U. S. (68.3) is credited with the amount of federal income tax withheld from salaries and wages of employees. It is charged with the amount turned over to the federal government for the employees' income tax account.

69—Due Other Funds is credited with advances made by one fund to another fund on any inter-fund debt transaction of the city. It is charged when the debts are paid. A credit balance represents the amount owed by one fund to another fund. This account may be subdivided to designate the specific fund to which the debt is due.

70 Long-term Liabilities

This group of accounts includes those liabilities of the municipality which will not become payable within one year.

71—Bonds Payable is credited with the par value of bonds issued. It is charged with the par value of the bonds when they mature and are transferred to account 73, Matured Bonds Payable. A credit balance represents the amount of unmaturred bonds outstanding.

72—Notes Payable is credited with the face value of those notes issued by the city for which the maturity dates are not within one year. It is charged with the payment of these notes or with the amount transferred to the current liability account, Notes Payable—Current (62), when the maturity is less than one year. The credit balance represents the amount of long-term debt in the form of notes.

73—Matured Bonds Payable is credited with the maturity value of bonds matured and ready for redemption. It is charged with maturity value of bonds paid and retired. The credit balance represents the amount of matured bonds which are outstanding.

80 Reserves

These accounts are used to set aside out of the surplus of a fund amounts to provide for certain expenditures, thereby earmarking surplus as unavailable for future appropriations.

81—Reserve for Encumbrances is credited with the amount of purchase orders let that have not yet been delivered. It is charged when the purchase order is filled. A credit balance indicates the amount of outstanding purchase orders at any time.

82—Reserve for Retirement of Bonds—Sinking Fund is credited with the annual sinking fund contribution and earnings requirements in accordance with a prepared schedule of bond maturities. It is charged with the amount required to pay off the bonds when they mature. A credit balance represents the amount of contribution and earnings which the sinking fund should have accumulated at a given time.

83—Reserve for Stores is credited with the amount of the fund's assets tied up in store's inventories and not subject to appropriation for the various departments. At the end of each accounting period, it debited or credited, as the case may be, to bring it into agreement with the store's inventory at that time.

84—Reserve for Work in Process is credited with the amount of assets tied up in work in process. It is debited with the amount of assets removed from Work in Process and charged to Fixed Assets. The credit balance indicates the amount of assets reserved for special purposes and not subject to appropriation for or expenditure by the departments.

85—Reserve for Authorized Expenditures is credited with the amount of expenditures authorized to be made from a bond fund. It is charged with the amount of expenditures made when the fund is closed out. The credit balance represents the unexpended balance of such authorizations.

90 Surplus and Budgetary Control Accounts (Cr.)

The use of double-entry bookkeeping necessitates a balancing account in all funds. The budgetary control accounts will only be used by cities which include budgetary accounts in their accounting records as a means of controlling expenditures.

91—Unappropriated Surplus represents the excess of assets over the liabilities and reserves of a fund and shows

the amount of assets subject to appropriation. At the end of the fiscal year, all estimated and actual revenue, appropriation, and expenditure accounts are closed into Unappropriated Surplus.

92—Appropriations is applicable to those funds which are operated under a system of budgetary control wherein the budgetary accounts are placed in the general ledger. It is credited with the appropriations made by the legislative body. It, or a subsidiary account, is charged with expenditures and purchase orders made against the respective appropriations. The credit balance represents the unencumbered amount of appropriations.

92.1—Encumbrances is a debit account comprising a subdivision of account 92, Appropriations. It appears in systems where budgetary control accounts are in the general ledger. It is charged with the estimated amount of contracts and purchase orders as they are let, contra Reserve for Encumbrances (81). It is credited when the materials requested by the purchase orders have been received or when the purchase order is canceled.

92.2—Expenditures is charged with the amount of the expenditures made. It is credited with recoveries of expenditures made in error. This account is a control account and should equal the total of all expenditure accounts appearing in the expenditure ledger—that is, the balance of account 92.2 should equal the total of all the accounts appearing in account codes 200 and above. The debit balance in this account represents the amount of expenditures which have been made during the current fiscal year.

93—Earned Surplus is applicable only to those funds which are operated on a profit and loss basis—that is, utility funds and working capital funds. It represents the amount of earnings which have resulted from operations and which have not been paid out as dividends to other funds but have been retained in the fund to expand the capital.

95—Surplus Invested in Fixed Assets is applicable only to the fixed asset account group. It is a credit account equal to the sum of the values placed upon all fixed assets which are included in the fixed asset account group. It is charged upon disposal of the assets. The credit balance represents the amount the city has invested in fixed assets.

96—Capital Invested in Utility Properties is applicable only to utility funds. It is a credit representing the amount of capital contributed by the city in financing the fund in its initial stages or as subsequent contributions from without the fund. Additions to capital of the fund resulting from retained earnings will appear in Earned Surplus (93) and not in this account. The credit balance represents the contributed capital invested in public utilities.

5 REVENUE ACCOUNTS*

by Source

100 Taxes

The accounts in this group include revenues from tax sources as given hereinafter:

101—Property Taxes—Current is credited with the revenue derived from the current year's general property tax levy.

102—Property Taxes—Delinquent is credited with the revenue derived during the current year from property taxes levied during prior years.

103—Penalty and Interest on Delinquent Taxes is credited with the amount of penalty collected from taxpayers who pay general property taxes after the due date and includes the amount of interest collected on delinquent taxes from the due date to the date of actual payment.

104—Poll Taxes is credited with revenue received from collection of poll taxes in those municipalities which levy the poll tax.

105—Street Taxes is credited with revenue received from the street tax where this source of revenue is used.

106—In-lieu Tax Payments is credited with revenue received from in-lieu tax payments made by certain non-taxable utilities. An example of this is the payment made by a municipally owned electric utility to the city's general fund.

107—Amusement Tax is credited with revenue collected from theaters, movies, and other amusement or recreational events. The revenue results from a tax levied against the price of admission. This is not to be confused with Privilege Licenses, account 111.

110 Licenses and Permits

The accounts in this group include revenues from licenses and permits as explained hereinafter:

111—Privilege Licenses is credited with revenue from the collection of privilege licenses imposed on specified kinds of businesses.

*See Section I, paragraph 5, for distinction between the cash and the accrual basis of accounting for revenue.

112—Merchants' Ad Valorem Taxes is credited with revenue collected from the ad valorem tax levied on the inventories of merchants and manufacturers.

113—Building and Other Permits is credited with revenue collected from charges for building and other permits, e.g., plumbing, electrical, etc., excluding vehicle permits such as those for taxicabs.

114—Parking Meters is credited with revenue collected from parking meters.

115—Inspection Fees is credited with revenue collected from inspection fees charged by some municipalities, e.g., hotel and restaurant inspection fees.

116—Motor Vehicle Licenses, Fees, and Permits is credited with revenue received from the levy of motor vehicle licenses, fees, and permits, e.g., taxicab permits, city auto tags.

117—Other Vehicle Fees is credited with revenue received from the levy of vehicle licenses, fees, and permits, other than those included in account 116. These might include bicycles, wagons, etc.

120 Fines, Forfeitures, and Penalties

The accounts in this group include revenue from court and certain other fines, forfeitures, and penalties as explained hereinafter:

121—Police Court Fines is credited with revenue received from fines and penalties imposed for the commission of statutory offenses and for the neglect of official duty. This includes fines imposed by courts, traffic fines paid without the formality of a court appearance, fines transmitted by the court of a superior government, so-called sheriff's fines, court costs or fees (although not strictly fines), and fines imposed by various departments of the municipality such as mayor's, dog catcher, and park fines. Forfeited bail is also considered a court fine.

122—Forfeitures is credited with revenue from bonds, sureties, or confiscated deposits which the government held for enforcing contracts or as security against possible losses and damages.

123—Penalties is credited with revenue from penalty payments other than those included in Penalty and Interest on Delinquent Taxes (103) or Fines (121). An example of penalty to be credited to this account is for delinquency in filing reports.

130 Revenue from Use of Money and Property

A municipality, like any other institution, private or public, may create income by the management of its assets rather than by allowing unused money or property to lie dormant without exercising its earning power. The following accounts are used to record such revenue.

131—Interest on Bank Deposits is credited with revenue received from interest paid by banks on deposits of the municipality.

132—Interest on Securities is credited with revenue received from interest payments made to the municipality on securities owned by the municipality. If securities are purchased at a discount or premium and the discount or premium is amortized, this account is credited or charged, respectively, with the amounts amortized each period.

133—Interest on Special Assessments is credited with revenue resulting from interest charges added to special assessment levies when the taxpayer elects to pay on the installment plan.

134—Other Interest is credited with interest revenue resulting from any source not otherwise indicated.

135—Rents and Concessions is credited with revenue received from the use of lands, buildings, and equipment which are not used primarily for departmental purposes (non-departmental property). The rent may be for permission to use, develop, or operate land, buildings, specialized improvements, or other municipally owned property. Non-departmental property includes that purchased for investment purposes, that taken over for non-payment of taxes, that purchased for future departmental use but not yet so applied, and that which previously had been used by departments but which now is leased to private parties. Rental of departmental properties and departmental concessions is to be recorded as "Sales and Service Charges" after the proper department. (See accounts 160, Sales and Service Charges.) An example of concessions to be included in this account is revenue from a refuse collection contract.

140 Revenue from Individuals and Other Agencies

Payments to the municipality by other political divisions (state, federal, and county governments), the receipt of gifts, donations, or unclaimed money from private persons, and employees' contributions comprise this group.

141—State

141.1—Beer Tax Allocation is credited with revenue from the state-levied, locally-shared beer tax.

141.2—Income Tax Allocation is credited with revenue from the state-levied, locally-shared income tax.

141.3—Sales Tax Allocation is credited with revenue from the state-levied, locally-shared sales tax.

141.4—Grants-in-Aid for School Purposes is credited with revenue contributed to the municipality by the state government to assist in the support of municipal schools.

141.5—Grants-in-Aid for Highway Purposes is credited with revenue contributed to the municipality by the state government to assist in the construction or repair of municipal streets or highways.

141.6—Grants-in-Aid for Hospital is credited with revenue contributed to the municipality by the state government to assist in the construction and repair of hospital buildings and equipment.

141.7—Grants-in-Aid for Public Health is credited with revenue contributed to the municipality by the state government to assist in the municipal public health program.

141.8—Grants-in-Aid for Relief Purposes is credited with revenue contributed to the municipality by the state government to assist in the support of municipal relief work.

141.9—Grants-in-Aid for Other Purposes is credited with revenue contributed to the municipality by the state government for purposes other than those set out heretofore. Separate accounts should be established for each purpose for which grants are made.

142—County

142.4—Grants-in-Aid for School Purposes is credited with revenue contributed to the municipality by the county government to assist in the support of municipal schools. The municipality's share of the county school levy should be recorded here.

142.5—Grants-in-Aid for Highway Purposes is credited with revenue contributed to the municipality by the county government for the construction and repair of municipal streets.

142.9—Grants-in-Aid for Other Purposes is credited with revenue contributed to the municipality by the county government for purposes other than those set out heretofore. Separate accounts should be established for each purpose for which grants are made.

143—Federal

143.4—Grants-in-Aid for School Purposes is credited with revenue contributed to the municipality by the federal government to assist in the support of municipal schools.

143.5—Grants-in-Aid for Highway Purposes is credited with revenue contributed to the municipality by the federal government for the construction or repair of municipal streets.

143.9—Grants-in-Aid for Other Purposes is credited with revenue contributed to the municipality by the federal government for purposes other than those set out heretofore. Separate accounts should be established for each purpose for which grants are made.

144—Other Governmental Agencies is credited with revenue from governmental agencies for which specific accounts have not been provided heretofore.

145—Private Donations and Contributions is credited with revenue from bequests and other contributions in the form of money or other current assets made by private individuals or organizations for general governmental purposes. Donations which are restricted in their use should be accounted for separately among the public trust funds. Gifts of real property or other capital assets, if not converted into money or receivables during the period, should be recorded in the property accounts at an estimated or appraised value. They are not to be considered as revenue of any of the funds. Gifts of securities or other current assets readily convertible into cash are to be considered as current revenue hereunder, and the amounts realized from donated capital assets sold during the fiscal period shall also be included in this account.

146—Employees' Contribution to Pension Fund is credited with amounts received on account of policemen's, firemen's, school teachers', or other pension or retirement funds that are contributed by the city employees as dues,

percentages of salaries, or so-called assessments for the establishment or maintenance of such funds. When assessments for the funds mentioned represent salary deductions, the amounts reported as salaries for policemen, firemen, school teachers, and other employees should be shown gross, i.e., total salaries before deductions are made. In order to report separately amounts contributed for each class of funds, accounts for these contributions should be as follows:

146.1—Policemen

146.2—Firemen

146.3—School Teachers

146.4—Other Employees

147—Unclaimed Money is credited with revenue received by the municipality from moneys held in trust for private persons and unclaimed by the owners, such as funds to pay debt obligations that have been canceled after having been long overdue without presentation of the claim, revenue from private trust funds, accounts awaiting the discovery of heirs or owners, money from the sale of unclaimed property, and unclaimed salaries.

150 Special Assessments

The accounts in this group relate to special assessment funds. Special assessments are compulsory contributions levied under the taxing or police power to defray the costs of specific public improvements undertaken primarily in the interest of the public. They differ from general property taxes in that they are apportioned according to the assumed benefits to the property affected by the improvements. Separate fund accounts should be set up for each special assessment levy.

151—Special Assessments—Current is credited with revenue derived currently from the levy of special assessments for capital improvements.

152—Special Assessments—Delinquent is credited with revenue derived during the current year from special assessment levies which should have been realized in some prior period.

153—Penalty and Interest on Delinquent Special Assessments is credited with the amount of penalty and interest on delinquent payments collected from special assessment taxpayers who pay such levies after date of delinquency. (The interest element included herein is not to be confused with account 133, Interest on Special Assessments,

which applies to non-delinquent special assessments being paid under an authorized installment plan.)

160 Sales and Service Charges

The accounts in this group include revenues resulting from all charges for current services, exclusive of public service enterprises. Revenues from current service charges are incidental to general government functions performed by the municipality. Charges to owners of property for specific services, such as sidewalk repair, weed cutting, street sprinkling, and street lighting, are to be classified as service charges. Minor sales and rents of the several departments are also to be included in these accounts. A segregation is made of the various charges under the functional grouping as set forth. A distinction must be made between payments for services, which are recorded as revenue, and reimbursements for direct expenditures, which are non-revenue receipts and should be recorded so as to reflect reductions of expenditures. Otherwise, both the revenues and expenditures will be overstated. The nature of each transaction will determine whether the item is a revenue or non-revenue receipt, i.e., an expenditure reimbursement.

161—General Government. This group of accounts includes revenue from general government charges as follows:

161.1—Court Costs, Fees, and Charges (not fines) is credited with revenue from court costs, fees, and charges in civil cases. Court fines and forfeits are not to be included in this account.

161.2—Recording Legal Instruments is credited with revenue received from the recording of legal instruments including fees of the municipal clerk and also fees for recording deeds and mortgages.

161.3—Other Charges is credited with revenues of general government offices. These revenues include fees of the finance offices, law department, election fees, planning and zoning fees, rental of space in city hall, receipts from sale of waste paper, etc.

162—Public Safety. This group of accounts includes revenue classified as follows:

162.1—Police Charges is credited with revenue received from corporations or individuals as compensation for services of policemen at crossings, railway stations, or of those detailed for special places or occasions; rewards for the detection and arrest of

criminals and the recovery of lost or stolen property; and minor sales or rents of the department. Reimbursements from other civil divisions for the expense of transporting prisoners to another civil division, delivering persons to insane institutions, or payment of policemen assigned to duty in other municipalities for special occasions are not to be credited to this account and are treated as expenditure reimbursements.

162.2—Fire Protection Charges is credited with revenue for such fire protection services as filling fire extinguishers, answering calls on property outside the municipality, miscellaneous sales, charges, or rents of the fire department, and fees for the inspection of fire hazards.

162.3—Liquor Confiscation is credited with revenue from the sale of liquor confiscated by the municipality.

163—Public Service. This group of accounts includes revenue classified as follows:

163.1—Street and Sidewalk Charges is credited with revenue from charges for repairing street pavement, sidewalks, curbs, gutters, and culverts. Special assessments for capital outlays are credited to account 151, Special Assessments—Current.

163.2—Bridge and Other Tolls is credited with revenue from tolls or rates charged the users of bridges, tunnels, etc.

163.3—Sewer Charges is credited with revenue from fees for the use of the sewer system and for sewage disposal. This account will be used only in municipalities which have a sewer fee and which do not operate the sewer system as a separate utility.

163.4—Garbage Collection Charges is credited with revenue from assessments or charges for the collection and disposal of garbage and other refuse. Also included here are revenue from the sale of refuse and fees received from dump-picking privileges.

163.5—Airport is credited with revenue received by the municipality from the operations of the airport. If the facilities of the municipally owned airport are leased to private operators, then the revenue from the

lease is credited to this account. Should the municipality operate the airport as a municipally owned enterprise, separate records for the airport should be kept; and this account would become a control account for all airport revenue.

163.6—City Garage Charges is credited with revenue from charges made by the city garage for services rendered by it to others.

164—Public Welfare. This group of accounts includes revenue as follows:

164.1—Hospital Charges is credited with revenue from hospital fees, including charges for board and care, surgical dressing, analyses, tests, etc., and from miscellaneous sales.

164.2—Health Unit Charges is credited with revenue from charges made by the municipal health unit for services or for fees of clinics conducted by the health department, such as tuberculosis, venereal disease, and children's clinics, as well as sale of health reports and bulletins, laboratory fees, and fees for public nursing. Fees from hospital clinics are credited to account 164.1, Hospital Charges.

164.3—Charities is credited with revenue from municipally operated institutions, such as miscellaneous sales and charges for board and care of inmates in almshouses, poor farm, temporary shelters, veterans' homes, and homes for the care of dependent and neglected children. Also included would be revenue from other than institutional sources, such as charges for care of children not in municipal institutions and from sales of articles from workshops for the blind. Reimbursements of general relief expenditures from other civil divisions and from individuals are to be recorded as expenditure reimbursements to reflect reductions of expenditures rather than as revenue items.

164.4—Cemeteries is credited with revenue from fees and charges by municipally owned cemeteries, including sale of cemetery lots.

165—Education. This group of accounts includes revenue classified as follows:

165.1—Elementary School Fees is credited with revenue from tuition, rental of textbooks, enrollment fees,

fees for the use of equipment, and all other elementary school revenues, including rent of space in school buildings and lunch room receipts. If any source is comparatively large, it should be recorded in a separate account with a title which is descriptive of the revenue item.

165.2—High School Fees is credited with revenue from tuition, rental of textbooks, enrollment fees, fees for the use of equipment, and all other high school revenues, including rent of space in school buildings and lunch room receipts. If any source is comparatively large, it should be recorded in a separate account with a title which is descriptive of the revenue item.

165.3—Public Library Fees is credited with revenue received as payment for books lost or damaged, receipts from fines for delay in returning books, dues for library privileges, rent of space in library buildings, and revenue from sale of books and magazines.

166—Recreation. This group of accounts includes revenue from recreation sources classified as follows:

166.1—Parks and Playgrounds is credited with revenue from recreation parks.

166.2—Swimming Pools is credited with revenue from fees or charges from operation of municipal swimming pools.

166.3—Ball Parks is credited with revenue from municipal ball parks.

166.4—Golf Courses is credited with revenue from municipal golf courses.

166.5—Others is credited with revenue from other recreation sources which are minor in importance and for which individual accounts are not set up.

167—Sale and Recovery of Loss of Properties is credited with amounts received from the sale of municipal property which is carried as an asset of another fund or from the recovery through insurance or other means of reimbursement for property destroyed or damaged.

170 Transfers from Other Funds is credited with amounts transferred to a specific fund from other municipal funds. Such items are of revenue nature only to the receiving fund. From

the viewpoint of the municipality as a whole, such transactions are merely transfers and do not constitute municipal revenue.

180. Non-Revenue Receipts

This classification of accounts is included to provide a means of recording in certain funds receipts of a non-revenue nature. For example, proceeds resulting from the sale of a bond issue as recorded in a bond fund would be such a receipt.

6 EXPENDITURE ACCOUNTS*

by Function and Activity

200 General Government Administration

This major functional group of governmental expenditures is divided into several sub-groups: executive, legislative, municipal court, law, special commissions and committees, research and investigation, and pensions of former employees, etc. All expenditures by courts and by those divisions of government which determine policies and provide general administration and control are to be classified under general government.

210—Executive. This group of accounts is charged with the total expenditures applicable to the general executive offices of the municipality.

211—Mayor is charged with the total payments for salaries and other expenditures of the mayor and employees connected with his office.

212—City Manager is charged with the payments for salaries and other expenditures of the city manager and employees connected with his office.

220—Legislative. This group of accounts is charged with the total expenditures incurred by the municipal governing body in the performance of its legislative duties.

221—Council is charged with the expenditures applicable to the cost of operating this governing body. Such expenditures include salaries, travel, and other operating expenses.

222—Board of Commissioners is charged with expenditures applicable to the cost of operating the commission only to the extent that the expenditures cannot be allocated to the functions directed by commissioners as board members. For example, expenditures of a commissioner of water and light should not be charged to account 222 of the general fund but to the proper accounts of the related utility funds. Even where a commissioner directs two or more departments, the expenditures on account of that commissioner should be allocated to the functions under the commissioner's direction. In the commission form of

*See Section I, paragraph 5, for distinction between the cash and the accrual basis of accounting for expenditures.

government it is generally considered that the duties of the commissioners are primarily executive and that their legislative functions are incidental and subordinate to the executive functions.

223—Board of Aldermen is charged with the expenditures applicable to the cost of operating this governing body. Such expenditures include salaries, travel, and other operating expenses.

230—Municipal Court is charged with expenditures for judicial activities of the municipality.

240—Law. This group of accounts is charged with expenditures incurred by the municipality in connection with the legal advisory function. The following detail accounts under this heading are self-explanatory.

241—Office of City Attorney.

242—Office of Trial Attorney

243—Other Legal Counsel

250—Special Commissions and Committees. This group of expenditures includes those costs usually termed "staff" or "staff-overhead" as distinct from the so-called "line" or "functional" expenditures incurred by the functional service departments.

251—Election Commission is charged with direct expenditures incurred in connection with holding general, primary, and special elections. Salaries of clerks, policemen, or other officials performing election duties incidentally as part of broader duties are not charged to elections but to their respective activities. The salaries of election deputies, judges, tellers, hired watchers or inspectors, special clerks, and special policemen are chargeable to the election accounts.

252—Civil Service Commission is charged with the expenditures relating to the operation of a centralized personnel agency which serves numerous departments of the city government. Such personnel agencies are usually entitled Civil Service Commission or Commissioner or Personnel Department or Director.

253—Planning Commission is charged with the total payments for boards or commissions on city planning. The principal duties of such bodies are laying out the city to serve the business and residence requirements; convenience, health, and comfort of the public; or guiding its growth in conformity with a scientific design and

adapting its physical form to the peculiar needs of its parts.

254—Equalization Board is charged with expenditures applicable to the work of reviewing the assessments made by the Tax Assessor and adjusting them when such assessments have not been equitably made.

260—Research and Investigation. This group of accounts is charged with expenditures relating to general research and investigations. The following detail accounts are self-explanatory.

261—Research Bureaus

262—Special Research Projects

270—Pensions of Former Employees is charged with the total expenditures of the administration of the municipal pension or retirement system, the actual payments made to pensioners under a non-funded plan, or the payments made to the pension trust fund under a funded plan.

280—Transfers to Other Funds is charged with all non-recoverable funds of an expenditure nature made from one municipal fund to another fund of the same municipality.

290—Miscellaneous General Government. This heading is created in order that miscellaneous accounts not otherwise provided for could be added as the occasion warrants.

300 Accounts, Revenue, and Finance

This group includes accounts for recording the expenditures of the financial staff agencies and is divided into separate accounts corresponding to the various fiscal activities. Titles of officers cannot always be relied upon in accounting for financial expenditures. The titles of comptroller or controller, auditor, finance director, accountant, treasurer, or clerk denote different activities in different cities. Expenditures should be recorded according to the characteristics of the work done.

310—Administration. This group of accounts is charged with the expenditures of directing the finance functions. This account is further divided into the following activities:

311—Supervision is charged with the expenditures of the office of the chief financial officer.

312—Accounting Procedures is charged with expenditures of the staff whose function is to design accounting procedures.

320—Assessment Division. This group of accounts is charged with expenditures incurred in the assessment of each parcel of taxable property.

321—Supervision is charged with expenditures for supervising or directing the assessment function.

322—Real Property is charged with the expenditures incurred in establishing the valuation of property against which general property taxes are levied and of computing the amounts of taxes due on each parcel of assessed real property.

323—Personal Property is charged with expenditures incurred in establishing the valuation of personal property against which personal property taxes are levied and computing the amounts of taxes due on each parcel of assessed personal property.

324—Merchants' Ad Valorem is charged with the expenditures incurred in establishing the valuation of the base against which the merchants' ad valorem tax is levied and computing the amounts of taxes due from the merchants' ad valorem.

330—Accounts Division. This group of accounts is charged with the total expenditures of the official or organizational unit which keeps the city's books. Accounting performed by an operating department should be charged to that department.

331—Supervision is charged with the total expenditures of supervising the accounting function.

332—General Accounts is charged with the total expenditures of the official or organizational unit which keeps general accounts.

333—Special Accounts is charged with the total expenditures of the official or organizational unit which keeps special accounts.

334—Payroll is charged with the total expenditures of the official or organizational unit which keeps the payroll accounts.

335—Reports is charged with total expenditures of the unit which prepares the financial reports.

340—Collection Division. This group of accounts is charged with the total expenditures for collecting taxes levied by the municipality.

341—Supervision is charged with the total expenditures for supervising the collection function.

342—Current Tax is charged with the total expenditures for collecting current taxes.

343—Delinquent Tax is charged with the total expenditures for collecting delinquent taxes.

344—Other Revenue is charged with the total expenditures for collecting other revenues.

350—Treasury Division. This group of accounts is charged with the total expenditures incurred relative to the receipt, custody, and disbursement of municipal funds.

351—Supervision is charged with the total expenditures for supervising the treasury function.

352—Receipt of Money is charged with expenditures incurred by this division relative to receipt of public money.

353—Custody of Money is charged with expenditures incurred in connection with the deposit and safeguarding of public funds.

354—Disbursement of Money is charged with the expenditures relative to the disbursement of public money.

355—Records is charged with expenditures incurred in keeping records of this division.

360—Purchasing Division. This group of accounts is charged with expenditures incurred in operating the purchasing office and the central storeroom and with the expenditures for inspecting and testing purchases. Use of this account is dependent upon the existence of a central purchasing agency, regardless of its official designation, or a central storehouse. Wherever the purchasing function is decentralized among the spending agencies, the expenditures pertaining to the buying of material remain with the respective agencies without any attempted segregation into this account. Where the purchasing office is divided into several sections, an account may be set up for each unit, e.g.:

361—Supervision

362—Standardization

363—Procurement

364—Stores Control

370—Budget Division. This group of accounts is charged with the total expenditures for budget preparation and budget control. This classification is used only where these activities are carried on by a separate office, agency, or bureau, such as a Budget Director, Board of Estimate, or Board of Estimate and Apportionment. Where the budget function is divided into several sections, an account may be set up for each unit, e.g.:

371—Supervision

372—Revenue Budget

373—Expenditure Budget

374—Budget Accounts

380—Auditing Division. This group of accounts is charged with the total expenditures for conducting the internal audit of transactions of the municipality. The auditing function might well be divided into the following activities:

381—Supervision is charged with the total expenditures for supervising the auditing function.

382—Payroll Audit is charged with total expenditures for auditing payroll accounts.

383—Transportation and Travel Audit is charged with expenditures for auditing transportation and travel vouchers and accounts.

384—Collection Audit is charged with expenditures for auditing the accounts of the collection unit.

385—Expenditure Audit is charged with expenditures for auditing expenditures other than payroll and transportation and travel.

386—Property Audit is charged with expenditures for auditing the property accounts of the municipality.

400 Public Safety

This group of accounts provides for recognition of all expenditures relating to the function of public safety.

410—Administration. This group is charged with the total expenditures relative to the direction of all activities under the function of public safety.

411—Supervision is charged with the total expenditures of the office in charge of Public Safety Administration.

420—Police Department. This group includes accounts for recording the expenditures incurred by the police department. The accounts represent the several activities or services performed by the police department and its bureaus. Separate accounts should be set up for each activity wherever there is a clear segregation between activities.

421—Supervision is charged with all expenditures for officers or agencies supervising all the activities of the police department without engaging directly in any of them, including: chief of police, police commissioner, and board of police commissioners. The expense of the immediate administrative assistants of these officers and the clerical records of purchases and police personnel are included in this account.

422—Uniformed Patrol is charged with expenditures for services of police officers performing patrol and other

duties. This includes foot, mounted, and automobile patrols. The cost of special park policing should be charged to "Parks" even though such policing is under the direct control of the police administration.

423—Traffic Control is charged with expenditures of officers and their equipment assigned primarily to traffic control. Motorcycle officer expenditures are charged to this account if this work is mostly or entirely connected with traffic duty. This account also is charged with expenditures for schoolboy traffic patrols and for the acquisition, operation, and maintenance of all devices and mechanical methods used in regulating traffic on thoroughfares, including traffic lights, traffic lines, markers, and safety zones.

424—Detective Bureau is charged with expenditures for services of non-uniformed officers performing detective duties.

425—Communication Systems is charged with expenditures for the acquisition, operation, and maintenance of all devices and mechanical methods used in transmitting police information and non-traffic signals such as radio, teletype, telephone, signal lights, and call boxes, even though the actual task of maintaining the equipment might be performed by another governmental unit. The police signal system is to be carefully distinguished from the traffic signals appearing under account 423, Traffic Control. The cost should also be separate from that of the fire alarm system even though both systems may be maintained by the same personnel.

426—Training is charged with expenditures for training police officers in schools or through specific activities when the cost of such can be segregated. Examples are: local training school with paid instruction; local police officers in a training school operated by the state, zone, F.B.I., or another municipality; physical direction; gymnasium; and pistol and rifle range.

427—Records should be charged with expenditures for maintaining general and criminal records, including preparation of criminal histories, records of crimes, records of arrests, etc. This account is also charged for expenditures incurred in connection with the search for and identification of criminals, including taking, classifying, and filing fingerprints, photographs of individuals, and photographs or diagrams of the scenes of crime.

428—Detention and Custody of Prisoners is charged with the expenditures relating to the temporary detention and custody of prisoners, such as meals, clothing, medical care, etc., furnished by the police department. Maintenance of prisoners in institutions of correction should be included herein.

429—Police Station is charged with the expenditures relating to the maintenance and operation of this establishment.

430—Fire Department. This group includes accounts for recording the expenditures incurred by the fire department.

431—Supervision is charged with all expenditures for officers or agencies supervising all the activities of the fire department without engaging directly in any of them, including fire chief, fire commission, any other directing unit, immediate assistance to the administrative head, and clerical and recording costs.

432—Fire Fighting is charged with expenditures of the fire fighting force. These expenditures may be further classified, if deemed appropriate, according to the following classification:

432.1—Engine Service

432.2—Truck Service

432.3—Fire Boat Service

432.4—Salvage Service

432.5—Rescue Squad

433—Fire Prevention is charged with expenditures for fire prevention activities, examples of which are: inspection of fire hazards (theaters, hotels, factories, hospitals, etc.), investigation and prosecution of those suspected of incendiarism, fire prevention education, construction and maintenance of fire breaks, enforcing fire prevention ordinances, etc.

434—Hydrant and Water Service is charged with expenditures for hydrants and water service, often in the form of a fixed "hydrant rental" charged by the water utility even though municipally owned.

435—Communication System and Alarm is charged with expenditures for the acquisition, operation, and maintenance of fire alarm system and any other system for fire department communication. Even if the maintenance of the system is by another department, the cost is to be allotted to this account.

436—Training is charged with expenditures for training fire officers in schools or training them through specific activities whose cost can be segregated and charged to this account. This includes locally conducted fire schools, local firemen in the state or zone training schools or in a school conducted by another municipality, training tower, physical director, gymnasium, etc.

437—Volunteer Service is charged with expenditures for a volunteer fire force paid either directly by a municipality or as a grant to a volunteer force.

440—Protective Inspection. This group includes accounts for all protective inspections except health, fire hazard, and inspections definitely assigned to other functions. Every inspectional service which is sufficiently important to be the exclusive activity of a division or agency is to be reported separately. This is desirable also of inspections performed independently, even though several of them may be under the control of a single department.

441—Supervision is charged with expenditures for the centralized administration of two or more inspectional services, usually the office of chief inspector or of a unit supervising all the inspection activities. If no inspectional services are thus associated, this classification is not used.

442—Building Inspection is charged with expenditures for the inspection of construction and structural conditions; examination of plans, including those for foundations, structure, sewer and water connections, heating, ventilation, etc.; issuance of building permits; investigation of complaints; abatement proceedings; and re-inspection of public assembly places for annual licensing. Sometimes the building inspectors regularly perform other closely associated inspections, such as electrical and boiler inspections, all as part of one general building inspection. In such cases, no attempt need be made to divide the cost between the types of inspection.

443—Plumbing Inspection is charged with expenditures for the examination of plans and the inspection of plumbing similar to the detailed enumerations under building inspection.

444—Electrical Inspection is charged with expenditures for the examination and inspection of electrical devices, wiring, fixtures, motors, signs, heating, and other apparatus.

445—Gas Inspection is charged with expenditures for the inspection of gas piping and quality of gas.

446—Boiler Inspection is charged with expenditures for examination of plans, installation and operation of boilers, pressure tanks, steam engines, and similar devices.

447—Elevator Inspection is charged with expenditures for examination of plans, installation and operation of elevators, dumb waiters, and escalators.

448—Weights and Measures is charged with expenditures for the work which is usually done by the sealer of weights and measures. This includes inspecting and testing devices for measuring and weighing, check-weighing packages, investigating complaints, prosecuting violators, and recording inspection work.

449—Motor Vehicle Inspection is charged with expenditures of the police department for the examination and licensing of vehicles and drivers and the inspection of pleasure and business cars, trucks, motorcycles, buses, etc.

450—Parking Meters. These accounts are charged with expenditures for the acquisition, operation, and maintenance of parking meters.

451—Supervision is charged with expenditures relative to the directing of activities involving parking meters.

452—Maintenance and Operation is charged with expenditures incurred in keeping the meters in working order and in collecting the fees accumulated in the meters.

500 Public Service

This major functional group includes municipal activities for the provision of such public services as streets, sewers, garbage collection and disposal, public buildings, airport, and the like.

510—Administration. Any account under this group is charged with expenditures incurred in connection with administering all public service activities without engaging directly in any of them. This includes the expenditures of the official, boards, or commissions to whom is delegated the administration of the various municipal public services.

511—Supervision is charged with the expenditures of the chief administrator in charge of the public services function.

520—Streets, Sidewalks, Curbs, and Gutters. Included in this group are those accounts for recording expenditures for streets, sidewalks, curbs, and gutters according to the type of work done.

521—Supervision is charged with expenditures for the direction and supervision of all activities connected with the repair, construction, and maintenance of streets, sidewalks, curbs, and gutters. These expenditures may include those incurred for resurfacing, patching, graveling, grading, repairing damage, etc.

522—Maintenance is charged with expenditures incurred for maintaining streets, sidewalks, curbs, and gutters. Such expenditures will include the costs for resurfacing, patching, removing slides, repairing flood damage, graveling, grading, scraping, etc.

523—Construction is charged with expenditures involved in constructing new streets, sidewalks, curbs, and gutters.

524—Cleaning is charged with expenditures incurred in keeping streets, sidewalks, curbs, and gutters clean.

525—Lighting is charged with expenditures for lighting all streets, sidewalks, alleys, bridges, and tunnels. If the electricity, gas, or other lighting medium is furnished by a private enterprise under contract, the costs to the municipality under contract are to be charged to this account; if the lighting is furnished by a municipally owned utility, any amounts transferred to the utility fund for this service should be charged to this account.

530—Bridges, Viaducts, and Grade Separations. This is a group of accounts to which expenditures are charged for the repair, construction, and maintenance of bridges, viaducts, separations, trestles, and railroad crossings. This group includes payments by the municipality to another public unit for the joint construction and maintenance of bridges.

531—Supervision is charged with expenditures for the direction and supervision of all activities involved in the repair, construction and maintenance of bridges, viaducts, separations, trestles, and railroad crossings.

532—Maintenance is charged with expenditures incurred for the repair and maintenance of bridges, viaducts, separations, trestles, and railroad crossings.

533—Construction is charged with the expenditures incurred for constructing bridges, viaducts, and separations.

540—Sewers and Sewage Disposal. This group consists of accounts for recording expenditures incurred in constructing, operating, and maintaining sewage and stormwater collection and disposal systems. These accounts will not be used by municipalities which operate the sewer system as a separate utility or as a part of the water utility.

541—Supervision is charged with expenditures for the direction and supervision of activities involved in the construction, operation, and maintenance of a sewage and stormwater collection and disposal system.

542—Maintenance and Operation is charged with expenditures incurred for operating and maintaining the sewage and stormwater collection system and for maintaining and operating the plant and equipment used in sewage treatment and disposal.

543—Construction and Extension is charged with expenditures incurred for constructing sewage and stormwater collection and disposal systems.

550—Garbage Collection and Disposal. This group consists of accounts for recording expenditures incurred for collecting waste, delivering it to the place of disposal, and for disposing of the garbage.

551—Supervision is charged with expenditures for supervising and directing all activities involved in the collection and disposal of garbage.

552—Maintenance and Operation—Disposal Plant is charged with expenditures incurred in maintaining and operating the plant for disposal of garbage.

553—Maintenance and Operation—Collection Service is charged with expenditures incurred in procuring, maintaining, and operating equipment and personnel engaged in the collection of garbage.

560—Public Buildings. This group consists of accounts for recording expenditures for the construction, maintenance, and operation of the general building plant of the municipality (as distinct from buildings reserved for uses purely of a functional departmental nature).

561—Supervision is charged with expenditures for the direction and supervision of all activities involved in the operation and maintenance of public buildings.

562—Maintenance and Operation is charged with expenditures for maintaining and operating public buildings.

563—Construction is charged with expenditures incurred for the construction of public buildings.

570—Airport. Accounts in this group are charged with expenditures incurred for operating municipal airports.

571—Supervision is charged with the expenditures for the direction of airport operation.

572—Maintenance and Operation is charged with the expenditures for maintaining and operating the airport.

573—Construction is charged with expenditures incurred for construction of municipal airport or airport facilities.

580—City Garage or Service Station. This group includes accounts for recording expenditures incurred for all purposes by the city garage.

581—Supervision is charged with expenditures for the supervision or direction of the operations of the city garage, including salary of the manager and administrative costs.

582—Maintenance and Operation is charged with expenditures for maintaining and operating the city garage.

583—Construction and Equipment is charged with expenditures for construction of or additions to the city garage and procurement of equipment to be used there.

590—Auxiliary Activities. This group of accounts is provided for recording activities of a service nature not heretofore provided. Such activities might well be:

591—City Yards

592—Quarry

593—Smoke Abatement

594—Dog Pound

600 Public Welfare

This major functional group includes activities for conservation and improvement of public health, for public assistance and institutional care to dependents and handicapped individuals, and for the operation and maintenance of municipal cemeteries.

610—Administration. This group of accounts is charged with expenditures for the general administration of all activities included in the function, Public Welfare. The expenditures of the chief executive officer, his immediate administrative deputies, and the general office are included in these accounts.

611—Supervision is charged with expenditures incurred in the direction of this function.

620—Hospitals. This group of accounts is charged with expenditures for the construction, maintenance, and operation of municipally operated hospitals.

621—Supervision is charged with expenditures for supervision of all hospital activities.

622—Dormitory is charged with the expenditures for maintaining a hospital dormitory as living quarters for hospital personnel.

623—Operation of Hospital is charged with the expenditures for operating the hospital.

624—Maintenance of Buildings and Equipment is charged with expenditures for maintaining buildings and equipment in proper condition.

625—Operating Room is charged with expenditures for the maintenance and operation of the operating room.

626—Construction is charged with expenditures for any construction that is related to the hospital.

630—Health Unit. This group of accounts is charged with expenditures for the provision of health services by the health unit. The Hospitals and Charities functions, each of which affects the community's health, are separately recorded.

631—Supervision is charged with expenditures for the supervision and direction of the activities of the health unit, including expenditures for preparing forms, keeping records, and reporting statistics which are necessary.

632—Regulation and Inspection is charged with expenditures for inspection activities aimed at promoting and conserving health. These activities might include inspection of milk and dairy products, other food and drug inspections, sanitary inspection, etc.

633—Control of Communicable Diseases is charged with expenditures incurred in the prevention and treatment of communicable diseases, such as tuberculosis, venereal diseases, and others.

634—Child Health Services is charged with expenditures for child health services (excluding communicable diseases.) These include pre-natal and pre-school services, school health and hygiene activities, etc.

635—Adult Health Services is charged with expenditures for adult health services (excluding communicable diseases).

636—Laboratory is charged with expenditures for chemical and bacteriological laboratories conducted apart from hospitals, and payments to state departments, state or municipal hospitals, and private laboratories for examination.

637—Health Centers and Clinics is charged with expenditures for health centers and general clinics furnishing clinical services.

640—Charities. This group consists of expenditures for all public assistance and institutional care to dependents and handicapped individuals. Assistance consists of all forms of aid given: cash, food, clothing, shelter, fuel, medical aid, hospital care, legal aid, utility services, burial services, etc. The cost of case work and other services to relief clients is also charged to this account.

641—Supervision is charged with expenditures for the direction and supervision of all public assistance activities.

642—Municipal Institutional Care is charged with expenditures for the care of dependents in institutions that are operated by the municipality, including expenditures for the construction, operation, and maintenance of the institutions.

643—Non-municipal Institutional Care is charged with expenditures for care of dependents in institutions that are not operated by the municipality. Fees for a city patient placed at a state institution would be charged to this account.

644—Non-institutional Care is charged with expenditures for relief and public assistance other than in organized institutions.

650—Cemeteries. The accounts in this group are charged with expenditures for municipally operated cemeteries.

651—Supervision is charged with expenditures applicable to the administration of cemeteries.

652—Maintenance and Operation is charged with expenditures relative to the upkeep and care of municipally owned cemeteries.

700 Education

Municipal activities which serve primarily to provide educational facilities and instruction are placed in this major functional group.

710—Administration. This group of accounts is charged with the expenditures for directing and supervising the educational function. This includes the board of education, superintendent's office wherever he serves both the elementary and high schools, and other administration expenditures.

711—Supervision is charged with expenditures incurred in operating the top administration of the school system.

720—Elementary Schools. Accounts in this group are charged with all expenditures for providing educational facilities for elementary schools.

721—Supervision is charged with the expenditures for supervising all activities connected with elementary schools without engaging directly in any of them. This includes the superintendent's office, business manager's office, etc.

722—Instruction is charged with the expenditures for providing teachers, school books, materials, and supplies used for the purposes of elementary instruction.

723—Operation and Maintenance is charged with the expenditures for operating and maintaining the buildings and equipment of the elementary school plant.

724—Transportation is charged with expenditures for maintaining and operating transportation facilities for elementary school students.

725—Library is charged with the expenditures relative to operation of library facilities for elementary schools. Books, supplies, and salaries of library personnel are included herein.

726—Auxiliary Services is charged with expenditures for services such as the school health program, school lunch program, and other activities not provided for heretofore. Examples might be:

726.1—Health

726.2—Food Lunch Program or Cafeteria

726.3—Recreation

726.4—Special Education

730—High Schools. Accounts in this group are charged with the total expenditures for providing educational facilities for high schools.

731—Supervision is charged with expenditures for supervising all activities connected with high schools without engaging in any of them. This includes the superintendent's office, business manager's office, etc.

732—Instruction is charged with the expenditures for providing teachers, school books, materials, and supplies used for the purposes of high school instruction.

733—Operation and Maintenance is charged with the expenditures for operating and maintaining the buildings and equipment of the high school plant.

734—Transportation is charged with expenditures for maintaining and operating transportation facilities for high school students.

735—Library is charged with expenditures relative to operation of high school library facilities. Books, sup-

plies, and salaries of library personnel are included herein.

736—Auxiliary Services is charged with expenditures for services such as the school health program, veteran training program, school lunch program, and other activities not provided for heretofore. Examples might be:

736.1—Health

736.2—Food Lunch Program or Cafeteria

736.3—Recreation

736.4—Veterans' Farm Service

736.5—Distributive Education

736.6—Federal Works Agency

740—Public Libraries. Accounts in this group are charged with expenditures for all activities required to operate and maintain a municipally owned library.

741—Supervision is charged with expenditures for supervision and direction of activities necessary to provide library facilities.

742—Operation is charged with expenditures for operating the public library except for the purchase of books, periodicals, and other materials to be classified in account 744.

743—Maintenance is charged with expenditures for maintaining the public library buildings and equipment.

744—Books, Periodicals, and Other Materials is charged with expenditures incurred in purchase of reading and reference materials for the library, as well as musical recordings, films, or other items available to the public.

800 Recreation

This group of accounts is charged with expenditures for the various municipal activities whose purpose is to provide pleasurable diversion for the residents of the municipality. Municipal services to recreate the body and mind by play and other activities cover a wide range and, although related, are not organized always into a single department. When the primary responsibility for one or more activities is assumed by another department, as of outdoor play by the schools, the costs should be charged to the appropriate recreation accounts.

810—Administration. This group of accounts is charged with expenditures for the direction by a board, commission, superintendent, director, or other head of recreational activities.

811—Supervision is charged with expenditures relative to the overall direction of the recreational function.

820—Parks and Playgrounds. Accounts in this group are charged with expenditures for providing parks, public squares, and similar ornamental areas. Excluded from this are grounds surrounding public buildings, incidental landscaping, and maintenance of areas under the direction of other recreation activity groups.

821—Supervision is charged with expenditures for the direction and supervision of all activities related to the park and playgrounds. This account includes expenditures for a park commissioner, director, superintendent, secretary, a park board or commission, and also expenditures for the office which serves this activity.

822—Operation is charged with all expenditures for operating parks and playgrounds, including personnel, equipment, and supplies.

823—Maintenance is charged with expenditures incurred in keeping the parks and playgrounds in operating condition.

830—Swimming Pools. Accounts in this group are charged with expenditures for operating swimming pools and bathing beaches.

831—Supervision is charged with expenditures for the supervision of the swimming pool.

832—Operation is charged with expenditures for operating the swimming pool, including such things as the provision for bathhouses, lifeguards, cleaning supplies, disinfectants, and clean water.

833—Maintenance is charged with expenditures for maintaining the swimming pool.

840—Ball Parks. These accounts are charged with expenditures for providing municipal ball parks.

841—Supervision is charged with expenditures for the supervision and direction of activities related to the ball parks.

842—Operation is charged with expenditures incurred for the operation of the ball parks.

843—Maintenance is charged with expenditures incurred in maintaining the ball parks in good condition.

850—Golf Courses. These accounts are charged with the expenditures incurred in providing a municipally owned golf course.

851—Supervision is charged with expenditures for the supervision and direction of activities related to the golf course.

852—Operation is charged with expenditures incurred in operating the golf course.

853—Maintenance is charged with expenditures incurred in maintaining the golf course, club house, and other related facilities.

860—Zoo. These accounts are charged with the expenditures incurred in providing a municipal zoo.

861—Supervision is charged with expenditures for the supervision and direction of the zoo.

862—Operation is charged with expenditures incurred in operation of the zoo. Personnel, food, care, and procurement of animals is charged here.

863—Maintenance is charged with expenditures incurred in keeping the grounds and equipment in good order.

870—Special Recreational Facilities. This group includes expenditure accounts for special recreational facilities which are not included in the accounts heretofore provided under the recreational function.

871—Stadium is charged with expenditures for acquisition, operation, and maintenance of municipally owned stadia.

872—Auto Trailer Camps is charged with expenditures for acquisition, operation, and maintenance of municipally operated auto and trailer camps and their related facilities.

873—Community Centers is charged with expenditures for the acquisition, operation, and maintenance of such buildings and equipment.

874—Other Recreational Facilities is charged with expenditures for other recreational facilities not considered of sufficient importance to be placed in a separate account.

900 Debt Service

The accounts in this group cover expenditures for servicing the debt of the municipality.

910—Administration is charged with expenditures for the supervision of activities necessary to service the debt.

920—Interest Charges. The accounts in this classification cover expenditures for interest, which should be segregated in the following accounts:

921—Interest on General Obligation Bonds is charged with expenditures necessary to meet interest charges on general obligation bonds.

922—Interest on Notes and Warrants is charged with expenditures necessary to meet interest charges on short-term borrowing, such as notes or warrants.

923—Interest on Other Than General Obligation Bonds is charged with expenditures necessary to meet interest charges on bonds other than those set out in account 921, such as contributions to meet interest deficiencies on special assessment or utility obligations.

930—Bond Redemption. The accounts in this classification cover expenditures for the redemption of bonds which should be segregated in the following accounts:

931—Serial Bond Maturities is charged with expenditures for the retirement of serial bonds.

932—Sinking Fund Contributions for Bond Redemption on General Obligations is charged with contributions to the sinking fund for the retirement of bonds.

933—Redemption of Other Than General Obligations is charged with contributions to meet bond redemption deficiencies on special assessments, utility, or other obligations.

940—Bond Expense is charged with expenditure necessary in the issuance of bonds, such as legal charges, etc.

950—Discount on Bonds is charged with the difference between par and the selling price of the bonds should the bonds sell for less than par.

7 EXPENDITURE ACCOUNTS

by Character and Object

00 Current Expense

The accounts in this group are for the purpose of recording expenditures which are in the nature of current recurring expenses.

01—Personal Services. Each account in this group will be charged with compensation of individuals in the form of salaries, wages, and fees—the particular account charged depending on whether the individual is a regular employee, a temporary employee, or one who receives his compensation on the per diem basis or as fees. (This does not include fees paid for contractual services.) The individual accounts in this group are as follows:

011—Salaries and Wages—Regular Employees

012—Salaries and Wages—Temporary Employees

013—Salaries and Wages—Per Diem and Fees

02—Professional Services is charged with compensation of individuals not in the employ of the municipality who render professional services of a contractual nature, such as for legal, engineering, accounting, and medical services.

03—Travel and Transportation is charged with expenditures made for traveling expenses of individuals and for transportation costs involved in the transporting of things. This includes freight, express, drayage, transportation and allowances of prisoners, taxi and car fares, hired vehicles, etc.

04—Operation of Motor Vehicles is charged with expenditures necessary in the operation and maintenance of motor vehicles. This includes costs for fuel, repair, etc.

05—Communication is charged with the cost of telephone and telegraph services, postage, and other means of communication.

06—Rent and Utility Services is charged with all rent expense and with the cost of utility services supplied by either a privately owned or by a municipally owned utility.

07—Printing and Binding is charged with expenditures made for printing and binding purposes.

08—Publicity, Subscriptions, and Dues is charged with expenditures for publishing notices in newspapers or other media of publicity; subscriptions to newspapers, magazines, and other publications; and dues paid for membership of city officials in municipal and other organizations.

09—Other Contractual Services is charged with expenditures for services rendered the municipality under expressed or implied contract by persons or organizations where there is no employer-employee relationship and for which there is no particular account.

10—Repairs and Maintenance is charged with expenditures for the maintenance of grounds and for repairs and maintenance of buildings, machinery, and equipment.

11—Supplies is charged with expenditures for consumable commodities.

12—Materials is charged with expenditures for commodities of more or less permanent nature, such as those used in the construction or repair of permanent property or the addition of books for the library. These are usually converted into fixed assets.

13—Grants, Subsidies, and Contributions is charged with expenditures made in the form of grants and subsidies to individuals or industries and with contributions to welfare agencies and other charitable or noncharitable institutions or agencies.

14—Pensions, Annuities, and Insurance Premiums and Losses is charged with expenditures made as pension payments to former employees or premiums on annuities for the retirement of present employees. Also included in this account are insurance premium payments and losses.

15—Refunds, Awards, and Indemnities is charged with expenditures made as refunds due to a prior year's error and which therefore cannot be corrected as a charge in the current year's revenue account. Also charged to this account are awards and indemnities which may result from legal judgments brought against the city or assumed because of a recognized moral obligation.

16—Interest is charged with payments made, if on a cash basis, or expense incurred, if on the accrual basis, for interest on bonds or other indebtedness of the municipality.

20 Public Debt Retirement

The accounts in this group are for the purpose of recording payments applicable to bonded indebtedness.

21—Serial Bonds is charged with the expenditures made for the retirement of serial bonds.

22—Sinking Fund Contributions is charged with the transfer of money from an operating fund to the sinking fund to be used for the retirement of sinking fund bonds.

30 Capital Outlay

The accounts in this group are for the purpose of recording expenditures which result in the acquisition or increase of fixed assets.

31—Land is charged with expenditures made for the acquisition of land.

32—Buildings and Improvements is charged with expenditures for the acquisition of buildings and improvements thereto of a permanent nature.

33—Roads and Bridges is charged with expenditures applicable to cost of construction of streets and bridges. Such charges may result from payments to contractors or from costs incurred by the municipality in carrying on its own construction program.

34—Road Machinery is charged with expenditures for the purchase of machinery to be used for road construction, maintenance, and repair.

35—Office Furniture and Equipment is charged with expenditures for office equipment. This is to be distinguished from supplies, which may include small items of office furnishings.

36—Motor Vehicles is charged with expenditures for the acquisition of motor vehicles, including automobiles and trucks.

37—Other Moveable Equipment is charged with expenditures for moveable equipment other than Motor Vehicles (36) and Road Machinery (34) for which accounts have been set up.

38—Investments is charged with the expenditures for the purchase of investments in securities such as bonds, notes, etc.

Bureau of Research
COLLEGE OF BUSINESS ADMINISTRATION
THE UNIVERSITY OF TENNESSEE

CHARLES P. WHITE, Director

W. HAROLD READ, Associate Director

RESEARCH ASSISTANTS

WILLIAM T. CHAFFIN

ROBERT S. HUTCHISON

ORMOND C. CORRY

WILLIAM R. SNODGRASS

MYLDRED L. TOLBART, Secretary

Municipal Technical Advisory Service

THE UNIVERSITY OF TENNESSEE

GERALD W. SHAW, Director

ANDERS O. HUSTVEDT Consultant, Municipal Management
MURPHY U. SNODERLY Consultant, Engineering-Public Works
PORTER C. GREENWOOD Consultant, Municipal Law
W. HAROLD READ Acting Consultant, Municipal Finance
PAN DODD WHEELER Publications Officer
WENDELL H. RUSSELL Administrative Assistant

THE COUNCIL

LEE S. GREENE, CHAIRMAN The Bureau of Public Administration
HERBERT J. BINGHAM Tennessee Municipal League
GEORGE H. HICKOX Engineering Experiment Station
JOHN B. KNOX Bureau for Sociological Research
F. C. LOWRY Division of University Extension
CHARLES H. MILLER Legal Aid Clinic
CHARLES P. WHITE Bureau of Business Research

The University of Tennessee
BUREAU OF RESEARCH

Publications

1. **The Operation of Tennessee Tobacco Taxes**, C. P. White, 1937.
2. **Constitutional Problems of Tennessee**, W. H. Combs, William E. Cole, A. D. Mueller, and C. P. White, 1937.
3. **Almshouse Policies and Almshouse Care of the Indigent in Tennessee**, William E. Cole, 1938.
4. **Accounting Manual for Counties of Tennessee**, W. H. Read, 1938.
5. **Municipal Government and Administration in Tennessee**, Lee S. Greene and Lyndon E. Abbott, 1939.
6. **Practices and Policies of Small Community Banks in the State of Tennessee**, M. O. Ross, 1939.
7. **Price Maintenance in Knoxville, Tennessee, Under the Tennessee Fair Trade Act of 1937**, Charles W. Lewis, 1939. Out of print.
8. **A Patronage Motive Study of Knoxville, Tennessee, Retailers**, E. O. Dille, 1940. Out of print.
9. **Local-Government Accounting**, W. H. Read, 1940. Out of print.
10. **Minimum Accounting Standards**, W. H. Read, 1940. Out of print.
11. **Industrial Development in Tennessee: Present Status and Suggested Program**, Paul Barnett, 1941. Out of print.
12. **Mechanics of Business Letter Writing**, Benjamin R. Haynes and Irol Whitmore, 1942.
13. **An Analysis of State Industrial Development Programs in the Thirteen Southern States**, Paul Barnett, 1944.
14. **Consumer Attitudes and Habits Regarding Frozen Foods**, E. E. Garrison, 1948. Out of print.
15. **Budget Administration in the Tennessee Valley Authority**, Donald C. Kull, 1948.
16. **Consumer Shopping Habits Regarding Groceries**, E. E. Garrison and Robert S. Hutchison, 1948. Out of print.
17. **Consumer Comparison Study of Four Varieties of Tennessee Frozen Strawberries**, E. E. Garrison, 1948.
18. **The Knoxville Continuous Consumer Research Panel—A Summary Analysis of Two Years' Findings, 1947-1948**, E. E. Garrison, 1949.
19. **Consumer Shopping Habits Regarding Drugs and Cosmetics**, E. O. Dille and E. E. Garrison, 1949.
20. **Financial and Operating Characteristics of the Municipal and Co-operative Distributors of T. V. A. Power**, Edward J. Neuner, 1949.
21. **The Economy of Greeneville, Tennessee**, J. Fred Holly, 1950.

Unnumbered Publications

- Preliminary Economic-Social Survey of the Blount County-Maryville, Alcoa Area**, by Community Economic and Social Development Service, 1948.
- General Preferences and Shopping Habits of Oak Ridge Residents**, R. S. Hutchison, 1948. (Restricted).
- Women's and Men's Clothing Sections of the Knoxville Continuous Consumer Research Panel, 1947-1948**, E. E. Garrison, 1949.
- The Air Freight Forwarder—An Aid to Aviation**, Gilbert L. Gifford and William J. MacDonald, 1949.
- Building Material Dealers' Cost of Doing Business Survey in Tennessee, Fiscal Year 1947**, W. C. Henry, 1948.
- Building Material Dealers' Cost of Doing Business Survey in Tennessee, Fiscal Year 1948**, W. C. Henry, 1949.
- Building Material Dealers' Cost of Doing Business Survey in Tennessee, Fiscal Year 1949**, W. C. Henry, 1950.

MUNICIPAL TECHNICAL ADVISORY SERVICE

Publications

Technical Bulletin Series

1. **Bid Data on Current Municipal Public Works**, M. U. Snoderly, June, 1950. (Out of print, see Technical Bulletin 3.)
2. **Delinquent Taxes**, Porter C. Greenwood, July, 1950.
3. **Bid Data on Current Municipal Works—II**, M. U. Snoderly, September, 1950.
4. **Rabies Control**, Victor C. Hobday, October, 1950.
5. **Contract Forms for Construction of Municipal Public Works**, Porter C. Greenwood and M. U. Snoderly, January, 1951.

Reports

1. **Federal Social Security for Tennessee Municipal Employees**, Wendell H. Russell, November, 1950.

Reprints

Articles reprinted from the "Technical Section," *Tennessee Town and City*, official publication of the Tennessee Municipal League.

1. **How the Municipal Technical Advisory Service Can Serve Tennessee Cities**, Gerald W. Shaw, January-February, 1950.
2. **The Collection of Delinquent Taxes**, Porter C. Greenwood, March, 1950. (Out of print, see Technical Bulletin 2.)
3. **Repairing Elevated Water Tanks and Standpipes**, M. U. Snoderly, April, 1950.
4. **Your City Can Issue a Modern Annual Report**, Pan Dodd Wheeler, May, 1950.
5. **Check Your City's Insurance Practices**, Victor C. Hobday, June, 1950.
6. **Municipal Technical Advisory Service—A Progress Report**, Gerald W. Shaw, July, 1950.
7. **The Abutting Property Act: An Explanation of the Law**, Porter C. Greenwood, August, 1950.
8. **The Occurrence and Outlook for Ground-Water Supplies in Tennessee**, F. M. Alexander, September, 1950.
9. **Should Cities Extend City Limits?**, Victor C. Hobday, October, 1950.
10. **A Plan to Promote Citizen Action in the City's Interest**, Pan Dodd Wheeler, November, 1950.

11. **Payroll Tax: The Louisville Experience**, James W. Martin, December, 1950.
12. **Municipal Technical Advisory Service Covers the State**, Municipal Technical Advisory Service Staff, Introduction by Gerald W. Shaw, January, 1951.
13. **How to Codify City Ordinances**, Porter C. Greenwood, February, 1951.

Joint Publications

1. **Two City Charter Drafts, Part I, Mayor-Council Form of Government and Part II, Council-Manager Form of Government**, Victor C. Hobday, Lee S. Greene, Gerald W. Shaw, November, 1950. Published jointly with The Bureau of Publication Administration, The University of Tennessee. Part I and Part II may be obtained as separate publications.
2. **Directory of Tennessee Municipal Officials**, 1950. Published jointly with The Bureau of Public Administration, The University of Tennessee.