

Uniform Municipal Chart of Accounts and TAG

Justin Neal, CPA, CGFM
Division of Local Government Audit

9.13.22

TENNESSEE COMPTROLLER OF THE TREASURY



1

Disclaimer

The opinions expressed during this presentation are my own. They do not necessarily represent the views of the Tennessee Comptroller of the Treasury, his representatives, or the Tennessee Department of Audit.

TENNESSEE COMPTROLLER OF THE TREASURY



2

Municipal Chart of Accounts

3

Background

- Section 9-2-102, TCA, Uniform Accounting System
 - (a) It is the duty of the department of audit to prescribe a uniform system of bookkeeping designating the character of books, reports, receipts, and records, and the method of keeping same, in all state, county, and municipal offices, including utility districts, which handle public funds. It is the duty of all officials to adopt and use the system and the character of books, reports, and records designated; provided, that the comptroller of the treasury may approve any existing system. The approval of such systems by the comptroller of the treasury is subject to the concurrence of the commissioner of finance and administration.

TENNESSEE COMPTROLLER OF THE TREASURY



4

Background

- Started working on a Uniform Chart of Accounts in 2014.
- Significant difficulties with implementing a Uniform Chart of Accounts after so many years of using a non-uniform chart of accounts.
- We heard you in 2014 when numerous difficulties were pointed out with establishing a Uniform Chart of Accounts for all cities.
- However, as many as 65% of cities utilized a version of the chart of accounts maintained by MTAS, which was also utilized by the Local Government Corporation.

TENNESSEE COMPTROLLER OF THE TREASURY



5

Rethinking Another Way

- So that is where we started rethinking how to get much needed information from City Governments similar to the information we have for County Governments.
- And we knew that information was available.

TENNESSEE COMPTROLLER OF THE TREASURY



6

The NOTS!

- NOT – Mandating a Uniform Chart of Accounts.
- NOT – Need to change from the chart of accounts you are using. (ex: If you are using the FERC Chart of Accounts, you will continue to use it.)
- NOT – Attempting to make all governments uniform. You will keep your books, records, funds, exactly as they are now.

BUT...

- We do need your help in gathering information from your existing accounting system.

TENNESSEE COMPTROLLER OF THE TREASURY



7


More Background

- Based on information compiled by NASACT, 37 of 50 states exercise some type of authority over local governments' accounting and financial reporting.
- If you want to see great examples of the valuable types of information that can be presented utilizing uniform information, look at Michigan, Utah, Montana, Washington (State), Ohio, and other states that are currently developing uniform information.

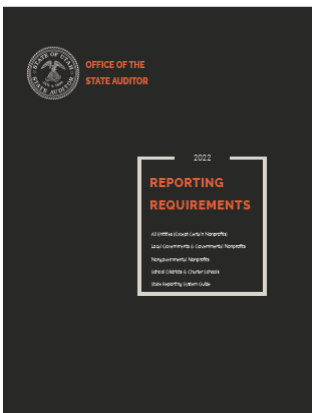
TENNESSEE COMPTROLLER OF THE TREASURY



8



MICHIGAN DEPARTMENT OF TREASURY
UNIFORM CHART OF ACCOUNTS
FOR LOCAL UNITS OF GOVERNMENT



OFFICE OF THE
STATE AUDITOR

2022

REPORTING
REQUIREMENTS

Updated September & November 2021

UNIFORM FINANCIAL REPORTING MANUAL
TABLE OF CONTENTS

Chapter 1 – Introduction

1-1 [Introduction](#)

1-2 [Revisions to the UFRM](#)

Chapter 2 – Accounting and Reporting Requirements

2-1 [Introduction](#)

2-2 [Budgets](#)

2-3 [Reporting Entity](#)

2-4 [Financial Reporting and Audit Requirements](#)

2-5 [Other Reporting](#)

Chapter 3 – Uniform System of Accounts

3-1 [Introduction](#)

3-2 [System of Accounts - Funds](#)

3-3 [System of Accounts for Revenue](#)

3-4 [System of Accounts for Expenditures](#)

3-5 [Expenditure Object Classes](#)

Chapter 4 – Comparative Report Transmittal Forms

4-1 [Introduction](#)

4-2 [General Instructions](#)

4-3 [Form 100 – General Government Functional Expenditures and Sources of Revenue](#)

4-4 [Form 110 – Joint Activity/Element Form](#)

4-5 [Form 120 – Joint Activity/Element Form for Schools](#)

4-6 [Form 200 – Local Revenue Form](#)

4-7 [Form 700 – General Government Summary Form](#)

4-8 [Form 300 – General Government Capital Projects](#)

4-9 [Form 310 – Joint Activity/Element Capital Projects Form](#)

4-10 [Form 400 – Debt Service for General Government](#)


4-11 [Form 500 – Summary of Outstanding Debt Form](#)

4-12 [Form 600 – Enterprise Activity Provider Form](#)

4-13 [Form 610 – Enterprise Activity Contributor Form](#)

4-14 [Form 050 – Financial Statement/Transmittal Reconciliation Form](#)

4-15 [Review and Verification Forms](#)



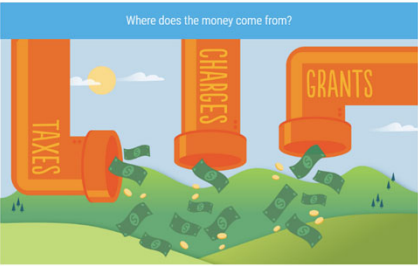
TENNESSEE COMPTROLLER OF THE TREASURY

9

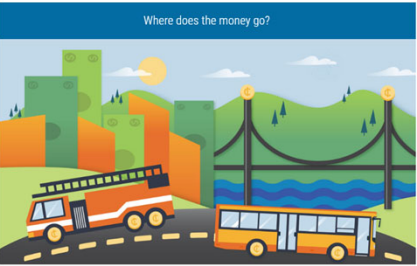
Welcome to FIT!

Our goal is to make Washington State's public financial data transparent and easy-to-use -- for everyone. Start exploring the data by selecting a menu item on the left...


Where does the money come from?




Where does the money go?




What's my government's financial situation?



What's happening to my government's finances over time?





TENNESSEE COMPTROLLER OF THE TREASURY

10

Why?

- The Uniform Chart of Accounts for Counties is one of the best ideas Local Government Audit ever implemented.
- It has been utilized to develop a website designated “TAG” (Transparency and Accountability for Governments) – aka “Where the Money Goes”
<https://comptroller.tn.gov/office-functions/la/e-services/tag-tableau/tag-overview.html>
- Comptroller website > Office Functions > Local Government Audit > TAG – Where the Money Goes



Certified Finance Officer Programs

Contract And Report System (CARS)

Confirmations

Local Government Joint Venture Form

Report Fraud

TAG - Where The Money Goes

Volunteer Fire Departments Reporting

11

Why?

- The Comptroller's Office is **inundated** with requests for municipal financial data from the Legislature, Tennessee Advisory Commission on Intergovernmental Relations (TACIR), the Governor's Office, Local Government Finance, the Office of Research and Accountability, Citizens, and entities such as the US Census Bureau.
- We have that information for Counties, but not for Cities.
- We want to be able to provide helpful information about not just Counties but Cities as well!



TENNESSEE COMPTROLLER OF THE TREASURY



12

Requesting Assistance

- To respond to these requests, the Comptroller must refer those requesting information to PDF audit reports found on our website for each of the 342 municipalities in the state. Requested information must be extracted manually from each audit report. This is an archaic and time-consuming process in today's world.

TENNESSEE COMPTROLLER OF THE TREASURY



13

Beneficiaries

- This information will be beneficial for cities for budgeting, benchmarking, transparency and accountability, and reporting.
- It also would be of great benefit to researchers such as Insurance Professionals, Debt Underwriters, Bond Rating Companies, Financial Advisors, Benchmarking Researchers such as the University of Tennessee, and average people who would otherwise need to make public records requests.
- Finally, it will be very useful when you are required to present XBRL documents to the SEC OMB, Census, etc.

TENNESSEE COMPTROLLER OF THE TREASURY



14

Fiscal Responsibility

S&P Global
Ratings

2021 Update Of Institutional Framework For U.S. Local Governments

October 11, 2021

RatingsDirect®

TENNESSEE COMPTROLLER OF THE TREASURY



15


Fiscal Responsibility

- There were only **three** states in the nation with an overall Institutional Framework (IF) for both County and City local governments rated as “Very Strong”
- Tennessee was one of those top three!

Tennessee	All counties	Very strong	Very strong	Very strong	Strong	1 (Very strong)
Tennessee	All municipalities	Very strong	Very strong	Very strong	Strong	1 (Very strong)

- Think the Comptroller’s Office had anything to do with those ratings?
- Think the knowledge and expertise at the city and county level also had something to do with the ratings?

TENNESSEE COMPTROLLER OF THE TREASURY



16

Very Strong?

- Rating Characteristics for “Very Strong” ratings:
 - Very Strong operational predictability
 - More frequent state-mandated audits that require compliance with GAAP, enhancing fiscal transparency.
 - ...Statutory minimum fund balance requirements.
 - Mechanisms in place to provide extraordinary support for governments in fiscal distress and an inability to file for bankruptcy without state approval.

TENNESSEE COMPTROLLER OF THE TREASURY



17

Very Strong?

- Rating Characteristics for “Very Strong” ratings:

As part of the assessment of local governments' relationships with their respective states, we evaluate these four subfactors to determine the overall IF score.

- Predictability: ability to forecast its revenues and expenditures on an ongoing basis;
- Revenue and expenditure balance: ability to finance the services it provides;
- Transparency and accountability: a state's statutes, policies, and influence in encouraging or requiring the transparency and comparability of relevant financial information; and
- System support: the state's extraordinary support of its local governments under extreme fiscal or other unusual stress, including whether a local government can file for bankruptcy.

18

A Shared Mission: To Make Government Work Better

What I am describing today will definitely help accomplish that goal.

TENNESSEE COMPTROLLER OF THE TREASURY



19

Making Government Work Better

- **Think about all the other benefits provided by the State of Tennessee to help Make Government Work Better:**
 - Property Tax Appraisal, Mapping, and Tax Roll – Comptroller's Office
 - Confirmations, Manuals, Reporting Formats, Memos (ARPA), This Training! – Comptroller's Office
 - Census Data and Pension and OPEB information – Other State Agencies in Cooperation with the Comptroller's Office.
 - Budget Approval Process and Debt Approval Process – Comptroller's Office
 - CTAS and MTAS – University of Tennessee

TENNESSEE COMPTROLLER OF THE TREASURY



20

Making Government Work Better

- **Think about all the other benefits provided by the State of Tennessee to help Make Government Work Better:**

- Perform audits in Compliance with GAAP – Comptroller's Office
- CMFO and CCFO Programs, Free 16 hours of CPE – Comptroller's Office
- Availability for Transparency and Accountability – Comptroller's Office
- Website resources for CARES and ARPA Programs – Comptroller and Other State Agencies
- Maintaining the Uniform Chart of Accounts for Counties and now Municipalities – Comptroller's Office
- Now we need your help! Municipalities and CPA Firms!

TENNESSEE COMPTROLLER OF THE TREASURY



21

How Does the Comptroller's Office Propose to Accomplish this?

Crosswalk

TENNESSEE COMPTROLLER OF THE TREASURY



22

The How!

- **Very simple. Not very many moving parts.**

- Fiscal Year Ended June 30, 2023 (Can early implement).
- CPA Firms will perform your annual audit as usual.
- CPA Firms will be asked to use a Crosswalk Chart of Accounts to input data from the Audit into a Crosswalk Tool.
- CPA Firms will charge an additional fee for these services.
- The Crosswalk Tool is based on the Chart of Accounts maintained by MTAS for many years and used by the Local Government Corp.
- The Division has assumed responsibility for this Chart of Accounts and will make sure the Chart complies with GAAP.

TENNESSEE COMPTROLLER OF THE TREASURY



23

The How!

- **Very simple. Not very many moving parts.**

- We have attempted to keep the Chart of Accounts as close as possible to the Chart of Accounts that was maintained by MTAS.
- The account numbers have been condensed.
- Data will be entered in summary by account number except for detailed expenditures, which must be input with an appropriate object code. For example, under Jail, object code Salaries.
- CPAs will load all governmental funds and enterprise funds (and we are working on Utility Districts).
- For the largest cities, we will likely use summarized data.

TENNESSEE COMPTROLLER OF THE TREASURY



24

The How!

- **Very simple. Not very many moving parts.**

- We have received comments from the Contract Audit Review Team who utilized the crosswalk tool.
- We have asked a limited number of CPA firms to enter input into the crosswalk tool and give us estimates of the time and money it will take.
- Their estimates of the cost to load the information in the Crosswalk tool after the completion of the annual audit is approximately \$1,000 to \$2,000.

TENNESSEE COMPTROLLER OF THE TREASURY



25

Available Now!

- As mentioned, the implementation date is for Fiscal Year Ended June 30, 2023.
- BUT you may early implement this year if you would like!
- Available at <https://comptroller.tn.gov/office-functions/la/resources/chart-of-accounts.html>



COT Cyber Aware

Information Systems Best Practices

Accounting & Auditing Information

Area Contacts

Chart of Accounts

Manuals

Official Statutory Bonds

Training Opportunities

Agencies Assisting Local Governments

Audit Glossary

Chart of Accounts

> County Chart of Accounts

✓ Municipal Chart of Accounts

[Municipal Uniform Chart of Accounts - August 2022](#)

[Condensed Municipal Chart of Accounts - August 2022](#)

[Municipal Chart Crosswalk - August 2022](#)

26

Crosswalk / TAG Demonstration

27



Justin Neal

Information Systems Specialist

Division of Local Government Audit

Justin.Neal@cot.tn.gov

615.747.8854

28