

BUDGETARY ACCOUNTING AND REPORTING SYSTEM (BARS) FOR MONTANA CITIES, TOWNS AND COUNTIES

CHART OF ACCOUNTS

The Chart of Accounts is the framework around which any accounting system is developed. The test of adequacy of a Chart of Accounts must be to provide the information needed for administrative and reporting purposes.

The BARS Chart of Accounts will be a master classification of balance sheet, revenue, and expenditure accounts, from which selection can be made for each fund by the government unit to meet their budgetary, accounting, and financial reporting needs. The BARS Chart of Accounts has been designed to meet uniform reporting requirements and yet allow each local governmental unit the flexibility to select those accounts which their size and management needs dictate. Revenue and expenditure account codes should be established only when the amount reported is material.

There are some Accounts that are marked as RESERVED FOR DOA. These should only be used when assigned by DOA following legislative changes requiring new accounts.

The BARS Chart of Accounts for balance sheet presentation is based on two principal groups which are: 1) assets and other debits; and 2) liabilities, equity, and other credits. Within these two groups, assets and liabilities are further defined into other logical categories depending upon the nature of the particular asset or liability.

The BARS Chart of Accounts of revenues is represented by the six-digit 300000 series numbers. The general classification breakdown is based upon sources of general revenue commonly found in local government units. It is recognized that many of the sources may not be applicable to all Montana entities, but flexibility is provided to permit each government unit to select the revenue accounts unique to its operations.

The last portion of the BARS Chart of Accounts, and probably the most extensive, is the expenditure accounts represented by the 400000 - 500000 series numbers. Once again flexibility is incorporated into the accounts by including the capability to perform program accounting through use of the function and activity accounts, as well as the more traditional organization (Departmental) accounting.

The primary benefit of the standard Chart of Accounts is that it can be used for reporting comparable transactions for all levels of government on a uniform basis. This applies to use within government units as well as on a statewide basis.

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BARS ACCOUNT STRUCTURE

Asset & Liability Accounts - (Illustration 1)

1st Digit 1 = Assets & Other Debits

1st Digit 2 = Liabilities & Other Credits

Fund Number	Account Number
XXXX	XXXXXX

Revenue Accounts - (Illustration 2)

1st Digit 3 = Revenue

Program	Job	Fund Code	Organization Code (Department)	Major Source	Sub- Source	Detail
X	XXX	XXXX	XXX	XX	X	XXX
Optional			Optional			

Expenditure Accounts - (Illustration 3)

1st Digit 4 & 5 = Expenditures

Program	Job	Fund Code	Organization Code (Department)	Function	Activity	Sub- Activity	Major Object	Sub- Object	Detail
X	XX X	XXXX	XXX	XX	XX	XX	X	X	X
Optional			Optional					Optional	

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**MAJOR COMPONENTS OF THE ACCOUNTING CODE
STRUCTURE**

The account code structure is composed of the following components defined as follows:

GENERAL LEDGER (Illustration 1)

1. **Fund Code** - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self-balancing set of accounts consisting of assets, liabilities, and fund equity.
2. **Balance Sheet (General Ledger Code)** - The numerical indicator assigned to identify the assets, liabilities and equities of those accounts which summarize all transactions of the entity at a specified date.

REVENUE ACCOUNTS (Illustration 2)

1. **Program and Job Code** (Optional) - The numerical indicator assigned to identify a group of interdependent, closely related activities or job contributing to a common objective of the government unit.
2. **Fund Code** - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self-balancing set of accounts consisting of assets, liabilities, and fund equity.
3. **Organization (Department) Code** (Optional) - The numerical indicator assigned to a department, division, or bureau, which will identify it as a distinct operational unit of the entity.
4. **Revenue Code (Major Source)** - The numerical indicator assigned by the using entity to identify a further breakout of the major categories of revenue sources.
5. **Revenue Code (Sub-Source)** - The numerical indicator assigned to identify a specific source of revenue within one of the major categories.
6. **Revenue Code (Detail Source)** - The numerical indicator assigned to identify items of revenue with a single sub-source.

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**MAJOR COMPONENTS OF THE ACCOUNTING CODE
STRUCTURE – CONTINUED**

EXPENDITURE ACCOUNTS (Illustration 3)

1. **Program and Job Code** (Optional) - The numerical indicator assigned to identify a group of interdependent, closely related activities or jobs contributing to a common objective of the government unit.
2. **Fund Code** - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self balancing set of accounts consisting of assets, liabilities fund equity.
3. **Organization (Department) Code** (Optional) - The numerical indicator assigned to a department, division, or bureau, which will identify it as a distinct operational unit of the governmental unit.
4. **Function Code** - The numerical indicator assigned to designate a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.
5. **Activity Code** - The numerical indicator assigned to identify a specific line of work carried on by a government unit to perform one of its functions.
6. **Sub-Activity Code** (Optional) - The numerical indicator assigned to identify more specific activities related to the activity.
7. **Major Object Code** - The numerical indicator assigned to identify classification of expenditures according to the item purchased or the service obtained.
8. **Sub-Object Code** (Optional) - The numerical indicator assigned to identify a portion of a single object code relating to a specific item or service obtained.
9. **Detail Object Code** (Optional) - The numerical indicator assigned to identify a further breakout of the sub-object code.