

## CHAPTER 6

# BALANCE SHEET ACCOUNTS

The balance sheet accounts include accounts for assets, liabilities, and fund equity, as well as the control accounts for revenue and expenditures. The balance sheet accounts also include certain budgetary and memorandum accounts. The word "budgetary" or "memorandum" has been inserted in parentheses after these accounts in order to clearly distinguish them.

This chapter is presented in four subsections. The first three deal with each of the three major types of general ledger accounts:

- Assets
- Liabilities
- Fund Equity

The fourth subsection is a chart illustrating the funds in which each account is normally used.

### Assets

The accounts described in this subsection include all assets and certain valuation accounts. For example, the account "Allowance for Abatements and Exemptions" appears among the assets, because on the balance sheet it reduces the amount of real estate taxes receivable by the estimated unrealizable portion.

Assets are classified according to the following subheadings:

- Cash
- Investments
- Taxes and Excises Receivable
- Accounts Receivable
- Special Assessments Receivable
- Notes Receivable
- Accrued Interest Receivable
- Due from Other Funds
- Due from Other Governments
- Other Assets
- Restricted Assets
- Property, Plant and Equipment
- Amounts to be Provided

The account descriptions in the following pages are organized according to these subheadings.

## Cash

Balance sheet accounts 1-000 through 1-099 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple Petty Cash accounts are desired, they should be numbered 1-020 through 1-039. This subheading includes:

- 1-010 CASH ON HAND - The balance in this account represents the amount of currency, checks, money orders, and bank drafts in the possession of an official or agent designated as the custodian of those funds. The account would generally be used only at year-end. This account is:

DEBITED - at year-end, with the amount of cash on hand and awaiting processing

CREDITED - when the cash is processed by the collector and/or treasurer

- 1-020 PETTY CASH - The balance in this account represents a sum of money, either in the form of currency or a special bank deposit, which is set aside to cover small purchases. At certain intervals, an itemized voucher is submitted for the amount of disbursements made from petty cash. The disbursements are charged to the fund or funds which purchased the items. The total of petty cash plus unreplenished disbursements must always equal the fixed sum of cash set aside (imprest concept). Separate petty cash accounts should be set up for each fund or department that uses one. This account is:

DEBITED - when the fund is originally established, or when increased

CREDITED - when the fund is decreased, or eliminated

- 1-040 CASH - UNRESTRICTED CHECKING - The balance in this account represents the balance of all demand deposit accounts in a bank or similar depository which is immediately available for general operating activities. It is:

DEBITED - when cash is deposited or transferred from any other general ledger cash account

CREDITED - when cash is paid or transferred to any other general ledger cash account

- 1-050 CASH - UNRESTRICTED SAVINGS - The balance in this account represents the balance of all savings deposit accounts in a bank or similar depository which is immediately available for general operations. It is:

DEBITED - when cash is deposited or transferred from any other general ledger cash account

CREDITED - when funds are withdrawn or transferred to any

1-060 CASH - RESTRICTED CHECKING The balance in this account represents the balance of all demand deposit accounts a bank or similar depository which is restricted to one or more specific uses. It is:

DEBITED - when cash is deposited or transferred from any other general ledger cash account

CREDITED - when cash is paid or transferred to any other general ledger cash account

1-070 CASH - RESTRICTED SAVINGS - The balance in this account represents the balance of all savings deposit accounts a bank or similar depository which is restricted to one or more specific uses. It is:

DEBITED - when cash is deposited or transferred from any other general ledger cash account

CREDITED - when funds are withdrawn or transferred to any other general ledger cash account

### ***Investments***

Balance sheet accounts 1-100 through 1-199 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple stock investment accounts are desired, they should be numbered 1-170 through 1-179. In similar fashion short and long term U.S. Obligations could be segregated into 1-131 and 1-132. This subheading includes:

1-110 REPURCHASE AGREEMENTS - The balance in this account represents the purchase price of repurchase agreements (contracts related to debt obligations of the U.S. Government and its agencies which have been sold by a second party subject to repurchase prior to the obligations stated maturity) held for investment. It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when redeemed

1-120 CERTIFICATES OF DEPOSIT - The balance in this account represents the purchase price of certificates of deposit (obligations issued by banks usually thrift institutions - with a specific maturity) held for investment. It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when cashed otherwise redeemed

1-130 U.S. OBLIGATIONS - The balance in this account represents the purchase price of U.S. Government obligations (e.g., Treasury Bonds, Bills and Notes; etc.) held for investment. It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when sold or otherwise redeemed

1-140 FEDERAL AGENCY SECURITIES - The balance in this account represents the purchase price of federal agency securities (Ginnie Maes, Fannie Maes, etc.) held for investment. It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when sold or otherwise redeemed

1-150 COMBINED INVESTMENTS - The balance in this account represents the dollar amount that the municipality has invested in "pooled" arrangements (mutual funds). It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when sold or otherwise redeemed

1-160 OTHER SHORT-TERM INVESTMENTS - The balance in this account represents the purchase price of any short-term investments (maturity date less than one year from date of purchase) bought by the local unit of government and held for investment which do not qualify for any of the above classifications. It is:

DEBITED - with the full cost of the investment when made

CREDITED - with the original cost of the investment when sold or otherwise redeemed

1-170 STOCKS - The balance in this account represents the cost of any stock purchased for investment or the market value of stocks donated at the time they are donated. It is:

DEBITED - with the full initial cost (market value of donated securities)

CREDITED - with the initial cost (market value at the time of donation for donated securities)

1-180 BONDS -The balance in this account represents the face value of any bonds purchased for investment donated. It is:

DEBITED - with the face value of the securities

CREDITED - with the face value of the securities when they are sold or mature

- 1-185 UNAMORTIZED PREMIUMS ON BONDS - The balance in this account represents the unamortized portion of the amount paid for bonds over their face value. If the market value of bonds, on the date of donation, is greater than the face value, the difference would be posted to this account. It is:

DEBITED - when the premium is paid on the purchase of the security with the premium amount when a bond is donated with a market value greater than the face value

CREDITED - when the premium is amortized over time

- 1-186 UNAMORTIZED DISCOUNTS ON BONDS (CREDIT) - The balance in this account represents the unamortized portion of the amount paid for bonds less than their face value. It is:

DEBITED - when the discount is amortized over time

CREDITED - with the discount amount when the bond is purchased at less than face value with the discount amount when a bond is donated with a market value less than the face value

- 1-190 OTHER LONG-TERM INVESTMENTS - The balance in this account represents the cost of any long-term investments other than stocks or bonds purchased for investment or the market value of donated investments at the time they are donated. It is:

DEBITED - with the initial cost (market value of donated stocks)

CREDITED - with the initial cost (market value at the time of donation for donated securities)

### ***Taxes and Excises Receivable***

Balance sheet accounts 1-200 through 1-299 are reserved for this subheading. Included are accounts for personal property and real estate tax receivables and various excise receivables, together with other related accounts. For many of these accounts, the balances should be maintained by year of levy. Chapter 4 contains additional detail on how to set up Tax and Excise Receivable accounts.

- 1-210 PERSONAL PROPERTY TAXES RECEIVABLE - The balance in this account represents the uncollected amount of personal property taxes committed for collection. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when the taxes are committed by the assessors when refunds are issued for overpayment

CREDITED – when payments are received when abatements are issued

1-220 REAL ESTATE TAXES RECEIVABLE - The balance in this account represents the uncollected amount of real estate taxes committed for collection. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when the taxes are committed by the assessors  
 - when refunds are issued for overpayments  
 - when tax liens are rescinded

CREDITED – when payments are received  
 - when abatements are issued  
 - when tax liens are taken

1-230 ALLOWANCE FOR ABATEMENTS AND EXEMPTIONS (CREDIT) - The balance in this account represents the unused portion of amounts provided in the tax levy for abatements and exemptions. This account was formerly called "Overlay". Abatements resulting in refunds should be accounted for in the same manner as overpayments of taxes. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when abatements or exemptions are issued by the assessors  
 - when surplus amounts are declared by the assessors

CREDITED – when the tax rate is certified with the amount provided for abatements and exemptions at year end if a debit balance remains, to transfer the deficit to account #3594, Unreserved Fund Balance - Unprovided Abatements and Exemptions

1-240 TAX LIENS RECEIVABLE - The balance of this account represents the uncollected amount of real estate taxes, special assessments, and utility liens added to taxes which became delinquent and which, along with their respective interest and other charges, were transferred to liens. Separate accounts should be established by year of levy. This account is:

DEBITED – when the property involved is lienied by the collector  
 - when refunds are issued for overpayments

CREDITED – when payments are received  
 - when accounts are foreclosed  
 - when abatements or exemptions are granted  
 - when liens are disclaimed

1-251 ESTIMATED PERSONAL PROPERTY TAXES RECEIVABLE - The balance in this account represents the uncollected amount of estimated personal property taxes committed for collection. This account is:

DEBITED – when estimated personal property taxes are committed by the assessors

CREDITED – when payments are received

1-252 ESTIMATED REAL ESTATE TAXES RECEIVABLE - The balance in this account represents the uncollected amount of estimated real estate taxes committed for collection. This account is:

DEBITED – when estimated real estate taxes are committed by the assessors

CREDITED – when payments are received

1-253 DEFERRED PROPERTY TAX RECEIVABLE - The balance of this account represents taxes receivable from owners of real property that have entered into a tax deferral and recovery agreement with the Board of Assessors (M.C.L., Chapter 59, Section 5). This account is:

DEBITED – annually, with the amount of the taxes for the properties covered by such agreements

CREDITED – when recovery is made (normally, when a property is sold or ownership is otherwise transferred)

1-254 TAXES RECEIVABLE IN LITIGATION - The balance of this account represents the uncollected amount of real estate and personal property taxes which are the subject of court action (for example, railroad taxes in litigation). This account is:

DEBITED – when the suit is filed with the full amount of the taxes, interest, and charges owed

- when refunds are issued for overpayment

CREDITED – when payments are received

- when abatements are issued

1-255 UNBILLED REAL AND PERSONAL PROPERTY TAXES RECEIVABLE - The balance of this account represents the estimated unbilled property taxes receivable at year end. This is a temporary asset account to be used in those cases where a community has not had its tax rate approved by year end.

DEBITED – at year end in the amount of the estimated property tax levy

CREDITED – when the actual levy is committed

1-259 ALLOWANCE FOR UNCOLLECTIBLE TAXES (CREDIT) - The balance in this account represents the portion of net tax receivables (the total of accounts 1-210 through 1-254) which are estimated to be uncollectible. This account is a valuation account which is necessary for proper financial statement presentation and is set up at the time of closing and reversed in the subsequent period. It is:

DEBITED – when the original entry is reversed to open the subsequent period

CREDITED – at period end with the estimated uncollectible taxes

1-260 MOTOR VEHICLE EXCISE RECEIVABLE - The balance in this account represents the uncollected amount of motor vehicle excise committed for collection. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when the excises are committed by the assessors  
- when refunds are issued for overpayments

CREDITED - when payments are received when abatements are issued

1-270 BOAT EXCISE RECEIVABLE - The balance in this account represents the uncollected amount of boat excise committed for collection. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when the excise is committed by the assessors  
- when refunds are issued for overpayments

CREDITED – when payments are received  
- when abatements are issued

1-280 FARM ANIMAL EXCISE RECEIVABLE - The balances of these accounts represent the uncollected amount of farm animal excise committed for collection. Separate accounts should be established by year of levy. They are:

DEBITED – when the tax is committed by the assessors  
- when refunds are issued for overpayments

CREDITED – when payments are received  
- when abatements are issued

1-290 CLASSIFIED FOREST LANDS TAX RECEIVABLE - The balance in this account represents the uncollected amount of classified forest lands tax committed for collection. Separate accounts should be established by year of levy. They are:

DEBITED – when the tax is committed by the assessors  
- when refunds are issued for overpayments

CREDITED – when payments are received when abatements are issued



- 1-299 ALLOWANCE FOR UNCOLLECTIBLE EXCISES (CREDIT) - The balance in this account represents the portion of net excises receivable (the total of accounts 1-260 through 1-298) which are estimated to be uncollectible. This account is a valuation account which is necessary for proper financial statement presentation and is set up at the time of closing and reversed in the subsequent period. It is:

DEBITED – when the original entry is reversed to open the subsequent period

CREDITED – at period end with the estimated uncollectible excises

### ***Accounts Receivable***

Balance sheet accounts 1-300 through 1-399 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, User Charges Receivable could be segregated by billing department or by type (commercial or residential) by using accounts 1-310 through 1-319 or 1-300 through 1-319. This subheading includes:

- 1-310 USER CHARGES RECEIVABLE - The balance of this account represents amounts owed to the local unit for services provided directly to users. Typically, they will be used primarily by Enterprise Funds. Most local units should use a single account (e.g., 1-310) with segregation provided by fund. This account is:

DEBITED – when the bills are committed by the assessors  
- when refunds are issued for over-payments

CREDITED – when payments are received  
- when abatements are issued  
- when delinquent amounts are transferred to Utility Liens Added to Taxes

- 1-320 OTHER SERVICE RECEIVABLES - The balance of this account represents the amount of any other municipal service receivables which have become due but have not yet been collected or abated and which are neither direct user charges nor departmental receivables. These accounts are:

DEBITED – when the bills are committed by the assessors  
- when refunds are issued for overpayments

CREDITED – when payments are received  
- when delinquent accounts are abated  
- when delinquent amounts are transferred to Utility Liens Added to Taxes

- 1-330 UTILITY LIENS ADDED TO TAXES - The balance of this account represents the amount of unpaid utility billings which have become delinquent and have, therefore, been added to taxes. Separate accounts should be established by year of levy. They are:

DEBITED – when delinquent amounts are added to taxes  
 - when refunds are issued for overpayments

CREDITED – when payments are received  
 - when abatements are issued  
 - when delinquent amounts are transferred to Tax Liens Receivable

- 1-340 DEPARTMENTAL RECEIVABLES The balance of this account represents the uncollected amount of any departmental receivables, other than those pertaining to enterprise funds, committed to the collector by the various departments for collection. Separate accounts would normally be established by department. These accounts are:

DEBITED – when the bills are committed by the assessors  
 - when refunds are issued for overpayments

CREDITED – when payments are received when delinquent accounts are abated

- 1-399 ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES (CREDIT) - The balance in this account represents the portion of accounts receivable (the total of accounts 1-300 through 1-398) which are estimated to be uncollectible. This account is a valuation account which is necessary for proper financial statement presentation and is set up at the time of closing and reversed in the subsequent period. It is:

DEBITED – when the original entry is reversed to open the subsequent period

CREDITED – at period end with the estimated uncollectible amounts

### ***Special Assessments Receivable***

Balance sheet accounts 1-400 through 1-499 are reserved for this subheading. For many of these accounts, the balances should be maintained by year of levy. Chapter 4 contains additional detail on how to set up accounts by year of levy.

- 1-410 UNAPPORTIONED SPECIAL ASSESSMENTS - The balance in this account represents the costs incurred on completed special projects that have been assessed to the benefited taxpayers and which have not yet been paid, abated, suspended, deferred or apportioned. This account is:

DEBITED – when committed by the assessors  
 – when refunds are issued for overpayments

CREDITED – when payments are received  
 – when assessments are apportioned, suspended, or deferred  
 – when abatements are issued

1-420 APPORTIONED ASSESSMENTS ADDED TO TAXES - The balance in this account represents the uncollected amount of apportioned or suspended assessments that have become due and added to taxes. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED - when payments are received

– when abatements are issued

– when delinquent accounts are transferred to special assessments tax lien

1-430 COMMITTED INTEREST ADDED TO TAXES - The balance in this account represents the interest committed for collection on special assessments. Separate accounts should be established by year of levy. These accounts are:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED - when payments are received

– when abatements are issued

– when delinquent accounts are transferred to special assessments tax lien

1-440 APPORTIONED ASSESSMENTS, NOT YET DUE - The balance in this account represents the amounts of unapportioned assessments that have been apportioned or deferred over a series of future years. They should be segregated by the year due. These accounts are:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED – when committed for collection in the current fiscal year

– when abatements are issued

– when apportioned assessments paid in advance are allocated to the current fiscal year

1-460 SUSPENDED ASSESSMENTS - The balance in this account represents the amount of unapportioned assessments that have been suspended or deferred to a specific future year. They should be segregated by the year due. These accounts are:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED – when suspended assessments are committed for collection

- when payments are received

- when abatements are issued

1-470 SPECIAL ASSESSMENTS TAX LIENS - This balance in this account represents lien special assessments including interest and penalties. It is:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED – when payments are received

- when liens are disclaimed

- 1-499 ALLOWANCE FOR UNCOLLECTIBLE SPECIAL ASSESSMENTS - The balance in this account represents the portion of net special assessments receivable (the total of accounts 1-410 through 1-498) which are estimated to be uncollectible. This account is a valuation account which is necessary for proper financial statement presentation and is set up at the time of closing and reversed in the subsequent period. It is:

DEBITED – when committed by the assessors

– when refunds are issued for overpayments

CREDITED – at period end with the estimated uncollectible special assessments

### ***Notes Receivable***

Balance sheet accounts 1-500 through 1-549 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. This subheading includes:

- 1-510 NOTES RECEIVABLE - The balance in this account represents an unconditional written promise signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. Notes receivable may be held by a government as designated payee or by endorsement. It is:

DEBITED – when the note is accepted

CREDITED – when payments are received

### ***Accrued Interest Receivable***

Balance sheet accounts 1-550 through 1-599 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. This subheading includes:

- 1-550 ACCRUED INTEREST RECEIVABLE - This account represents the amount of interest on any investment or bank account which has been earned but has not yet been received. The accrual is normally calculated and recorded only at fiscal year end for financial reporting, but may also be done for interim reporting. It is:

DEBITED – at period end with the amount accrued

CREDITED – when the original entry is reversed to open the subsequent period or when the interest is actually received

### ***Due from Other Funds***

Balance sheet accounts 1-600 through 1-699 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if separate "Due Froms" are desired for each Enterprise Fund, they should be numbered 1-660 through 1-679. Due Froms are used most frequently by local units who have "Pooled Cash" or "Central Depository" accounts. This subheading includes:

1-601 DUE FROM GENERAL FUND - The balance of this account reflects amounts owed to the fund by the General Fund. The interfund receivable may arise as the result of advances made, services rendered, operating transfers or subsidies due. An equal offsetting liability must exist in the General Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the General Fund

1-610 DUE FROM SPECIAL REVENUE FUNDS - The balance of this account reflects amounts owed to the fund by any Special Revenue Funds. The interfund receivable may arise as the result of services rendered or operating transfers due. An equal offsetting liability must exist in the appropriate Special Revenue Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the Special Revenue Funds

1-630 DUE FROM CAPITAL PROJECTS FUNDS - The balance of this account reflects amounts owed to the fund by any of the Capital Projects Funds. The interfund receivable may arise as the result of services rendered or operating transfers due. An equal offsetting liability must exist in the appropriate Capital Projects Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the Capital Projects Funds

1-650 DUE FROM SPECIAL ASSESSMENT FUNDS - The balance of this account reflects amounts owed to the fund by any of the Special Assessment Funds. The interfund receivable may arise as the result of services rendered, or operating transfers due. An equal offsetting liability must exist in the appropriate Special Assessment Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the Special

1-660 DUE FROM ENTERPRISE FUNDS - The balance of this account reflects amounts owed to the fund by any of the Enterprise Funds. The interfund receivable may arise as the result of services rendered, or operating transfers due. An equal offsetting liability must exist in the appropriate Enterprise Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the Enterprise Funds

1-680 DUE FROM TRUST AND AGENCY FUNDS - The balance of this account reflects amounts owed to the fund by any of the Trust and Agency Funds. The interfund receivable may arise as the result of services rendered, or operating transfers due. An equal offsetting liability must exist in the appropriate Trust and Agency Fund. It is:

DEBITED – when the underlying transaction is authorized or approved

CREDITED – when payments are received from the Trust and Agency Funds

## ***Due from Other Governments***

Balance sheet accounts 1-700 through 1-799 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if money is due from more than one municipality, a separate account for each could be set up using numbers 1-740 through 1-789. This subheading includes:

- 1-710      **DUE FROM FEDERAL GOVERNMENT** - The balance of this account reflects amounts due from the federal government for grants, contributions, shared revenue, services rendered, or other monetary transfers to the local unit of government. It is:

DEBITED – when grants are awarded by the Federal government  
 – when non-grant amounts due from the Federal government are recognized  
 – when increases in grant awards or other amounts due are recognized

CREDITED – when payments are received  
 – when decreases in grant awards or other amounts due are recognized

- 1-720      **DUE FROM COMMONWEALTH OF MASSACHUSETTS** - The balance of this account reflects amounts due from the Commonwealth for grants, contributions, shared revenue, services rendered, or other monetary transfers to the local government. It is:

DEBITED – when grants are awarded by the Commonwealth  
 – when non-grant amounts due from the Commonwealth are recognized  
 – when increases in grant awards or other amounts due are recognized

CREDITED - when payments are received  
 – when decreases in grant awards or other amounts due are recognized

- 1-730      **DUE FROM COUNTY** - The balance of this account reflects amounts due from a County for grants, contributions of capital, shared revenue, services rendered, or other monetary transfers to the local government. It is:

DEBITED – when grants are awarded by the County  
 – when non-grant amounts due from the County are recognized  
 – when increases in grant awards or other amounts due are recognized

CREDITED – when payments are received  
 – when decreases in grant awards or other amounts due are recognized

- 1-740      **DUE FROM MUNICIPALITIES** - This account is most frequently used by regional organizations such as school districts. It is also used by municipalities which provide shared services such as a health officer. Its balance reflects amounts due from assessments, grants, contributions of capital, shared revenue, services rendered, or other monetary transfers. It is:

DEBITED – when non-grant amounts due from municipalities are recognized  
 – when increases in amounts due are recognized

CREDITED – when payments are received  
 – when decreases in amounts due are recognized

- 1-790 DUE FROM OTHER GOVERNMENTAL UNITS - The balance of this account reflects amounts due from other governmental units not included above. This account is also used when the volume of transactions is so minimal that it is not necessary to create separate accounts. It is:
- DEBITED – when grants are awarded by the other government units
- when non-grant amounts due from the other government units are recognized
  - when increases in grant awards or other amounts due are recognized
- CREDITED – when payments are received
- when decreases in grant awards or other amounts due are recognized
- 1-799 ALLOWANCE FOR MILLED GRANTS (CREDIT) - The balance in this account represents the portion of intergovernmental receivables (the total of accounts 1700 through 1-798) which is unearned and unbilled. This account is a valuation account. It is:
- DEBITED – when amounts are billed to the grantor
- when decreases in grant awards are recognized
- CREDITED – when grants are awarded from governments
- when increases in grant awards are recognized

### **Other Assets**

Balance sheet accounts 1-800 through 1-899 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple Prepaid Expense accounts are desired, they should be numbered 1-850 through 1-869. This subheading includes:

- 1-810 INVENTORIES FOR CONSUMPTION – The balance of this account represents the cost of items purchased for ordinary maintenance or supply functions that have not been charged to a specific job, project, department, or other expense account. It is:
- DEBITED – when inventory items are purchased
- CREDITED – when the items are used or otherwise removed from inventory
- 1-830 INVENTORIES FOR RESALE – The balance of this account represents the cost of items which have been purchased with the intent to resell rather than for use in local operations. Typically, this account will be used in educational, recreational, and enterprise activities. The account is:
- DEBITED – when inventory items are purchased
- CREDITED – when the items are sold or otherwise removed from inventory

- 1-850      PREPAID EXPENSES – This account represents the amount of expenditures made for benefits not yet received. Prepaid expenses include such items as rents paid in advance, prepaid interest, and unexpired insurance premium . This account is:
- DEBITED – when the disbursement is made
- CREDITED – when the prepaid expenses are amortized at period end
- 1-870      DEPOSITS – This account is used to record any deposits which must be made by the local unit of government to vendors who require guarantee deposits. For example, some utilities and insurance companies require deposits. It is:
- DEBITED – when the deposit is made
- CREDITED – when the deposit is returned or forfeited
- 1-880      TAX. FORECLOSURES – This account represents 'the balance of taxes, interest and fees on properties which have been foreclosed for non-payment of taxes. It is:
- DEBITED – when the foreclosure documents are filed with the amount of tax liens, interest, and fees due
- CREDITED – when the foreclosed property is sold with the amount due  
- when a foreclosure is disclaimed
- 1-890      OTHER ASSETS – This account may be used for miscellaneous assets not detailed elsewhere in the asset section of the chart of accounts. It is:
- DEBITED – when the asset is acquired
- CREDITED – when the asset is used or disposed

### ***Restricted Assets***

This subheading is used for financial reporting only. As a result, no numbers are reserved for it in the Chart of Accounts.

### ***Property, Plant and Equipment***

Balance sheet accounts 1-900 through 1-989 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple Equipment accounts are desired, they should be numbered 1-940 through 1-948. This subheading includes:



1-910 LAND – The balance in this account represents the cost of purchase, or fair market value at the date of receipt if acquired by gift, of all land acquired by the unit. Land cost includes legal fees, land surface leveling, debris removal, and other costs necessary to place the land in service. *This* account is:

DEBITED – with the cost of acquisition, or fair market value if acquired by gift

CREDITED – with the recorded value of any land when sold or otherwise disposed of

1-920 BUILDINGS – The balance in this account represents the cost of purchase or construction, or fair market value at the date of receipt if acquired by gift, of all buildings placed in use. Building costs include architectural fees and interest expenditures during the construction period in addition to the cost of all fixtures attached to and forming a permanent part of such buildings. It is:

DEBITED – with the cost of acquisition or construction, or fair market value if acquired by gift

CREDITED – with the recorded value of any buildings sold or otherwise disposed of

1-929 ACCUMULATED DEPRECIATION – BUILDINGS (CREDIT) - The balance in this account represents the depreciation accumulated to date on buildings. This account is:

DEBITED – with the accumulated balance for any buildings sold or other-wise disposed of

CREDITED – with the annual provision for depreciation on buildings

1-930 PLANT – The balance in this account represents the costs of all structures, either constructed or purchased, or if acquired by gift, the fair market value, at the date of receipt, which are not properly classified to buildings (water treatment plants, pumping stations, electricity generating facilities). It is:

DEBITED – with the cost of acquisition or construction, or fair market value, if acquired by gift

CREDITED – with the recorded value of any plants sold or other-wise disposed of

1-939 ACCUMULATED DEPRECIATION - PLANT (CREDIT) - The balance in this account represents the depreciation accumulated to date on plants. It is:

DEBITED – with the balance accumulated to date on any plant sold or otherwise disposed of

CREDITED – with the annual provision for depreciation on plant

- 1-940      **MACHINERY AND EQUIPMENT** – The balance in this account represents the cost of purchase, or fair market value at the date of receipt, if acquired by gift. of major items of equipment acquired by the unit. Machinery and equipment cost includes the cost of installation. This account is:
- DEBITED – with the cost of acquisition or construction, or fair market value, if acquired by gift
- CREDITED – with the recorded value of such equipment sold or otherwise disposed of
- 1-949      **ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT (CREDIT)** – The balance in this account reflects the depreciation accumulated to date on machinery and equipment. This account is:
- DEBITED – with the accumulated balance for any machinery and equipment sold or other-wise disposed of
- CREDITED – with the annual provision for depreciation on machinery and equipment
- 1-950      **CONSTRUCTION IN PROGRESS** – The balance in this account reflects the cost of construction work undertaken, but not yet completed. When a project is completed, its cost is transferred from this account to the applicable fixed asset accounts. It is:
- DEBITED – with the cost incurred on construction projects started but not completed
- CREDITED – with the completed cost of the project when the assets are transferred to the appropriate fixed asset account

### ***Amounts to Be Provided***

Balance sheet accounts 1-990 through 1-999 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. However, the transaction volume on these accounts is so low that additional detail could be more easily obtained through analysis of the balances. This subheading is used only in the General Long-Term Debt Account Group and includes:

- 1-991      **AMOUNTS TO BE PROVIDED FOR JUDGMENTS PAYABLE** – The balance of this account represents the amount to be provided from future financial resources for the payments of judgments and claims. It is:
- DEBITED – when the amount of the judgment or claim can be reasonably estimated as to amount and ultimate payment - at year end for any increase in the liability
- CREDITED – at year end for any decrease in the liability

- 1-992      AMOUNTS TO BE PROVIDED FOR ACCRUED SICK, VACATION, AND OTHER COMPENSATED ABSENCES – The balance of this account represents the amount to be provided from future financial resources for the payments of accrued sick, vacations and other compensated absences. It is:
- DEBITED – when the amount of liability for accrued sick, vacation, and other compensated absences is recorded - at year end for any increase in the liability
- CREDITED – at year end for any decrease in the liability
- 1-993      AMOUNTS TO BE PROVIDED FOR ACCRUED RETIREMENT COSTS – The balance of this account represents the amount to be provided from future financial resources for the payments of retirement costs. It is:
- DEBITED – when the amount of liability for accrued retirement cost is recorded  
- at year end for any increase in the liability
- CREDITED – at year end for any decrease in the liability
- 1-994      AMOUNTS TO BE PROVIDED FOR PAYMENT OF BOND ANTICIPATION NOTES PAYABLE – The balance in this account represents the amount of temporary borrowings in anticipation of bonds for which all legal steps have been taken to permanently refinance. It is:
- DEBITED – when the bond anticipation note payable is issued
- CREDITED – when the permanent borrowing is issued
- 1-995      AMOUNTS TO BE PROVIDED FOR PAYMENT OF CAPITALIZED LEASES – The balance of this account represents the amount to be provided from future financial resources for the payments of capitalized leases. It is:
- DEBITED – when the amount to be capitalized is determined at the inception of the lease
- CREDITED – when installment payments are made
- 1-996      AMOUNTS TO BE PROVIDED FOR PAYMENT OF BONDS – The balance in this account represents the amount which must be provided from taxes or other revenue to pay the principal on outstanding debt reflected in the long-term debt group of accounts. This account is:
- DEBITED – when the debt is issued, with the principal amount
- CREDITED – at the start of the year, with amounts raised in the tax levy for payment of principal on long-term debt  
- when any long-term debt not yet due is retired

1-997 AMOUNTS TO BE PROVIDED, STATE (CH. 645, ACTS OF 1948; CH. 511 ACTS OF 1976) – This account represents the balance of amounts due from the Commonwealth of Massachusetts for reimbursement of school project construction costs to be utilized in the repayment of principal. The account is:

DEBITED – when bonds are issued, with the distribution agreed to by the Commonwealth

CREDITED – when amounts are received from the Commonwealth

## Liabilities

The accounts described in this subsection include all liabilities and deferred revenue. Liabilities are classified according to the following subheadings:

- Warrants and Accounts Payable
- Accrued Payroll and Amounts Withheld
- Accrued Liabilities
- Due to Other Funds
- Due to Other Governments
- Other Liabilities
- Matured Debt and Interest Payable
- Deferred Revenue
- Notes Payable
- Capitalized Lease Obligations
- Bonds Payable

The account descriptions in the following pages are organized according to these subheadings.

### ***Warrants and Accounts Payable***

Balance sheet accounts 2-000 through 2-099 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple Warrants Payable accounts are desired, they should be numbered 2-010 through 2-019. This subheading includes:

2-010 WARRANTS PAYABLE – This account represents amounts owed for goods and services received which have been reviewed, approved for payment, and entered on a disbursement warrant, but which have not yet been disbursed. It is:

DEBITED – when the approved disbursement warrants are paid

CREDITED – when the warrant is approved

2-020 ACCOUNTS PAYABLE – The balance in this account reflects approved amounts owed to outside vendors for goods and services received by the local unit of government which have not yet been entered on an approved warrant. It is typically used at period end only. It is:

DEBITED – when approved vouchers are entered on an approved disbursement warrant

CREDITED – with invoices reviewed and fully approved for payment

2-050 CONTRACTS PAYABLE, RETAINED PERCENTAGE – The balance in this account represents a portion of amounts billed on construction contracts which have not been paid pending final inspection and approval of the project. This account is:

DEBITED – when the retainage is paid

- when a final legal decision is made to not pay the retainage due to contractor failure to perform

CREDITED – when a contractor's invoice is approved with the amount to be retained

### ***Accrued Payroll and Amounts Withheld***

Balance sheet accounts 2-100 through 2-199 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple insurance withholdings accounts are desirable, they should be numbered 2-150 through 2-159. This subheading includes:

2-110 ACCRUED PAYROLLS PAYABLE – The balance in this account represents amounts owed to employees for work recorded and approved on payroll input documents for the current period, but which have not been recorded on approved warrants for that same period. Normally, this account would be used only at year-end. It is:

DEBITED – when the payroll is warranted or when the entry is reversed

CREDITED – when the estimated payroll is recorded and approved

2-120 FEDERAL INCOME TAX WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for federal income tax which have not as yet been remitted to the federal government. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-130 STATE INCOME TAX WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for state income tax which have not as yet been remitted to the Commonwealth. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-140 RETIREMENT WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for employee retirement contributions which have not as yet been remitted to a retirement fund or other custodians of such funds. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-150 INSURANCE WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for insurance premiums which have not as yet been remitted to the insurer. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-160 CHARITABLE CONTRIBUTIONS WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees, payrolls for charitable contributions which have not as yet been remitted to the designated charity or charities. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-170 UNION DUES WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for union dues which have not as yet been remitted to the various unions. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

2-180 EMPLOYEE SAVINGS WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls for savings plans which have not as yet been remitted to the appropriate financial institution. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

- 2-190 OTHER PAYROLL WITHHOLDINGS PAYABLE – The balance in this account represents the amounts withheld from employees' payrolls which have not as yet been remitted to the appropriate agency and which are not properly classified to any of the above accounts. This account is:

DEBITED – when the withholdings are remitted

CREDITED – when the withholdings are reported on the Treasurer's Report of Receipt of Cash

### **Accrued Liabilities**

Balance sheet accounts 2-200 through 2-299 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to segregate Accrued Sick, Vacation and Compensated Absences accounts 2230 through 2-239 should be used. This subheading includes:

- 2-210 ACCRUED JUDGMENTS PAYABLE – The balance in this account represents judgments and claims against the local unit which are *probable of* resulting in losses that can be reasonably estimated. It is:

DEBITED – when the item is actually presented for payment

CREDITED – when the amount of the judgment or claim can be reasonably estimated as to amount and ultimate payment

- 2-220 ACCRUED LIABILITIES – The balance in this account represents expenses which have been incurred but have not yet been vouchered or warranted. Amounts accrued as of the end of a period for the employer's share of payroll taxes, interest and related amounts would be recorded in the account. It is:

DEBITED – when the expenses accrued are vouchered or warranted

CREDITED – at period end with the amount of expense incurred

- 2-230 ACCRUED SICK, VACATION AND COMPENSATED ABSENCES – The balance in this account represents the accumulated value of vacation, sick leave and other compensated absences which have been earned and vested. It is:

DEBITED – at year end with any decrease to the liability

CREDITED – when the amount of liability for accrued sick, vacation, and other compensated absences is recorded - at year end with any increases in the liability

- 2-240 ACCRUED RETIREMENT COSTS – The balance in this account represents the accumulated value of retirement costs which have been earned and vested. It is:

DEBITED – at year end with any decrease to the liability

CREDITED – when the amount of the liability for accrued retirement costs is recorded - at year end with any increases in the liability

***Due to Other Funds***

Balance sheet accounts 2-300 through 2-399 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if separate accounts for each Enterprise Fund are desired, they should be numbered 2-360 through 2-379 and should correspond to the actual fund numbers used. This subheading includes:

- 2-301      DUE TO GENERAL FUND – The balance of this account reflects amounts owed to the General Fund. The interfund payable may arise as the result of advances made, services received or operating transfers due. An equal offsetting asset must exist in the General Fund. It is:

DEBITED – when the debt is repaid to the General Fund

CREDITED – when the underlying transaction is authorized or approved

- 2-310      DUE TO SPECIAL REVENUE FUNDS – The balance of this account reflects amounts owed to any of the Special Revenue Funds. The interfund payable may arise as the result of services received, or operating transfers due. An equal offsetting asset must exist in the appropriate Special Revenue Fund. It is:

DEBITED – when the debt is repaid to the Special Revenue Fund

CREDITED – when the underlying transaction is authorized or approved

- 2-330      DUE TO CAPITAL PROJECTS FUNDS – The balance of this account reflects amounts owed to any of the Capital Projects Funds. The interfund payable may arise as the result of services received, or operating transfers due. An equal offsetting asset must exist in the appropriate Capital Projects Fund. It is:

DEBITED – when the debt is repaid to the Capital Projects Fund

CREDITED – when the underlying transaction is authorized or approved

- 2-350      DUE TO SPECIAL ASSESSMENT FUNDS – The balance of this account reflects amounts owed to any of the Special Assessment Funds. The interfund payable may arise as the result of services received, or operating transfers due. An equal offsetting asset must exist in the appropriate Special Assessment Fund. It is:

DEBITED – when the debt is repaid to the Special Assessment Fund

CREDITED – when the underlying transaction is authorized or approved



2-360 DUE TO ENTERPRISE FUNDS – The balance of this account reflects amounts owed to any of the Enterprise Funds. The interfund payable may arise as the result of services received, operating transfers, or subsidy due. An equal offsetting asset must exist in the appropriate Enterprise Fund. It is:

DEBITED – when the debt is repaid to the Enterprise Fund

CREDITED – when the underlying transaction is authorized or approved

2-380 DUE TO TRUST AND AGENCY FUNDS – The balance of this account reflects amounts owed to any of the Trust and Agency Funds. The interfund payable may arise as the result of services received, or operating transfers due. An equal offsetting asset must exist in the appropriate Trust and Agency Fund. It is:

DEBITED – when the debt is repaid to the Trust and Agency Fund

CREDITED – when the underlying transaction is authorized or approved

### ***Due to Other Governments***

Balance sheet accounts 2-400 through 2-499 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, multiple "Due To" accounts to segregate amounts owed to different federal agencies should be numbered 2-410 through 2-419. This subheading includes:

2-410 DUE TO FEDERAL GOVERNMENT – The balance of this account reflects amounts due to the federal government for services rendered or taxes collected, other than payroll withholdings. This account is:

DEBITED – when the amounts owed are paid to the federal government

CREDITED – when the service is rendered  
- when the tax is collected

2-420 DUE TO COMMONWEALTH OF MASSACHUSETTS – The balance of this account reflects amounts due to the Commonwealth by the local unit for services rendered or taxes collected, other than payroll withholdings. This account is:

DEBITED – when the amounts owed are paid to the Commonwealth

CREDITED – when the service is rendered  
- when the tax is collected

2-430 DUE TO COUNTY – The balance of this account reflects amounts due to the County by the local unit for services rendered or taxes collected. This account is:

DEBITED – when the amounts owed are paid to the County

CREDITED – when the service is rendered  
- when the tax is collected

2-440 DUE TO MUNICIPALITIES – The balance of this account reflects amounts due to municipalities by the local unit for services rendered or taxes collected. This account is:

DEBITED – when the amounts owed are paid to municipalities

CREDITED – when the service is rendered  
- when the tax is collected

2-490 DUE TO OTHER GOVERNMENTAL UNITS – The balance of this account reflects amounts due to other governmental units (e.g., a regional school district) for services rendered or taxes collected, other than payroll withholdings. This account is:

DEBITED – when the amounts owed are paid to other government units

CREDITED – when the service is rendered  
- when the tax is collected

### ***Other Liabilities***

Balance sheet accounts 2-500 through 2-599 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, accounts to segregate uncashed vendor checks from uncashed bond coupons should be numbered 2-520 through 2-529. This subheading includes:

2-510 UNDISTRIBUTED RECEIPTS – The balance of this account represents cash which has been collected but not classified as of fiscal year end. This is a suspense account and should be cleared out for year end reporting purposes. It is:

DEBITED – when amounts received are reclassified to the appropriate accounts

CREDITED – at year end with the amount of undistributed receipts on hand

2-520 ABANDONED PROPERTY AND UNCLAIMED ITEMS - The balance of this account reflects the total amount of old uncashed checks, bonds, and coupons as well as other abandoned property. It is:

DEBITED – when the unclaimed item is redeemed  
- when unclaimed amounts are transferred to the State Treasurer

CREDITED – when it becomes reasonably certain that the item will not be claimed, usually six months after the item's issue date.

2-530 EXCESS ON SALES OF LAND OF LOW VALUE – The balance in this account represents the amount owed delinquent taxpayers after foreclosed property has been sold for a sum in excess of the total tax liability (tax, interest, and charges). It is:

DEBITED – when the excess amount is paid to the former owner or when the excess amount is recognized as revenue in accordance with the provisions of the law

CREDITED – when the foreclosed property is sold with the amount of proceeds in excess of the tax liability

2-550 DEPOSITS HELD TO GUARANTEE PAYMENT – The balance in this account represents guarantee deposits received by the local unit of government (e.g. consumer deposits to guarantee payment of utility bills). It is:

DEBITED – when the deposit is returned  
- when the deposit is forfeited

CREDITED – when the guarantee deposit is reported on the Treasurer's Cash Receipts

2-580 OTHER LIABILITIES - The balance in this account represents miscellaneous other liabilities which are not properly classified to any of the above accounts. It is:

DEBITED – when the liability is relieved

CREDITED – when the liability is incurred

### ***Matured and Interest Payable***

Balance sheet accounts 2-590 through 2-599 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. This subheading includes:

2-590 MATURED DEBT AND INTEREST PAYABLE – This account represents debt and interest that has matured and not been redeemed at year end or at an interim date. It is:

DEBITED – at the beginning of the subsequent period to reverse the original entry

CREDITED – at period end with the amount of matured debt and interest unredeemed

### ***Deferred Revenue***

Deferred revenues are for assets for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Balance sheet accounts 2-600 through 2-699 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to segregate intergovernmental deferred revenue, accounts 2-670 through 2-679 should be used.

2-610 DEFERRED REVENUE - REAL AND PERSONAL PROPERTY TAXES – This account is a deferred revenue account for accounts 1-210 through 1-239, Real and Personal Property Taxes Receivable. It is also the deferred revenue account for estimated taxes (accounts 1-251 and 1-252), deferred property taxes (1-253), taxes in litigation (1-254), and unbilled property taxes (1-255). Detail should be maintained by year of levy. These accounts are:

DEBITED – when the tax rate is certified with the amount provided for abatements and exemptions

- when payments are received
- when the related receivables are reclassified or abated
- when the estimated tax bill entry is reversed
- when estimated uncollectible amounts are recorded at period end
- when the allowances for abatements and exemptions is insufficient and a deficit must be raised

CREDITED – when the taxes are committed

- when estimated tax bills are issued
- when omitted assessments are reported
- when estimated uncollectible entries are reversed
- when a surplus in the allowance for abatements and exemptions is declared by the assessors
- when refunds are issued for overpayments

2-622 DEFERRED REVENUE - TAX LIENS – This account is a deferred revenue account for account 1-240, Tax Liens Receivable. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when tax liens are issued

- when estimated uncollectible entries are reversed
- when refunds are issued for overpayments

2-623 DEFERRED REVENUE - TAX FORECLOSURES – This account is a deferred revenue account for account 1-880, Tax Foreclosures. It is:

DEBITED – when the property is sold with the amount due

- when the related receivables are reclassified or disclaimed
- when estimated uncollectible amounts are recorded at period end

CREDITED – when properties are foreclosed

- when estimated uncollectible entries are reversed.

2-630 DEFERRED REVENUE - MOTOR VEHICLE EXCISE – This account is a deferred revenue account for accounts 1-260 through 1-269, Motor Vehicle Excise Receivable. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-641 DEFERRED REVENUE - BOAT EXCISE – This account is a deferred revenue account to accounts 1-270 through 1-279, Boat Excise Receivable. This account is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-642 DEFERRED REVENUE - FARM ANIMAL EXCISE – This account is a deferred revenue account for accounts 1-280 through 1-289, Farm Animal Excise Receivable. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-643 DEFERRED REVENUE - CLASSIFIED FOREST LANDS – This account is a deferred revenue account for accounts 1-290 through 1-298, Classified Forest Lands Tax Receivable. This account is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-651 DEFERRED REVENUE - USER CHARGES – This account is a deferred revenue for account 1-310 through 1-319, User Charges Receivable. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-652 DEFERRED REVENUE - OTHER SERVICES – This account is a deferred revenue account for accounts 1-320 through 1-329, Other Service Receivables. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-653 DEFERRED REVENUE - UTILITY LIENS – This account is a deferred revenue account for accounts 1-330 through 1-339, Utility Liens Receivable. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-654 DEFERRED REVENUE - DEPARTMENTAL – This account is a deferred revenue account for accounts 1-340 through 1-398, Departmental Receivables. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-660 DEFERRED REVENUE - SPECIAL ASSESSMENTS – This account is a deferred revenue account to all of the special assessment accounts receivable 1-410 through 1-498. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

CREDITED – when commitments are made

- when overpayments are refunded
- when estimated uncollectible entries are reversed

2-670 DEFERRED REVENUE - INTERGOVERNMENTAL – This account is a deferred revenue account for accounts 1-700 through 1-799, Due from Other Governments. It is:

DEBITED – when payments are received

- when the related receivables are reclassified or abated
- when estimated uncollectible amounts are recorded at period end

- CREDITED – when amounts are billed to the grantor
- when overpayments are refunded
  - when estimated uncollectible entries are reversed

### **Notes Payable**

Balance sheet accounts 2-700 through 2-799 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, if multiple Revenue Anticipation Notes Payable accounts are desired, they should be numbered 2-710 through 2-719. This subheading includes:

- 2-710 REVENUE OR TAX ANTICIPATION NOTES PAYABLE - (MANS or TANS) – The balance in this account represents amounts owed to banks or other lenders for funds borrowed in anticipation of revenue by a city or in anticipation of taxes by a town. It is:

DEBITED – when the note is repaid

CREDITED – when the note is issued

- 2-720 BOND ANTICIPATION NOTES PAYABLE - (BANS) – The balance in this account represents amounts owed to banks or other lenders for funds borrowed in anticipation of a bond issue. It is:

DEBITED – when the note is repaid

CREDITED – when the note is issued

- 2-730 GRANT ANTICIPATION NOTES PAYABLE - (GANS) – The balance in this account represents amounts owed to banks or other lenders for funds borrowed in anticipation of reimbursement from federal or state grants. It is:

DEBITED – when the note is repaid

CREDITED – when the note is issued

- 2-790 OTHER NOTES PAYABLE – The balance in this account represents amounts owed to banks or other lenders for funds borrowed which do not qualify under any other note payable accounts. It is:

DEBITED – when the note is repaid

CREDITED – when the note is issued

### **Capitalized Lease Obligations**

Balance sheet accounts 2-800 through 2-899 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers.

2-810 CAPITALIZED LEASE OBLIGATIONS – The balance in this account represents the present value of the minimum lease payments during the lease's term. It is:

DEBITED – when installment payments are made

CREDITED – when the amount to be capitalized is determined at the inception of the lease

### **Bonds Payable**

Balance sheet accounts 2-900 through 2-999 are reserved for this subheading This subheading includes:

2-900 BONDS PAYABLE, INSIDE DEBT LIMIT – The balances in these accounts represent the unpaid portion of serial bond issues which, when issued, were classified as chargeable to the governmental unit's inside debt limit. A separate account should be established for each bond issue. Reporting will be simplified if account numbers are assigned as follows:

2-904 to 907	Sewer (M.G.L., Ch. 44, Sect. 7 (1 and 1A))
2-908 to 911	Street and Sidewalk (M.G.L., Ch. 44, Sect. 7 (4, 5, 6, 7, and 30))
2-912 to 915	Public Buildings (M.C.L., Ch. 44, Sect. 7 (3, 3A, 10, 21, and 22))
2-916 to 919	Sanitation (M.C.L., Ch. 44, Sect. 7 (4A, 4B, and 24))
2-920 to 923	Parks and Recreation (M.G.L., Ch. 44, Sect. 7 (2, 2A, 2B, 23, 25, and 27))
2-924 to 927	Cemeteries (M.G.L., Ch. 44, Sect. 7 (8 and 20))
2-928 to 931	Energy Conservation (M.G.L., Ch. 44, Sect. 7 (3B and 26))
2-932 to 935	Departmental Equipment (M.G.L., Ch. 44, Sect. 7 (9, 9A, 28, and 29))
2-936 to 939	Other (M.G.L., Ch. 44, Sect. 7 (11, 13, 14, 15, 16, 17, 18, and 19))

These accounts are:

DEBITED – when the outstanding principal comes due and is paid

CREDITED – when the proceeds are received with the face amount of the debt issue

2-840 BONDS PAYABLE, OUTSIDE DEBT LIMIT The balances in these accounts represent the unpaid portion of serial bond issues which, when issued, were classified as outside the debt limit. A separate account should be established for each bond issue. Reporting will be simplified if account numbers are assigned as follows:

2-940 to 943	School Construction (Ch. 645, Acts of 1948)
2-944 to 947	Sewer (M.G.L., Ch. 44, Sect. 8 (15))
2-948 to 951	Water (M.G.L., Ch. 44, Sect. 8 (3, 4, 4A, 5, 6, 7, 7A, 7B, and 70))
2-960 to 963	Sanitation (M.G.L., Ch. 44, Sect. 8 (18))
2-964 to 967	Parks and Recreation (M.G.L., Ch. 44, Sect. 8 (16))
2-980 to 963	Utility-Systems (M.G.L., Ch. 44, Sect. 8 (8 and 8A))
2-984 to 987	Airports (M.G.L., Ch. 44, Sect. 8 (13))



2-988 to 991	Industrial and Economic Development (M.G.L., Ch. 44, Sect. 8 (19))
2-992 to 995	Public Disasters and Emergencies (M.G.L., Ch. 44, Sect. 8 (2 and 9))
2-996 to 999	Other (M.G.L., Ch 44, Sect. 8 (1, 10, 12, 14, 17, and 20))

These accounts are:

DEBITED – when the outstanding principal comes due and is paid

CREDITED – when the proceeds are received with the face amount of the debt issue

## Fund Equity

The accounts described in this subsection include all of the fund equity accounts. In reviewing these account descriptions, it will be helpful to recall the relationship between revenues and expenditures and fund equity (see Chapters 3 and 4). Current year activity is posted to the revenue and expenditure accounts in "Fund Balance Other - Actual". At year end, these accounts are closed to another fund balance component (reserved, unreserved-designated, or unreserved-undesignated). Other than revenues and expenditures, fund equity entries are made strictly within the fund equity section of the balance sheet. Total fund equity is thus increased or decreased only through the activity in the Fund Balance Other -Actual accounts.

The various components of fund equity are used to classify the accumulated wealth (surplus or deficit) of a local government into those portions which are generally available and those which are segregated for particular purposes. For example, action authorizing use of available funds for future construction requires reclassification of unreserved fund balance to reserved fund balance.

The fund equity accounts have been classified according to the following subheadings:

- Contributed Capital
- Investment in General Fixed Assets
- Retained Earnings
- Reserved Fund Balance
- Unreserved Fund Balance - Designated
- Unreserved Fund Balance - Undesignated
- Fund Balance Other - Memorandum
- Fund Balance Other - Budgetary
- Fund Balance Other - Actual

The account descriptions which follow are organized according to these subheadings.

### ***Contributed Capital***

Balance sheet accounts 3-000 through 3-089 are reserved for this subheading. Since all numbers within the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to segregate "Other Contributed Capital" by source, accounts 3010 through 3-089 should be used. This subheading includes:

3-001 MUNICIPAL CONTRIBUTED CAPITAL – The balance in this account represents the amount that the local governmental unit has contributed to an enterprise activity. Funds are usually contributed for construction or purchase of fixed assets but may be contributed to support any legitimate enterprise activity. It is:

DEBITED – when capital assets are returned to the municipality

CREDITED – when capital assets are contributed to an Enterprise Fund

3-010 OTHER CONTRIBUTED CAPITAL – The balance in this account represents the amount contributed to an Enterprise Fund by sources other than the local governmental unit. It is:

DEBITED – when capital assets are returned to the original contributor

CREDITED – when capital assets are contributed to an Enterprise Fund

### ***Investment in General Fixed Assets***

Balance sheet accounts 3-090 through 3-099 are reserved for this subheading. Since all numbers within the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. This subheading includes:

3-090 INVESTMENT IN GENERAL FIXED ASSETS - The balance in this account represents the local governmental unit's equity in general fixed assets. Separate accounts should be maintained according to the source of funding for the asset acquisition as follows:

- Capital Projects Funds
  - General obligation Bonds
  - Federal Grants
  - State Grants
  - Other Grants
- General Fund Revenues
- Special Revenue Fund Revenues
- Gifts
- Special Assessments

These accounts are:

DEBITED – when fixed assets are sold or otherwise disposed of

CREDITED – when fixed assets are acquired

### ***Retained Earnings***

Balance Sheet accounts 3-100 through 3-199 are reserved for this subheading. Retained earnings accounts are used exclusively by the enterprise funds. Since all numbers within the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. This subheading includes:

3-110 RESERVE FOR REVENUE BOND RETIREMENT – The balance in this account represents the segregation of a portion of retained earnings in accordance with the terms of a revenue bond indenture for amounts that should be accumulated for such restricted assets less current liabilities for revenue bond principal and interest. It is:

DEBITED – when the reserve is utilized to retire debt

CREDITED – when amounts are reserved in accordance with the bond indenture

3-120 RESERVE FOR OTHER PURPOSES – The balance of this account represents the segregation of a portion of retained earnings for specific purposes in accordance with the terms of the governing body. This account is often used to reserve funds for future construction. It is:

DEBITED – when the reserve is utilized for the defined special purpose

CREDITED – when amounts are reserved in accordance with the terms of the governing body

3-190 UNRESERVED RETAINED EARNINGS - The balance of this account represents the accumulated earnings of an Enterprise Fund which are not reserved for any purpose. It is:

DEBITED – at year end with the balances of the actual expenditures and other financing uses accounts

- when reservations of retained earnings are approved by the proper authority

CREDITED – at year end with the balances of the actual revenue and other financing sources accounts

### ***Reserved Fund Balance***

Reserved fund balance accounts represent that portion of fund balance which is not an "available spendable resource." Reservations of fund balance are made for the following reasons:

- when the local government legally authorizes expenditure of the funds in a future period, e.g., to fund construction
- when the funds are automatically reserved by law upon receipt, e.g., receipts reserved for appropriation
- when the funds become otherwise unavailable for general appropriations, e.g. when they offset petty cash

Balance sheet accounts 3-200 through 3-399 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to segregate different "Special Purposes", accounts 3-280 through 3-289 should be used. This subheading includes:

- 3-211 FUND BALANCE RESERVED FOR ENCUMBRANCES\_ – The balance in this account represents that portion of fund balance reserved for encumbrances outstanding. If a formal encumbrance system is used, it will be posted periodically throughout the year with outstanding items. If not, it will be posted at period end for financial statement purposes and then adjusted or closed out at the start of the next period. It is:
- DEBITED – when commitments are relieved by receipt of goods and services or by cancellations
- when the account's opening balance is reclassified to account 3-212, Fund Balance Reserved for Prior Year Encumbrances
- CREDITED – when commitments are recognized
- 3-212 FUND BALANCE RESERVED FOR PRIOR YEAR ENCUMBRANCES – The balance in this account represents that portion of fund balance reserved for outstanding encumbrances related to prior year expenditures. it is:
- DEBITED – when commitments are relieved by receipt of goods and services or by cancellations
- CREDITED – when the opening balance of account 3-211, Fund Balance Reserved for Encumbrances is reclassified to this account
- 3-213 FUND BALANCE RESERVED FOR CONSTRUCTION – The balance in this account represents that portion of fund balance reserved for future construction. It is:
- DEBITED – when the reserve is utilized
- CREDITED – when amounts are reserved
- 3-220 FUND BALANCE RESERVED FOR EXTRAORDINARY OR UNFORESEEN EXPENDITURES – The balance in this account represents the unused portion of the Allowance for Abatements and Exemptions which the assessors have declared as excess under the provisions of M.G.L., Chapter 59, Section 25. It is:
- DEBITED – when amounts voted to be used in funding the annual budget are reclassified to account 3-240, Fund Balance Reserved for Expenditures
- CREDITED – when excess amounts are declared by the assessors and transferred from account 1-230, Allowance for Abatements and Exemptions
- when amounts voted are not expended
- 3-230 FUND BALANCE RESERVED FOR ASSETS HELD FOR RESALE – The balance in this account represents the segregation of a portion of fund balance to indicate that assets equal to the amount of the reserve are being held for resale and are, therefore, not available for appropriation. It is:
- DEBITED – when the assets are sold or otherwise disposed of
- CREDITED – when assets are obtained for resale

3-240 FUND BALANCE RESERVED FOR EXPENDITURES – The balance in this account represents the amount of available funds ("free cash" and -overlay surplus") authorized to fund appropriations. A separate account should be established for each year to which funding is provided. This account will help identify the amount of available funds authorized during a fiscal year. It is:

DEBITED – at year end, for the total amount authorized to be expended during the current year

CREDITED – when available funds are authorized

3-250 FUND BALANCE RESERVED FOR PETTY CASH – The balance in this account represents the amount of fund balance utilized for a petty cash account. It is:

DEBITED – when a petty cash account balance is decreased  
- when a petty cash account is eliminated

CREDITED – when a petty cash account is established  
- when a petty cash account balance is increased

3-260 FUND BALANCE RESERVED FOR INVENTORIES – The balance in this account represents the segregation of a portion of fund balance to indicate that assets equal to the amount of the reserve are invested in inventories for consumption and are, therefore, not available for appropriation. It is:

DEBITED – when the inventory is used or otherwise disposed of

CREDITED – when the inventory is acquired

3-270 FUND BALANCE RESERVED FOR DEBT SERVICE – The balance in this account represents the segregation of a portion of fund balance to indicate that funds have been received to retire future debt and interest but not yet disbursed. Examples of items to be accounted for in this series include premiums and accrued interest on bond issues. It is:

DEBITED – when amounts are utilized for payment of maturing debt and interest

CREDITED – when amounts are reserved

3-28D MM BALANCE RESERVED FOR SPECIAL PURPOSES – The balance in this account represents the amount of fund balance set aside for other, specifically identified purposes not covered elsewhere. It is:

DEBITED – when the reserve is utilized

CREDITED – when amounts are reserved for special purposes

3-291 FUND BALANCE RESERVED FOR ENDOWMENT – The balance in this account represents the amount of fund balance set aside for Trust Fund balances legally restricted to endowment purposes. It is:

DEBITED – when the reserve is utilized

CREDITED – when amounts are reserved

3-292 FUND BALANCE RESERVED FOR EMPLOYEE RETIREMENT – The balance in this account represents the funds accumulated in the Pension Reserve Fund for the purpose of offsetting the anticipated future cost of funding for the contributory retirement system. It is:

DEBITED – when amounts are authorized to fund pension obligations

CREDITED – when amounts are reserved

3-300 FUND BALANCE - RECEIPTS RESERVED FOR APPROPRIATION – These accounts are used to segregate receipts from specific sources which are separately appropriated. The following are examples of receipts reserved for appropriation accounts and their statutory references:

- Parking Meters Receipts (M.G.L., Ch. 40, Sect. 22A) - County Do& Refund (M.G.L., Ch. 140, Sect. 172)
- Insurance Recoveries and Restitution Over \$10,000 (M.G.L., Ch. 44, Sect. 53)
- Sale of Real Estate (M.G.L., Ch. 44, Sect. 63)
- Sale of Cemetery Lots (M.G.L., Ch. 114, Sect. 25) - Water-ways Improvement (M.G.L., Ch. 40, Sect. 5)
- Ambulance Receipts (M.G.L., Ch. 40, Sect. 5)

These accounts are:

DEBITED – when appropriations are authorized

CREDITED – when amounts are received

### ***Unreserved Fund Balance – Designated***

Designated fund balance accounts represents items for which there are tentative uses planned for future periods. Since items designated may ultimately be used for other purposes, designations are less limiting than reservations. Balance sheet accounts 3-400 through 3-589 are reserved for this subheading.

3-400 FUND BALANCE DESIGNATED – This account is used to provide additional detail on fund balance designations when the 3-500 series is not sufficient. It is:

DEBITED – when expenditures for the designated purpose are closed at year end

CREDITED – when revenues associated with the designated purpose are closed at year end

3-510 FUND BALANCE DESIGNATED FOR FEDERAL GRANTS – The balance in this account represents the unexpended portion of grant funding from federal sources. If an individual fund is not maintained for each grant, then a unique designated fund balance account should be established for each grant. This account is:

DEBITED – when expenditures for the designated purpose are closed at year end

CREDITED – when revenues associated with the designated purpose are closed at year end

3-520 FUND BALANCE DESIGNATED FOR STATE GRANTS – The balance in this account represents the unexpended portion of grant funding from state sources. If an individual fund is not maintained for each grant, then a unique designated fund balance account should be established for each grant. This account is:

DEBITED – when expenditures for the designated purpose are closed at year end

CREDITED – when revenues associated with the designated purpose are closed at year end

3-560 FUND BALANCE - REVOLVING FUNDS – These accounts are used to segregate certain receipts which may be expended for specific purposes without appropriation. Revolving funds may be established for particular types of receipts only if expressly permitted under the law. The following are examples of revolving funds and their statutory references:

- -Recoveries For Lost School Books (M.G.L., Ch. 44, Sect. 53)
- Payments By Pupils For Industrial Arts Materials (M.G.L., Ch. 44, Sect. 53)
- Athletic Programs and School Organizations (M.G.L., Ch. 71, Sect. 47)
- Adult Education And Continuing Education Programs (M.G.L., Ch. 71, Sect. 71E)
- Community School Programs (M.G.L., Ch. 71, Sect. 71C) - Racial imbalance (M.G.L., Ch. 76, Sect. 12A)
- Self-Supporting Recreation and Park Services (M.G.L., Ch. 44, Sect. 53D)
- Insurance Recoveries and Restitution Not In Excess of \$10,000 (M.G.L., Ch. 44, Sect. 53)

These accounts are:

DEBITED – when expenditures for the designated purpose are closed at year end

CREDITED – when revenues associated with the designated purpose are closed at year end

- 3-580 FUND BALANCE DESIGNATED FOR OTHER PURPOSES – The balance in this account represents the amount of fund balance tentatively planned to be used for purposes other than those described above. It is:

DEBITED – when expenditures for the designated purpose are closed at year end.

CREDITED – when revenues associated with the designated Purpose are closed at year end

### ***Unreserved Fund Balance – Undesignated***

Balance sheet accounts 3-590 through 3-599 are reserved for this subheading. Accounts 3-591 through 3-597 are used to segregate amounts to be raised in the following year for statutory reporting purposes. it includes:

- 3-590 UNDESIGNATED FUND BALANCE – The balance in this account represents the amount-Of fund balance remaining after reductions for reserved and designated balances. The balance in this account is sometimes referred to as the "amount available for future appropriation." It is:

DEBITED – when expenditures and other financing uses are closed out at period end  
- when amounts are reserved or designated

CREDITED – when revenues and other financing sources are closed out at period end  
- when reserved or designated fund balances are closed out and returned to unreserved

- 3-591 UNRESERVED FUND BALANCE OVER/UNDER ASSESSMENTS – The balance in this account represents the difference between the actual amount of state and county assessments which were paid during the fiscal year, and the amount that was raised in the tax levy f or such purposes. These amounts are generally referred to as state and county over and underassessments. The purpose of the account is to provide assurance that such amounts have been taken into proper consideration in computing the subsequent year's tax levy. The account is established at year-end as part of the closing process. It is:

DEBITED – at year-end, with the amount of state and county charges paid in excess of estimates

- when the balance in the account (over-estimate) is reclassified to unreserved fund balance

CREDITED – at year-end, with the amount of state and county estimates in excess of amounts paid

when the balance in the account (underestimate) is reclassified to unreserved fund balance

- 3-592 UNRESERVED FUND BALANCE - APPROPRIATION DEFICITS (DEBIT) – The balance in this account represents the amount by which certain appropriation accounts were over-expended during the fiscal year and thus to be raised in the next year's tax levy. overspending appropriations is generally prohibited by law. There are, however, some exceptions, such as snow and ice, which are defined in M.G.L., Chapter 44, Sections 31 and 31D.



DEBITED – when the authorized appropriation deficits are determined at the close of the fiscal year

CREDITED – when the authorized appropriation deficits are raised in the subsequent year's tax levy

- 3-593 UNRESERVED FUND BALANCE - REVENUE DEFICIT (DEBIT) – The balance in this account represents the amount of any current year revenue deficit. A revenue deficit occurs when actual revenues are less than estimated revenues and there is no offsetting surplus between appropriations and actual expenditures. The amount is calculated at the close of the fiscal year and established in a separate account to ensure that it is given proper consideration in computing the subsequent year's tax levy. It is:

DEBITED – at year-end, with the amount of revenue deficit calculated for the fiscal year

CREDITED – when the amount is raised in the subsequent year's tax levy

- 3-594 UNRESERVED FUND BALANCE - UNPROVIDED ABATEMENTS AND EXEMPTIONS (DEBIT) – The balance in this account represents the reclassification of a portion of fund balance equal to the total of any debit balances from accounts 1-230 through 1239, Allowance for Abatements and Exemptions. The account is established as a part of the year-end adjustment and closing process. The account is closed when the amount is raised in the following year's tax levy. It is:

DEBITED – at year-end, with the amount reclassified

CREDITED – when the amounts are raised in the subsequent year's tax levy

- 3-595 UNRESERVED FUND BALANCE - COURT JUDGMENTS (DEBIT) – The balance in this account represents the amount of court judgments paid by a municipality in a fiscal year after the tax rate for the year has been approved. The account is established as a part of the year-end closing process. The account is closed when the amount is raised in the following year's tax levy. It is:

DEBITED – at year-end, with the amount of court judgment expenditures made during the fiscal year

CREDITED – when the amounts are raised in the subsequent year's tax levy

- 3-597 UNRESERVED FUND BALANCE - OFFSET RECEIPTS DEFICIT (DEBIT) – The balance in this account represents the amount of any current year offset receipts deficit. An offset receipt deficit occurs when actual receipts are less than estimated receipts. This account is:

DEBITED – at year-end with the amount of any offset receipts deficit

CREDITED – when the amounts are raised in the subsequent year's tax levy

- 3-599 UNRESERVED FUND BALANCE YEAR-END ADJUSTMENTS (DEBIT) – The balance in this account represents the net amount of adjustments that were made in the fund at the close of the prior year in converting the accounting basis in the fund to the appropriate basis (modified accrual or accrual). It is established as one of the opening entries at the beginning of the year as a part of the process by which the books of accounts are converted back to a

cash basis for purposes of revenue accounting. At the close of the fiscal year, the balance in the account is closed to the related revenue or expenditure account. It is:

DEBITED – when revenues are accrued at the close of the prior period

CREDITED – when the accrual is reversed

### ***Fund Balance Other – Memoranda***

Memoranda accounts are used to integrate the control of grant, project, and bond authorizations into the accounting records. The accounts are memoranda accounts in that they are not usually presented in financial statements, although footnote disclosure is required if balances are material. They are segregated in fund balance to facilitate interim financial reporting.

Balance sheet accounts 3-700 through 3-799 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to set up a separate account for each authorized project, accounts 3-730 through 3-739 should be used with account 3-740 used as the offset. This subheading includes:

3-710 STATE AND FEDERAL GRANTS AWARDED (MEMORANDUM) – The balance in this account represents the amount of spending authority approved but not yet received on state and federal grants. it is:

DEBITED – when a grant is awarded  
- when increases in the award amounts are made

CREDITED – when decreases in the award amounts are made when cash is received and spending authority is recorded in the budgetary accounts

3-720 STATE AND FEDERAL GRANTS AWARDED - OFFSET (MEMORANDUM) (CREDIT) – This account is a contra account to account 3-710. The balance in the account should be equal to the balance in that account. It is:

DEBITED – when cash is received and spending authority is recorded in the budgetary accounts  
- when decreases in the award amounts are made

CREDITED – when a grant is awarded  
- when increases in the award amounts are made

3-730 PROJECTS AUTHORIZED -(MEMORANDUM) – The balance in this account represents the unexpended portion of the project authorization. It is:

DEBITED – when the capital project is authorized  
- when any increases are authorized

CREDITED – when expenditures are made on the capital project  
- when any decreases are authorized  
- when the project is completed with any balance remaining in the account

3-740 PROJECTS AUTHORIZED - OFFSET (MEMORANDUM) (CREDIT) – This account is a contra account to account 3-730. The balance in the account should be equal to the balance in that account. It is:

DEBITED – when expenditures are made on the capital project

- when any decreases are authorized
- when the project is completed with any balance remaining in the account

CREDITED – when the capital project is authorized

- when any increases are authorized

3-760 BONDS AUTHORIZED (MEMORANDUM) – The balance in this account represents the amount of bonds which have been authorized but not yet issued. It is:

DEBITED – when bond issues are authorized

CREDITED – when bonds are issued when bond issue authorizations are rescinded

3-770 BONDS AUTHORIZED - OFFSET (MEMORANDUM) (CREDIT) – This account is a contra account to account 3-760. The balance in the account should be equal to the total of the balance in that account. It is:

DEBITED – when bonds are issued

- when bond authorizations are rescinded

CREDITED – when bond issues are authorized

### ***Fund Balance Other – Budgetary***

Budgetary fund balance accounts are used to record the formally adopted annual operating budget. They are segregated in fund balance to facilitate interim financial reporting. Budgetary accounts are posted at the start of the fiscal year as part of the opening entries. Both sides of all budgetary entries must be made within the budgetary series (3-800 through 3-899). Budgetary accounts always net to zero and for interim reporting purposes need not be reflected on the balance sheet.

Balance sheet accounts 3-800 through 3-899 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. For example, to segregate the original appropriation amount from supplemental appropriations, accounts 3-830 through 3-859 should be used. This subheading includes:

3-810 ESTIMATED TAX LEVY, NET (BUDGETARY) DEBIT – This account is a budgetary control account and its balance reflects the total real and personal property tax commitments less the provision for abatements and exemptions. It is:

DEBITED – when the tax rate is approved, with the estimated tax levy for the current fiscal year

CREDITED – at year end, with the balance in the account

- when the tax rate is approved, with the allowances for abatements and exemptions

- 3-815 ESTIMATED REVENUE (BUDGETARY) (DEBIT) – This account is a budgetary control account and its balance reflects the amount of revenues estimated for the fiscal period. It is:
- DEBITED – at the beginning of the year, with the total amount of other revenues budgeted for the year as reflected on the tax recapitulation sheet or other source document
- when budget increases are authorized
- CREDITED – when budget decreases are authorized
- at year end with the balance in the account
- 3-820 ESTIMATED OTHER FINANCING SOURCES (BUDGETARY) (DEBIT) – This account is a budgetary control account and its balance reflects the amount of non-revenue financing sources estimated for the fiscal period. These include bond issues, premiums on bond issues, interest received from bond issues, and operating transfers-in. It is:
- DEBITED – at the beginning of the year, with the total amount of estimated other financing sources budgeted for the year - when budget increases are authorized
- CREDITED – when budget decreases are authorized
- at year end with the balance in the account
- 3-830 APPROPRIATIONS (BUDGETARY) (CREDIT) – This account is a budgetary control account and its balance reflects authorizations granted by the governing body to make expenditures and to incur obligations for specific purposes for the fiscal year. It is:
- DEBITED – when decreases in the budget are authorized at year end with the balance in the account
- CREDITED – at the beginning of the year with the total amount of the budget adopted by the governing body
- when budget increases are authorized
- 3-860 OTHER AUTHORIZED EXPENDITURES (BUDGETARY) (CREDIT) – This account is a budgetary control account and its balance reflects other local expenditures not requiring appropriations such as State and County assessments. -It is:
- DEBITED – Own decreases in such amounts are authorized at year end, with the balance in the account
- CREDITED – at the beginning of the year with the amount authorized
- when increases are authorized
- 3-870 ESTIMATED OTHER FINANCING USES (BUDGETARY) (CREDIT) – This account is a budgetary control account and its balance reflects the amount of other financing uses such as operating transfers-out estimated for the fiscal period. It is:
- DEBITED – when decreases in the estimated other financing uses are authorized at year end with the balance in the account
- CREDITED – at the beginning of the year with the total amount of estimated other financing uses authorized
- when increases in estimated other financing uses are authorized

3-880 BUDGETARY FUND BALANCE (BUDGETARY) – The balance in this account represents the amount of available funds budgeted for use in the current fiscal year less any prior year items raised. It is:

DEBITED – at the beginning of the year with amounts appropriated from available funds ("free cash")

- at year end with the balance in the account, if a credit balance remains

CREDITED - when other non-appropriation items (accounts 3-591 through 3-597) are raised in the tax levy

- at year end with the balance in the account if a debt balance remains

3-890 BUDGETARY CONTROL BUDGETARY – This account is an offset to the other budgetary accounts and should normally have a zero-balance. However at the beginning of the fiscal year, if the Recap Sheet has not been finalized, only the appropriations portion of the budget will have been posted and the account will have a debit balance. It is:

DEBITED – with the appropriations for the current fiscal year with the estimated other financing uses for the current fiscal year

- with the estimated overlay for the current fiscal year
- with the other amounts to be raised for the current fiscal year

CREDITED – with the estimated local receipts for the current fiscal year

- with estimated other financing for the current fiscal year
- with the estimated other -amounts appropriated to revenue" or transfers from available funds for the current fiscal year
- with the estimated tax levy for the current fiscal year
- with the estimated "Cherry Sheet" distributions for the current fiscal year

### ***Fund Balance Other- Actual***

These accounts represent the general ledger control accounts for Revenues, Other Financing Sources, Expenditures, Encumbrances and Other Financing Uses. These accounts are included in fund balance to facilitate financial reporting.

Balance sheet accounts 3-900 through 3-999 are reserved for this subheading. Since all numbers in the range are not assigned, local units of government that wish additional detail may obtain it by using the unassigned numbers. Use of the available numbers should remain logically consistent with the structure provided by the assigned numbers. This subheading includes:

3-910 REVENUE (CREDIT) – The balance in this account reflects the amount of revenue actually recognized by receipt or accrual during the fiscal year. it is:

DEBITED – at year end with the balance in the account

- when refunds are made

CREDITED – when real estate and personal property taxes are collected

- when motor vehicle excise, other excise, departmental receipts, and other revenues are received
- when revenue is recognized upon the sale of fixed assets, inventory, or foreclosed properties
- when tax liens, including interest and charges are collected
- when pro forma taxes are collected

- when licenses, fines, fees and permits are collected
- when entitlements or distributions are received
- when any other revenue is recognized

3-920 OTHER FINANCING SOURCES (CREDIT) – The balance in this account reflects the amount of other financing sources actually received from bond -issues. premiums on bond issues, interest received from bond issues. and operating transfers-in during the current fiscal year. It is:

DEBITED – at year end with the balance in the account

CREDITED – when proceeds from long-term debt are received

- when proceeds from certain bond anticipation notes meet the revenue recognition criteria
- when premiums are received on bond issues
- when interest is received on bond issues
- when operating transfers-in from other funds are made

3-930 EXPENDITURES (DEBIT) – The balance in this account reflects the amount of expenditures made or recognized (expenses) during the fiscal year from the current year's appropriations. it is:

DEBITED – when expenditures are reported on approved warrants

- when depreciation is recorded in the Enterprise Funds
- when other accrued expenses are recognized

CREDITED – when refunds are received for expenditures

- when expenditures are reclassified to fixed assets at year end with the balance in the account

3-940 ENCUMBRANCES (DEBIT) – The balance in this account reflects the amount of outstanding encumbrances from the current year. It is:

DEBITED – when the purchase commitments is recognized

CREDITED – when the purchase commitment is relieved at year end with the amount of outstanding encumbrances reclassified to 3-960

3-95D PRIOR YEAR EXPENDITURES (DEBIT) – The balance in this account reflects the amount of expenditures made or recognized (expenses) during the fiscal year related to prior year encumbrances. It is:

DEBITED – when expenditures are reported on approved warrants for prior year encumbrances

CREDITED – when refunds are received for current expenditures on prior year encumbrances at year end with the balance in the account

3-960 PRIOR YEAR ENCUMBRANCES (DEBIT) – The balance in this account reflects the amount of outstanding encumbrances from the prior year. It is:

DEBITED – when purchase commitments are reclassified from 3-940

CREDITED – when the amount of the purchase commitment is relieved

3-970 OTHER FINANCING USES (DEBIT) – The balance in this account reflects the amount of other financing uses expended during the current fiscal year for operating transfers-out and other financing uses for state and county under assessments. It is:

DEBITED – when operating transfers are made to other funds

CREDITED – at year end with the balance in the account

## Find Type and Account Number Cross-Reference

The following table illustrates the funds in which each balance sheet account would normally be used. The table is intended to provide a handy reference for answering account coding questions. The detail account descriptions in the preceding sections should be consulted for information on proper account usage.

Most local governments will not need all of the account and fund combinations shown in the table. Only those accounts which will actually be used should be established. Additionally, the table may not be exhaustive. In some cases, a local government may need to establish an account in a fund where that account is not normally used (for example, a municipality with more than one enterprise fund might use the "Due to Enterprise Funds" account in an enterprise fund). However, such accounts should be established only when absolutely necessary. Similar classifications enhance the comparability of governmental financial statements and hence their potential usefulness.