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DEPARTMENT OF TREASURY
LANSING

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DATE: October 31, 2019
TO: Michigan Local Units of Government
FROM: Michigan Department of Treasury
SUBJECT: Frequently Asked Questions – Uniform Chart of Accounts

Question: What specific changes did the state make that I need to implement in my data? Is there a table that shows what changes were made that can be used as a guide?

Answer: There is a table that shows what changes were made. This is now made available to the public starting in November 2019. Multiple fund names were changed, several accounts were added, functions were eliminated, and added. There have been several new GASB statements since 2002 when the Chart was last updated.

Question: Why did the state make these changes?

Answer: There have been more than 50 GASB statements issued since the 2002 version. Accounting principles have changed; thus, the chart needed to be updated to ensure compliance with those changes.

Question: How will the state be verifying that we have made these changes properly? Will the state be penalizing us if we don't comply?

Answer: The auditor will be reporting on the Auditing Procedures Report (APR) whether the local unit complied with the Uniform Chart of Accounts. Noncompliance should be reported as a finding in the local unit's audit report and a corrective action plan will be required.

Question: We currently have a single department that has been tracking all of our payroll taxes and employee benefits (FICA, Medicare, etc.) and the state is now wanting to see these items separated by individual departments. How do I get my current GL #'s to split into the multiple new ones that I will need?

Answer: You will need to work with your software vendor to make these changes.

Question: What is meant by 'Mandatory' in the chart of accounts? For example, Revenue Control is listed as a 'Mandatory' account, but I don't have one and don't understand why the state is saying I need one in each fund.

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Answer: The Mandatory numbers are a requirement only if: A. it is applicable to the particular local government, and B. optional accounts (which provide more detail) are currently not being used.

Question: Do the descriptions for each department or account need to match exactly those listed in the chart of accounts along with the number?

Answer: Yes. If you are referring to the name of the account or fund, one would need to report activities consistently in conformity with the chart.

Question: What happens when an auditor says someone is compliant, but they are not actually compliant?

Answer: Many audits are reviewed for compliance with various requirements including the Chart of Accounts. A corrective action plan may be necessary if the review finds noncompliance regardless of what the auditor has indicated.

Question: Why was the Judicial function pulled out of General Government?

Answer: GASB 37 par. 12 provides a reference to the Judicial function. The Judicial function was added to be compliant with GAAP.

Question: When do I need to implement the new Uniform Chart of Accounts (UCA)?

Answer: The new Chart needs to be implemented for local units with fiscal years ending September 30, 2021 and thereafter. Earlier implementation is always encouraged.

Question: How do I get access to the April 2002 version as it is no longer on the state's website for reference purposes?

Answer: One would need to contact our department by telephone or email to obtain the old version for reference purposes.

Question: What can I use Open numbers for?

Answer: Open numbers may only be used when designated accounts are not already available.

Question: We use account numbers for bulk water charges, sewer usage collections, water usage collections, etc. There isn't a revenue account number I can use on the new COA. I am not sure what to put these under.

Answer: Please use account number 607. You can then point off the accounts for the particular collection fee that you are referring to. For example, you could use account number 607.01 for sewer usage collections.

Question: We didn't see an account number dedicated to workers' comp insurance. Should it go as a 900 or 700 expense account number?

Answer: The internal revenue service lists workers' compensation as an employee benefit. Based on that classification, this should be accounted for in a 700 account.

Question: Are we required to spread workers' comp among the activity levels, or is it okay to be in one activity (if so, where do you recommend)?

Answer: If a local unit has only one function (for example only General Government or only Public Safety), it would be acceptable to account for this within one activity of that function. This would not be acceptable if the local unit has more than one function (for example General Government and Public Safety).

Question: We have several bank accounts and many are closed, but still have a GL# assigned to them. The problem I'm having is I am going to have to move some of the account numbers around to match the new COA numbers. I don't seem to have enough numbers to accommodate what I have. Would it be alright to eliminate the GL numbers for the closed bank accounts?

Answer: It would be acceptable to close the GL numbers related to the closed accounts.

Question: I have more accounts than there are numbers available in the Chart of Accounts. How should I proceed?

Answer: Eliminate dormant account numbers. If there are still not enough accounts, pointing off the accounts would be acceptable.

Question: In the new Chart of Accounts, it shows accounts in the format 101-253-726 and also 101-253.01-726. Are those the only formats allowed?

Answer: Although not specifically stated in the chart, it is also acceptable to point off accounts.

Question: We are a township that levies a millage for roads. What account should we use to account for the money that we send to the road commission?

Answer: Special Revenue fund 204-Municipal Street fund should be used for the tax levy. Expenditures from this fund should be accounted for under activity 446- Roads, Streets, And Bridges to show the overall nature of the expenditure.

Question: We have a clerk/treasurer in our municipality. Can we account for these activities in a combined account called the clerk/treasurer?

Answer: No. These are listed as separate activities within the Uniform Chart of Accounts. To allocate costs, a local unit may determine a rate based on past experience or keep a log of time spent on each activity.

Question: We don't provide police services in our municipality. Do I need to add this activity in my chart?

Answer: No. If you are not engaged in providing that service to your community then you would not need to add it to the chart you are using. If you were to start providing for police, our department would expect the activity to be used during the budgeting process before the start of the fiscal year.