



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
PHONE: 313-628-2535
FAX: 313-224-2135
WWW.DETROITMI.GOV

CFO DIRECTIVE
No. 2018-105-003

SUBJECT: Chart of Accounts
ISSUANCE DATE: December 21, 2018
EFFECTIVE DATE: December 21, 2018

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 117.4s (2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.

2. OBJECTIVES

- 2.1. To ensure the Controller's Office can manage the stewardship of the City's funds, create consistent and reliable financial reports, and identify various Fund types (Governmental, Enterprise and Fiduciary).
- 2.2. To produce financial statements in compliance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), and Federal/Non-federal funding agency rules and regulations.
- 2.3. To provide a systematic arrangement and means for the uniform accumulation, recording and reporting of financial information and transactions.

3. PURPOSE

- 3.1. To establish the City of Detroit's (the "City") Chart of Accounts policies and procedures.

4. SCOPE

- 4.1. This Directive applies to departments, divisions and agencies.
- 4.2. This Directive has limited application to component units.
- 4.3. This Directive does not apply to related organizations and joint ventures in which the City participates.

5. RESPONSIBILITIES

- 5.1. This Directive applies to all staff of the City of Detroit. The City's staff are responsible for adhering to this Directive, and the Controller's Office staff ensures adherence.

- 5.2. The Controller's Office is responsible for ensuring the proper recording and classification of all revenues, expenses, assets, liabilities and fund balances. The Controller's Office will ensure the proper recording and classification by properly maintaining the Chart of Accounts of the General Ledger and overseeing account setup and the assignment of attributes to accounts.

6. POLICY

6.1. General:

- 6.1.1. The Chart of Accounts is a listing of elements in the City of Detroit's financial system using numeric characters to designate the transactions that comprise the Balance Sheet (Assets, Liabilities and Fund Balance) and Income Statement (Revenue and Expenses).
- 6.1.2. All submissions by departments to the Controller's Office to change attributes on accounts or to set up new accounts must be reviewed and approved by the Controller's Office.
- 6.1.3. The City's Chart of Accounts consists of 8 segments totaling 42 digits. Each segment has a numerical value and a text description. These segments provide the organizing framework for budgeting, recording and reporting on all financial transactions.

Fund – Appropriation – Cost Center – Object – Project – Activity – Intrafund – Future

Example: 1000-00245-230130-601100-000078-30119-0000-000000

- 6.1.4. Revenue and Expense accounts include MANDATORY and OPTIONAL segments. The MANDATORY segments are FUND, APPROPRIATION, COST CENTER and OBJECT CODE. The default value for OPTIONAL segments are zeroes.
- 6.1.5. The balance sheet accounts include MANDATORY and OPTIONAL segments. The MANDATORY segments are FUND and OBJECT CODE. The default value for OPTIONAL segments are zeroes.

6.2. Object Segment Account Structure (6 Char):

- 6.2.1. The Object Code is the natural account. It identifies the segment as an Income Statement Account (Revenue or Expense), a Balance Sheet Account (Asset or Liability) and a Fund Balance Account (Equity).

Object Natural Account Type	Object Segment Account Ranges
Assets	100000 – 199999
Liabilities	200000 – 299999
Fund Balance (Equity)	300000 – 399999
Revenues	400000 – 599999
Expenses	600000 – 899999

Natural Account Type	Natural Balance	To Increase Balance	To Decrease Balance
Assets	Debit	Debit	Credit

Liabilities	Credit	Credit	Debit
Fund Balance (Equity)	Credit-Positive Net Fund Debit-Negative Net Fund	Credit	Debit
Revenues	Credit	Credit	Debit
Expenses	Debit	Debit	Credit

6.3. Asset Control Account (6 Char):

- 6.3.1. Assets are resources with present service capacity that the City presently controls. The various categories of assets are broadly identified for recording/reporting. The associated first 2 digits of the 6 digit object account represent the Asset Category as follows:

1 st Two Digits of Object Account	Asset Categories
10xxxx	Cash and Investments
11xxxx	Due from Other Funds
12xxxx	General Accounts Receivable
13xxxx	Assessments
14xxxx	Prepaid Expenses
15xxxx	Inventories – Material & Supplies
16xxxx	Fixed Assets
18xxxx	Debt Service

6.4. Liability Control Account (6 Char):

- 6.4.1. Liabilities present obligations to sacrifice resources that the City has little or no discretion to avoid. The various categories of liabilities are broadly identified for recording/reporting. The associated first 2 digits of the 6 digit object account represent the Liability Category as follows:

1 st Two Digits of Object Account	Liability Categories
21xxxx	Accounts Payable & Contracts Payable
22xxxx	Due to other funds
23xxxx	Accrued Payroll and Income Tax Refunds Payable
24xxxx	Accrued Liabilities
25xxxx-26xxxx	Debt – Principal & Interest Payable
27xxxx	Unearned Revenue
28xxxx	Suspense

6.5. Revenue Control Account (6 Char):

6.5.1. The various categories of revenue are broadly identified for recording/reporting. The associated first 2 digits of the 6 digit object account represent the Revenue Category as follows:

1st Two Digits of Object Account	Revenue Categories
40xxxx	Tax Revenue
41xxxx	License & Permit Revenue
42xxxx	Taxes-State Sources
43xxxx	Grants-State/Federal
44xxxx	Other Fees/Reimbursements
45xxxx	Fines & Penalties
46xxxx	Earnings on Investments / Gain & Loss
47xxxx	Other Forfeits & Penalties
51xxxx	Transfer from other Funds
52xxxx	Grant Contributions
54xxxx	General Fund Contributions
55xxxx	Police & Fire Pension Contribution
56xxxx	Contribution-Group Insurance
57xxxx	Other Debt Service

6.6. Expense Control Account (6 Char):

6.6.1. The various categories of expense are broadly identified for recording/reporting. The first 2 digits of the 6 digit object account represent the Expense Category as follows:

1st Two Digits of Object Account	Expense Categories
60xxxx	Personnel
61xxxx	Contractual Service
62xxxx	Operating Supplies/Travel
63xxxx	Repairs & Maintenance
64xxxx	Land/Building/Equipment
65xxxx	Legal/Admin Cost

66xxxx	Litigation Claims/Fines
70xxxx	Interest Expense & Bond Sales Expense
71xxxx	Depreciation Expense & Bad Debts
72xxxx	Contributions
73xxxx	Transfers to other Funds
74xxxx	Miscellaneous Expenses

6.7. Cost Center Account Structure (6 Char):

- 6.7.1. The Cost Center segment represents a division or department within an agency. The first two digits of the cost center segment value indicate the City's agency/department information and subsequent four digits represent the corresponding departments/division details:

1 st Two Digits of Cost Center	Agency / Department Name	Dept. Abbreviation
10xxxx	Airport	AIR
12xxxx	Budget	BUD
13xxxx	Building & Safety Engineering	B&S
14xxxx	Civic Center	CIV
18xxxx	Debt Service	DEB
19xxxx	Public Works	DPW
20xxxx	Transportation	DOT
21xxxx	Detroit Workforce Development Dept.	WDD
22xxxx	Environmental Affairs	ENV
23xxxx	OCFO	FIN
24xxxx	Fire	FIR
25xxxx	Health & Wellness Promotion	HEA
28xxxx	Human Resources	HUR
29xxxx	Human Rights	HRS
30xxxx	Human Services	HUS
31xxxx	Information Technology	ITS
32xxxx	Law	LAW

33xxxx	Mayor's Office	MAY
34xxxx	Municipal Parking	MPD
35xxxx	Non Departmental	NON
36xxxx	Planning & Development	P&D
37xxxx	Police	POL
38xxxx	Public Lightning	PLD
39xxxx	Recreation	REC
41xxxx	Water Development	DWD
42xxxx	Sewerage Department	DSD
45xxxx	Administrative Hearing	DAH
46xxxx	Homeland Security	DHS
47xxxx	General Services	GSD
50xxxx	Auditor General	AUD
51xxxx	Board of Zoning Appeals	ZON
52xxxx	City Council	CCL
53xxxx	Office of the Ombudsperson	OMB
60xxxx	36 th District Court	36D
70xxxx	City Clerk	CCK
71xxxx	Election	ELE
72xxxx	Library	LIB

6.8. CAFR Roll UP – Object Accounts Mapping Structure:

- 6.8.1. The following structure is used to roll up Object Accounts into Comprehensive Annual Financial Reporting (CAFR). The various categories of Object Accounts are broadly identified by the first 2 of the 6 digits. These object accounts may overlap into various classifications/groupings for CAFR reporting as illustrated below:

1 st Two Digits of Object Code	CAFR Assets Classification
10xxxx	Cash & Investments
11xxxx	Due from other Funds

12xxxx	Due from other Governmental Agencies
12xxxx	Estimated Withheld Income Taxes Receivable
12xxxx	Utility User's Taxes Receivable
12xxxx	Loans Receivable
12xxxx	DIA and Foundation Receivable
12xxxx	Trade Receivable
12xxxx to 13xxxx	Allowance for Uncollectible
13xxxx	Property Taxes Receivable
13xxxx	Income Tax Assessments
13xxxx	Special Assessments
14xxxx	Prepaid Expenditures
14xxxx	Restricted Assets
Various accounts	Other Assets

1st Two Digits of Object Code	CAFR Liabilities Classification
21xxxx	Accounts and Contracts Payable
22xxxx	Due to Other Funds
23xxxx	Due to Other Governmental Agencies
23xxxx	Income Tax Refunds Payable
23xxxx	Deposits from Vendors and Customers
23xxxx	Accrued Salaries & Wages
24xxxx	Property Tax Overpayments
24xxxx	Unearned Revenue
27xxxx	Deferred Inflows of Resources
Various accounts	Other Liabilities

1st Two Digits of Object Code	CAFR Revenue Classification
40xxxx	Property Taxes
40xxxx	Municipal Income Tax
40xxxx	Utility User's Tax
40xxxx	Wagering Tax
40xxxx	Gas and Weight Tax
40xxxx	Other Taxes and Assessments
40xxxx	Interest and Penalties on Taxes
41xxxx	Licenses, Permits, and Inspection Charges
42xxxx	State Shared Revenue
43xxxx	State and Local Sources
43xxxx,52xxxx, 72xxxx	Federal
44xxxx,45xxxx, 47xxxx	Ordinance Fines and Forfeitures
46xxxx	Revenue from Use of Assets
46xxxx	Investment Earnings (Losses)
47xxxx	DIA and Foundation Revenue
Various accts	Other Revenue

1st Two Digits of Cost Center Segment¹	CAFR Expenditures Classification
13xxxx,24xxxx,29xxxx,34xxxx, 37xxxx,46xxxx,53xxxx, 54xxxx,60xxxx	Public Protection
25xxxx,30xxxx	Health
39xxxx	Recreation and Culture
35xxxx,36xxxx	Economic Development

¹The CAFR expenditures classification is grouped by cost centers instead of object accounts. For reference, all cost centers are listed above under cost segments section.

21xxxx	Education Development
36xxxx	Housing Supply & Conditioning
19xxxx,38xxxx	Physical Environment
19xxxx	Transportation Facilitation
12xxxx,15xxxx,23xxxx,28xxxx, 31xxxx,32xxxx,33xxxx, 35xxxx,43xxxx,45xxxx,50xxxx, 51xxxx,52xxxx,70,xxxx71xxxx	Development & Management

Object Segment Account	CAFR Debt Service
70xxxx	Principal – Debt Service
70xxxx	Interest – Debt Service
23xxxx,35xxxx	Bond Issuance costs – Debt Service

Object Segment Account	CAFR Capital Outlay
63xxxx,64xxxx,72xxxx	Capital Outlay

Object Segment Account	CAFR Other Financing Sources (Uses)
46xxxx to 47xxxx	Proceeds from Sale of Capital Assets
51xxxx	Transfers In
52xxxx	Proceeds from Bonds and Notes Issued
70xxxx	Other Financing Use-Bankruptcy
70xxxx	Principal Paid to Bond Agents for Refunded Bonds
73xxxx	Transfers Out
74xxxx	Extraordinary Item-Loss on Bankruptcy

7. DEFINITIONS

- 7.1. *Activity*: an activity is a segment used for capturing costs when performing a specific function or task. The Activity segment consists of five numeric characters (i.e. Internal Staff Services – 30119).
- 7.2. *Appropriations*: represents the source of funds, grants and awards. Appropriations are the level at which the City's governing body approves funding of the City government's operations. The Appropriation segment consists of five numeric characters (i.e. Accounting Division – Administration 00245).
- 7.3. *Cost Center*: the account is used to represent the divisions/departments of the City of Detroit. The Cost Center segment consists of six numeric characters (i.e. General Accounting – 230130).
- 7.4. *Funds*: the Fund element is used to record resources whose use has been limited by the donor, grant authority, governing agency, individuals, organizations, or by law. The fund is an independent accounting entity with a self-balancing set of accounts created for the purpose of carrying on a specific activity. It is a subset of the overall financial reporting requirements of GASB. The Fund segment consists of four numeric characters (i.e. General Fund – 1000).
- 7.5. *Future*: it is intended for future use. The Future segment consists of six numeric characters.
- 7.6. *Intrafund*: intrafund is used to balance intrafund activity transactions automatically based on the intrafund balancing mapping details. This segment facilitates easy reconciliation of intrafund payables and receivables. The Intrafund segment consists of four numeric characters.
- 7.7. *Object Code*: natural account segment that designates assets, liabilities, revenues, fund balance and expenses. The Object Code segment consists of six numeric characters (i.e. Salaries-Full Time 601100).
- 7.8. *Project*: a segment that represents a temporary endeavor undertaken to create a unique product, service or result. A project is temporary in that it has a defined beginning and end in time and therefore defined scope and resources. The project segment consists of six numeric characters (i.e. Finance Accounts Administration 000078).

APPROVED



Eric S. Higgs

Deputy CFO – Controller/ Chief Accounting Officer, City of Detroit