



# Introduction to Chart of Accounts quick reference guide

## Introduction

While traditional accounting focuses on boosting profits for businesses, fund accounting takes a different approach. Used by governments and non-profits, it's a system built on accountability. The goal isn't to make money but to ensure that every dollar is spent exactly as it was assigned.

### Where do we start?

A **Fund** is a distinct accounting category with its own self-balancing set of accounts. It defines where money resides and ensures that financial activity is recorded and reported according to legal and fiscal requirements. For example, the State of Utah establishes funds for specific purposes, such as the Statewide Hunger Relief Fund or the Teacher and Student Success Account.

Consider the General Fund, which we'll assign the Fund code 1000. This fund supports the day-to-day operations and ongoing expenses of the state government, covering essential services not tied to dedicated funding streams.



Let's say the General Fund receives \$10,000 from various sources like taxes, fees, licenses, and grants.

A taxpayer, legislator, or the governor might ask, "You have \$10,000 in the general fund; where did that money come from?"

### Where does the money come from?

A **Revenue Source** codes identify the sources of money received - such as taxes, fees, grants, fines, or reimbursements - and categorize revenue consistently across the state.

The Chart of Accounts helps us keep track of where money comes from. To identify the source of money in a fund, we tag it with a Revenue Source code. Let's say we received the following sources of revenue and assigned them to the codes in the left-hand column in the chart below:

Revenue Source	Revenue Source Name	Amount
1000	State Sales Tax	\$6,000
0354	Waste Disposal Fees	\$800
0252	Private Investigator License & Registration	\$200
2278	Subrecipient of Federal Revenue	\$3,000
<b>Total</b>		<b>\$10,000</b>

While everyone is eager to spend the money on programs they care about, the State Legislature's Appropriation Bill limits how it can be spent. Suppose the following entry appeared in the most recent Appropriation Bill:

#### ITEM 120 To Department of Natural Resources - Water Resources

From General Fund*	600
From Federal Funds	400
Schedule of Programs:	
Cloud Seeding	700
Construction	300

This item shows the Division of Water Resources receiving \$600 from the General Fund and \$400 from Federal Funds (totaling \$1000). This money can be spent on specific program categories: up to \$700 on Cloud Seeding and \$300 on Construction (totaling \$1000).

### How do we make sure that money is spent as intended?

An **Appropriation Unit** code represents a legal authorization by the Legislature to spend a specific amount of money for a defined purpose. In Vantage Financial, it functions as a control value that ties financial activity back to the approved budget and helps track how appropriated funds are used. All transactions in budgeted funds - both revenues (money coming in) and expenditures (money going out) - must be tagged with an Appropriation Unit to ensure they are properly recorded against the correct legislative authority.

\*A line item's "From" section does not always directly translate to the Fund. For instance, "From Federal Funds", could also be describing money that is included in the Fund: 1000 (GF) General Fund.



To track the amounts designated in the appropriation bill, we will assign an Appropriation Class or line item. Let's say that the money appropriated to Water Resources is assigned the Appropriation Class RPAA. Furthermore, we'll say that money spent for the Division of Water Resources Cloud Seeding and Construction will be assigned to the Appropriation Units RPA and RPB, respectively.

ITEM 120 To Department of Natural Resources  
- Water Resources-

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Coding for Vantage Financial

Line Item or Appropriation Class
RPAA
Appropriation Unit
RPA
RPB

Then someone says, "I see you spent \$700 on Cloud Seeding. Be more specific. What did you use the money for?"

What was the money used for?

An **Object** code identifies the objective or purpose of spending money. Object codes categorize the type of expenditure - what was purchased, paid, or received. This is a statewide, standardized field, and it plays a key role in reporting, compliance, and federal cost allocation.

To keep track of what the money was used for, we will assign Object codes (expenditures). Suppose Water Resources spent \$700 on Cloud Seeding. We can break this down with Object codes:

Object	Object Name	Amount
5101	Regular Salaries & Wages	\$200
6716	Environmental Monitoring Equipment	\$500
Total		\$700



## Recap and Implications:

The codes for Fund, Revenue Source, Appropriation Unit, and Object are determined by State Finance and applied uniformly across all state agencies. This standardization allows for precise data warehouse queries. For example, to find out how much was spent on Cloud Seeding, you can query by the Appropriation Unit, RPA.

## Other Coding:

Sometimes additional methods for tracking money are necessary. This is where Activity, Program, and Function codes become important. Unlike Fund, Revenue Source, Appropriation Unit, and Object codes, these categories are defined by individual agencies, not State Finance. Therefore, their usage can vary between agencies. It's essential to consult your supervisor about how your agency utilizes Activity, Program, and Function codes.

### Agency-Specific Coding

The **Activity**, **Program**, and **Function** categories are used for cost accounting on both revenue and expenditure transactions. They allow agencies to group and track financial activity by purpose, project, or operational need - based on how each agency defines them.

Let's assume an agency uses Program codes to label federal money being spent. If federal money is spent on Cloud Seeding, it might be assigned Program Code RP451.

Chart of Accounts Category	Fund	Revenue Source	Appropriation Unit	Object	Program	Amount
<b>Code</b>	1000	2278	RPA		RP451	\$280
<b>Name</b>	General Fund	Subrecipient of Federal Revenue	Cloud Seeding		Operational Cloud Seeding	
<b>Code</b>	1000		RPA	6716	RP451	(\$280)
<b>Name</b>	General Fund		Cloud Seeding	Environmental Monitoring Equipment	Operational Cloud Seeding	

If an agency wants to track spending at specific locations, such as where cloud seeding equipment is housed, they can add a function code. For instance, Function code 1 for Tooele, 2 for Randolph, and 3 for Blanding. This allows for precise tracking of federal cloud seeding money spent at each location.

Chart of Accounts Category	Fund	Appropriation Unit	Object	Program	Function	Amount
<b>Code</b>	1000	RPA	6716	RP451	1	(\$130)
<b>Name</b>	General Fund	Cloud Seeding	Environmental Monitoring Equipment	Operational Cloud Seeding	Tooele	
<b>Code</b>	1000	RPA	6716	RP451	2	(\$80)
<b>Name</b>	General Fund	Cloud Seeding	Environmental Monitoring Equipment	Operational Cloud Seeding	Randolph	
<b>Code</b>	1000	RPA	6716	RP451	3	(\$70)
<b>Name</b>	General Fund	Cloud Seeding	Environmental Monitoring Equipment	Operational Cloud Seeding	Blanding	

In summary, while business accounting aims for profit, **Fund** accounting is all about purpose. It's a system designed to build trust and ensure accountability, guaranteeing that every single dollar given to a nonprofit or government agency is used precisely for its intended goal. This focus on transparency, rather than the bottom line, is what makes it a cornerstone of public and donor confidence.

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