H. MODEL CHART OF ACCOUNTS

For Use By

JOINT POWERS AUTHORITIES

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ASSET ACCOUNTS (Account numbers beginning with 1)

CASH
Petty cash
Revolving fund
Banks
County Treasury
Claim payment revolving escrow fund
Short term investments
Other

ACCOUNTS RECEIVABLE
Members
Retrospective contribution adjustment
Other

INTEREST RECEIVABLE

DUE FROM OTHER PROGRAMS
Workers' compensation
Liability
Property
Contingency
Health/Benefits
Other

PREPAID EXPENSES
Service Contracts
Insurance Premiums
Rent
Other

INVENTORY

PRE-FUND DEPOSITS
Health plans
Dental plans
Vision plans
Other

LONG TERM INVESTMENTS
GNMA
Bank notes
Other
LONG TERM RECEIVABLES
   Members

PROPERTY AND EQUIPMENT
   Land
   Buildings
   Leasehold improvements
   Equipment/furniture
   Vehicles
   Other
   Accumulated depreciation

OTHER ASSETS

**LIABILITY ACCOUNTS** (Account numbers beginning with 2)

ACCOUNTS PAYABLE
   Accounts payable (trade type)
   Advances payable
   Accrued payroll
   Benefits payable
   Retrospective contribution adjustments
   Claims payable
   Other

DUE TO OTHER PROGRAMS

RESERVES FOR REPORTED CLAIMS

INCURRED BUT NOT REPORTED (IBNR) CLAIMS

OTHER

**EQUITY ACCOUNTS** (Account numbers beginning with 3)

RETAINED EARNINGS
   Contributed capital
   Restricted
   Unrestricted
**REVENUE ACCOUNTS** (Account numbers beginning with 4)

CONTRIBUTIONS
INVESTMENT INCOME
FINANCE/LATE CHARGES
OTHER

**EXPENSE ACCOUNTS**

**PROGRAM EXPENSES:** (Account numbers beginning with 5 & 6)

CLAIMS COST
  - Claims
  - Claims IBNR

INSURANCE PREMIUMS/CONTRIBUTIONS COST

RISK MANAGEMENT SERVICES

PROGRAM ADMINISTRATION
  - Administration costs *
  - Third party administration (TPA) fees

OTHER

**GENERAL & ADMINISTRATIVE EXPENSES:** (Account numbers beginning with 7 & 8)

EMPLOYEE EXPENSES
  - Salaries
  - Payroll taxes
  - Employee benefits
  - P.E.R.S.

CONTRACTED SERVICES
  - Accreditation fee
  - Audit
  - Legal
  - Consulting
  - Contract services

OPERATIONS
  - Bank charges
  - Board of Directors activities
  - Conference
  - Depreciation
  - Dues & subscriptions
  - Equipment rent/lease
  - Interest
  - Maintenance & repair
  - Miscellaneous

*May include accounts listed under 'General & Administrative Expenses'.
GENERAL & ADMINISTRATIVE EXPENSES:

OPERATIONS (continued)
   Office supplies
   Postage
   Printing
   Publication production
   Reference materials
   Rent/lease of facilities
   Staff development/training
   Staff travel
   Telephone
   Utilities

MEMBER DIVIDENDS: (Account numbers beginning with 9)
   Dividends
ACCOUNT DEFINITIONS

ASSET ACCOUNTS

CASH:
Accounts for all monies deposited in the county treasury, commercial banks, escrow funds, as well as monies held in the form of petty/revolving cash and short term investments.

ACCOUNTS RECEIVABLE:
Accounts for all short term amounts expected to be received from members (including retrospective contribution adjustments) and all other sources.

INTEREST RECEIVABLE:
Accounts for interest income recognized but not yet received.

DUE FROM OTHER PROGRAMS:
Accounts for amounts due from other funds/programs operated by the joint powers authority.

PREPAID EXPENSES:
Accounts for funds held by vendors for expenses and services that are expected to be utilized within one year. Items such as annually paid maintenance agreements or insurance premiums would be included in this category.

INVENTORY:
Accounts for cost of goods that the joint powers authority (JPA) expects to sell to its membership in the normal course of its business activity. This account would be used by a JPA that provides a central purchasing service for its members.

PRE-FUNDED DEPOSITS:
Accounts for funds held on deposit, for claim run out costs, by outside insurance carriers. Such deposits are common with self-funded benefit programs utilizing insurance carriers as third party administrators.

LONG TERM INVESTMENTS:
Accounts for investments that are not expected to mature within a year. Such investments would include GNMA's, bank notes, and other investments satisfying the definition of
LONG TERM.

LONG TERM RECEIVABLES:
Accounts for contributions due from members which are expected over a period greater than one year.

PROPERTY AND EQUIPMENT:
Accounts for all fixed assets which may be held by the JPA, as well as any accumulated depreciation on the assets.

OTHER ASSETS:
Accounts for all other assets which may not fit any of the other categories and which are not significant or material enough to warrant their own category.

LIABILITY ACCOUNTS

ACCOUNTS PAYABLE:
Accounts Payable - Accounts for amounts due vendors for goods received and/or services rendered. Such payables may be referred to as 'Trade Payables' and may include amounts for office supplies, repair services and equipment purchases. These amounts would typically be paid within one year.

Advances Payable - Accounts for funds due to members for JPA programs that make use of incentives such as 'safety credits'.

Accrued Payroll - Accounts for earned payroll and related taxes of JPA personnel that is unpaid at the end of a period/year. The cost of earned vacation not used by JPA personnel would be accounted for in this category.

Benefits Payable - Accounts for amounts due to third party benefit administrators for claims and related adjudication costs not paid by the JPA within the accounting period.

Retrospective Contribution Adjustments -
Accounts for the modification to program year contributions. This account would be used where the JPA has a program that uses retrospective rating adjustments in determining ultimate member contribution.

Claims Payable - Accounts for claim costs that have been paid prior to the end of the period/fiscal year by a third party administrator and the related imprest account has not been reimbursed by the JPA within that same period/fiscal year.
Other - Accounts for any other amounts due within a year that do not warrant a separate category title. Amounts in this category are relatively immaterial in dollar amount.

DUE TO OTHER PROGRAMS:
Accounts for amounts due from other funds/programs operated by the JPA.

RESERVES FOR REPORTED CLAIMS:
Accounts for amount of estimated future payments on open claims and the accrual for unallocated claim adjusting costs. This amount is generally the difference between total incurred costs and total payments made. Accounting for individual claim years would be within this category.

INCURRED BUT NOT REPORTED (IBNR) CLAIMS:
Accounts for estimated cost of claims that have occurred but for which a claim has not been filed. The estimate is usually determined by analyzing historical data and often is supported by actuarially sound analysis. Accounting for individual claim years would be within this category.

OTHER:
Accounts for all other liabilities which may not fit any of the other categories and which are not significant or material enough to warrant their own category.

EQUITY ACCOUNTS

RETAINED EARNINGS:
Contributed Capital - Accounts for funds paid to the JPA that are separate from annual program contributions and are not expected to be repaid by the JPA. Such funds are typically used as 'start-up funds' during the entity's formation.

Restricted - Accounts for that portion of retained earnings that may have usage limitations placed on it. Premium stabilization reserves would be an example of such usage limitations.

Unrestricted - Accounts for that portion of retained earnings that has no usage limitations placed on it.

REVENUE ACCOUNTS

Contributions - Accounts for monies received by the JPA from its members
for financing pool funding requirements, excess and commercial coverage costs, and JPA overhead expenses.

Investment Income - Accounts for earnings of cash reserves held in commercial banks, county treasuries, and from investment portfolios.

Finance/late Charges - Accounts for late payment penalties or finance charges assessed a member for failing to comply with the JPA's payment schedule of contributions or other funds advanced the member (i.e. pass through insurance premiums).

Other - This is a catch-all account for those miscellaneous items not material in amount and typically not reoccurring in nature.

**EXPENSE ACCOUNTS**

**CLAIMS COST:**

Claims - Accounts for total claims costs incurred in current year including claims adjusting expense. The activity of this account may alternatively be accounted for in accounts titled 'claims paid' and 'claim reserves' depending on the reporting needs of the JPA. Estimated or actual recoveries on claims, such as salvage or subrogations, would also be accounted for in a contra account(s) within this classification.

IBNR Claims - Accounts for the portion of claims expense that has been incurred but not reported. This account would also record the adjustments to prior claim years for revisions of total estimated losses that typically is generated from actuarial reports.

**INSURANCE PREMIUMS/CONTRIBUTIONS COST:**

Accounts for cost of commercial insurance purchased and contribution obligation to other JPA’s for coverages not funded by the pool (i.e. excess coverage layer(s)). Policyholder or pool dividends received would be accounted for in a contra account(s) labeled 'Dividends/refunds received'.

**RISK MANAGEMENT SERVICES:**

Accounts for cost of providing members risk management services that may include loss control activities and wellness program activities. Examples would include 'proper lifting'
training seminars and 'pre-placement testing'.

PROGRAM ADMINISTRATION:
Administration Costs -
Accounts for **DIRECT COSTS** associated with the administration of JPA programs and may include accounts that also appear in the 'General & Administrative' account classification. Such costs would include examiner salaries/benefits, actuarial services, printing of program materials/brochures and program specific audits. This account classification may be used in conjunction with the 'Third Party Administration (TPA) Fees' classification depending on circumstances.

Third Party Administration fees -
Accounts for fees charged by an outside vendor that provides third party administration (TPA) services related to program management and/or claims administration.

OTHER:
This is a catch-all account for those miscellaneous items not material in amount and typically not reoccurring in nature.

EMPLOYEE EXPENSES:
Salaries - Accounts for salaries and wages of JPA's staff. Distribution between programs and/or funds will be dependent upon organizational structure and specific needs of the organization.

Payroll taxes - Includes Federal and State payroll taxes such as FICA and unemployment taxes.

Employee Benefits - Accounts for employer's cost of fringe benefits offered to staff such as health benefits, group life insurance, and employee assistance programs.

P.E.R.S. - Accounts for employer's contributions to the Public Employee Retirement System (P.E.R.S.).

CONTRACTED SERVICES:
Audit - Accounts for cost of audit services rendered to the JPA.

Legal - Accounts for cost of legal services not otherwise accounted for as a claim expense.
Consulting - Accounts for costs of services provided by individuals or organizations that related to the JPA. Such services would typically be incorporated in a decision making process undertaken by the JPA and may include personnel issues, computer services, or benefit program issues.

Contract services - Accounts for costs/fees for services provided to the JPA by outside contractors. Such expenses may include temporary service agency fees, data processing fees, or other similar type services obtained by the JPA from outside vendors.

OPERATIONS:
Bank charges - Accounts for costs of banking services.

Board of Directors Activities -
Accounts for expenses relating to Board of Director meetings, travel, retreats, etc. that are incurred by the JPA. This would also include expenses incurred relating to the participation of staff in such activities.

Conference - Accounts for costs related to the attendance of staff at conferences. Such costs would include registration fees, travel, and lodging expenses.

Depreciation - Accounts for the expensing of capital outlay costs over the estimated useful life of the capital asset. The offset to this entry is to accumulated depreciation, a contra-account to the fixed asset accounts. Such fixed asset accounts may include Buildings, Furniture & Fixtures, Equipment, Vehicles, and Leasehold Improvements.

Dues & Subscriptions -
Accounts for fees or other charges relating to the membership of the JPA or its staff in a particular organization. This account would also record the cost of subscribing to periodicals, newsletters, etc.

Equipment Rent/lease -
Accounts for the costs related to use of equipment, on a temporary basis, not owned by the JPA.

Interest - Accounts for interest expense or finance charges incurred by the JPA in the course of doing business.
Maintenance & repair -
Accounts for costs incurred in the course of maintaining equipment and facilities. Maintenance contracts may also be accounted for in this account.

Miscellaneous -
This is a general catch-all account for those minor items not specifically accounted for in another account.

Office Supplies -
Accounts for costs associated with the general office supply and stationary needs of the organization.

Postage -
Accounts for cost of postage, UPS charges, and other special delivery charges.

Printing -
Accounts for costs related to special pre-printed forms and may include photocopying costs incurred by the JPA.

Publication Production -
Accounts for costs related to producing in-house newsletters or other publications. Production costs may include content development, layout, editing, and actual printing of the end product. Typically program specific publications would be accounted for as a direct program expense while those publications of a general or public relation nature would be accounted for as an indirect general & administrative expense.

Reference Material -
Accounts for cost of books and other publication materials used as an information resource by staff.

Rent/lease of Facilities -
Accounts for cost of renting or leasing office space and other space such as for off-site storage.

Staff Development/training -
Accounts for cost of staff attending formal educational classes, seminars and other meetings where specific information is disseminated to the participants. Such costs may include registration fees, travel and accommodation costs while in attendance. A key distinction between this account and the Conference account may be whether continuing education credit is available to the participant, where applicable.

Staff travel -
Accounts for travel expense relating to staff activity and would include mileage reimbursements or cost of operating
JPA vehicles.

**Telephone** - Accounts for cost of telephone and FAX services.

**Utilities** - Accounts for the cost of utilities related to the JPA's facilities.

**MEMBER DIVIDENDS:**

**Dividends** - Accounts for monies distributed to the JPA's members from surplus funds of the JPA's programs regardless of which pool year the dividends were declared in. Would also include dividends used by members to reduce current year contributions obligation.

**GENERAL NOTE:** The structure of the above Expense Accounts assumes that **DIRECT COSTS** (as used in cost accounting) are accounted for under 'Program Expenses' while **INDIRECT COSTS** (as used in cost accounting) are accounted for under 'General & Administrative Expenses'.