



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

To: Municipal Chief Executive Officers
Municipal Chief Finance Officers

From: W. David LeVasseur, 
Acting Undersecretary
Intergovernmental Policy Division
Office of Policy and Management

Date: May 30, 2014

Re: Uniform Chart of Accounts and Reporting

Dear Municipal Chief Executive Officers and Chief Finance Officers:

As communicated to municipalities in my December 9, 2013 letter, Public Act 11-57 directs the Office of Policy and Management (OPM) to design, develop and implement a uniform system of accounting for municipal revenues and expenditures. The uniform system of accounting includes the development of a uniform chart of accounts (UCOA) to be used to report financial data at the municipal level. Furthermore, the legislation also requires that each municipality implement the UCOA to complete and file annual financial reports with OPM no later than June 30, 2015. There is no requirement that directs municipalities to replace their current chart of accounts with the new UCOA. The system developed crosswalks the financial information from a municipality's local chart of accounts to the State UCOA through the use of a mapping tool. Capturing municipal data in such a manner minimizes the impact on each municipality's local chart of accounts while promoting uniform and transparent data to allow municipalities and the State to evaluate and compare like costs among communities and to identify potential savings in the costs of delivery of municipal services.

OPM recognizes that quality reporting and effective benchmarking can be difficult to achieve. Municipalities in Connecticut have not traditionally reported significant financial data to the State apart from submission of their financial audit reports. OPM is therefore implementing municipal financial reporting and benchmarking using a phased approach. This will allow the State to capture municipal financial information at a high-level, analyze and benchmark the data, and determine the need for more detailed information in subsequent years. This approach applies to municipal information only. Separate legislation requires uniform reporting by local boards of education; however that project is proceeding independently.

In order to build the reporting and benchmarking system and ensure the functionality of the account mapping tool, OPM's Consultant, BlumShapiro, will be contacting finance directors over the next several months (July to October, 2014) to ask for an electronic file of each municipality's trial balance for FY 2012-13 derived from their general ledgers. BlumShapiro will use the file to map the municipality's underlying chart of accounts to the UCOA. As the project progresses into 2015 and beyond, we will work with municipalities on providing additional information to OPM and we will provide training to use the reporting and benchmarking system. Please see the accompanying Attachment I for a summary of the project timeline and answers to some frequently asked questions.

Thank you for your interest in and assistance with this important endeavor in regard to our mutual and ongoing efforts to make public policy making more data driven in our state.

Attachment

Cc: Benjamin Barnes, Secretary, OPM
Robert Dakers, Executive Finance Officer, OPM
Bill Plummer, Municipal Finance Services, OPM

Attachment I

Below is the anticipated timeline for implementing the new reporting system using the phased approach and each municipality's reporting responsibilities.

Calendar Year 2014:

This initial year reporting is tantamount to a pilot testing of the municipal financial reporting system. The mapping tool developed to crosswalk the uploaded financial data derived from each municipality's local chart of accounts into the UCOA will be tested in order to ensure smooth implementation of the municipal financial reporting system in Calendar Year 2015. The following summarizes the project steps and requests to municipalities in 2014:

- a) OPM's Consultant for the project, BlumShapiro, will work with municipalities and their finance directors (or another employee as designated by the finance director) during the months of July to October of 2014 to obtain their FY 2012-13 audited, trial balance electronic files from the general ledgers of their accounting systems. BlumShapiro will map the files to the state developed UCOA using the mapping tool. The municipal financial information will be mapped at the revenue object/expenditure function level for the general fund. Municipalities will be able to view/review the maps within the mapping tool once completed.
- b) Pre-developed forms in a web-based application will also be developed as an alternative method to report municipal-level financial information through manual entry and to collect certain non-financial information. BlumShapiro will test these forms on behalf of municipalities.
- c) Training sessions and training materials will be provided to municipalities by October of 2014, to allow them to transmit files using the mapping tool for subsequent periods.

Calendar Year 2015:

This year represents Year 1 of the phased approach for implementation of the municipal financial reporting and benchmarking system. High level municipal financial information derived from each municipality's general ledger will be reported to the State by municipalities. OPM will require municipal financial information to be reported for each municipality's General Fund at the major object level for revenues (i.e., tax revenue, intergovernmental revenue, license & permits), the functional level for expenditures (i.e. General Government, Public Safety, Public Works), and fund balance information.

- a) Each municipality shall send an electronic file of its trial balance from its general ledger based upon its FY 2013-14 actual audited information. The information is to be submitted by municipalities no later than January 31, 2015.
- b) BlumShapiro will send the file that was uploaded through the mapping tool in order to crosswalk the information into the UCOA at the high level described above. Alternatively, municipal finance managers will have the opportunity to send their own files through the mapping tool into the reporting system.
- c) A municipality may report its municipal financial information by manually entering the information directly in pre-developed forms through a web-based application by the January 31, 2015 due date, in lieu of transmitting the electronic file of its trial balance.
- d) Certain non-financial information at the municipal level will also be collected via pre-developed forms through a web-based application.
- e) Training sessions and training materials will continue to be provided to municipalities to allow them to transmit files using the mapping tool.

Calendar Year 2016:

This represents Year 2 of the phased approach for implementation of the municipal financial reporting and benchmarking system.

- OPM, having compiled and analyzed the FY 2013-14 municipal high level information provided in Year 1 of the phase implementation approach, will transmit to municipalities by April 2015, the more detailed information that OPM will require to be reported for FY 2014-15. For example, OPM may require information at the departmental level (i.e. Town Clerk, Police) in order to provide effective benchmarking and analysis on municipal financial information.
- OPM's Consultant for the project, BlumShapiro, will assist municipalities with mapping their local chart of accounts to the State developed UCOA at the lower (i.e., departmental) level.
- The FY 2014-15 financial information in accordance with the UCOA is to be submitted by municipalities within 30 days after submission of their financial statement audit report to OPM, but no later than January

31, 2016, whichever is earlier. The submission would normally be accomplished through uploading of the municipal financial information from the local chart of accounts to the State UCOA through the mapping tool, based upon the training provided by the State and assistance from BlumShapiro.

Calendar Year 2017:

This represents Year 3 of the phased approach for implementation of the municipal financial reporting and benchmarking system.

- OPM, having collected and analyzed the FY 2014-15 municipal financial information will determine if there is a need for further delineation of financial information for FY 2015-16 and will communicate with municipalities by April 2016, the need for additional detailed information.
- Reporting mechanisms and annual deadlines shall remain the same as indicated in Calendar Year 2016.

Frequently Asked Questions

To assist municipalities in understanding the requirements of the project, please find below a series of frequently asked questions and answers.

1. Who has participated in the UCOA project? Were municipal representatives included in the process?

- An initial survey was sent to municipal finance officials, school business managers, accounting firms and others to assist in developing the framework for the UCOA. Representatives from the Connecticut Conference of Municipalities (CCM), the Government Finance Officers Association (GFOA) of Connecticut, the Council of Small Towns (COST), the Municipal Finance Advisory Commission (MFAC) and the Connecticut Society of Certified Public Accountants (CSCPA) participated with OPM and its consultant, Blum Shapiro, in the development. It was determined that elements of the recommended chart of accounts provided in the Governmental Accounting, Auditing and Financial Reporting (Blue Book) issued by the GFOA would be used as the general basis for the UCOA for municipalities. There were however, a number of modifications necessary to ensure that information collected met the State's information and benchmarking needs. An Advisory Committee was established, and the Committee continues to meet and review the progress of the project and will do so through the implementation phase.

2. Are municipalities required to change their method of budgeting or their current chart of accounts to accommodate the final UCOA?

- No. Municipalities may continue to use their current method of budgeting and their current chart of accounts.
- Municipalities are encouraged to consider adopting the UCOA in their own financial system if feasible. OPM recognizes that the most ideal time to convert from a local chart of accounts to the State developed UCOA is when upgrading or implementing a new financial accounting system. OPM intends to make available certain grant funding to those municipalities that would like to convert to the UCOA as part of an upgrade of its current financial accounting system or as part of implementation of a new financial accounting system.

3. Are municipalities required to report their adopted budgets using the UCOA?

- OPM intends to collect actual expenditure and revenue data, and a limited amount of balance sheet account data in accordance with the UCOA in year 1 implementation of the phased approach. Municipalities will not report their adopted budgets at this time.

4. If municipalities do not have to adopt the UCOA locally, how will they report their data to the OPM?

- OPM is working with BlumShapiro to develop an electronic tool that will map or crosswalk a municipality's current chart of accounts to the UCOA. Implementation will also include a Web-based

form for manual data entry should a municipality prefer a manual method of reporting municipal-level financial information to the OPM.

5. How will the mapping tool be developed?

- Mapping, simply stated, is a crosswalk of an underlying chart of accounts in a local accounting system to the State developed UCOA, which will reside in the State's data warehouse. To develop this crosswalk, OPM will later request each municipality to transmit an electronic file of its general ledger accounts. OPM representatives will then contact each municipality's chief finance officer to collaboratively map or crosswalk that file to the UCOA that resides in the data warehouse using the Mapping Tool. OPM is implementing UCOA reporting under a phased approach. Keeping this in mind, once the mapping is completed at the most detailed level required by OPM, each year a municipality will be able to upload its general ledger file to a secure site, and the electronic mapping tool will automatically crosswalk the municipality's local accounts to the UCOA based upon the earlier mapping that occurred.

6. What if a municipality changes its chart of accounts over time?

- After it is created at the detailed level required by OPM, the municipality's chart of accounts/UCOA map will forever reside in the mapping tool. If municipalities make any additions or deletions to their chart of accounts, they will need to update the map through the mapping tool application. As noted herein, training will be provided to enable municipalities to update their maps if needed.

7. How can I obtain the State developed UCOA and the associated accounting manual?

- The UCOA can be accessed at the following web link: <http://ctucoa.wordpress.com>. The accounting manual is being drafted and will be available at a later date.

8. Will municipalities be asked to test the mapping and Web-based entry tools?

- Yes. During the coming months, municipalities will provide an electronic file (.csv or MS Excel) from their current accounting systems containing their trial balance financial information for the FY 2012-13 year to the OPM. OPM's consultants to the project, BlumShapiro, will use the files to map the underlying municipal charts of accounts to the UCOA at the revenue object/expenditure function level for the general fund only. This file should be relatively simple to derive from the accounting system and BlumShapiro will assist municipalities to obtain the file if necessary. This will be tantamount to a pilot testing of the electronic tools necessary for more detailed mapping in subsequent years.
- Once the mapping exercise is complete, OPM will require FY 2013-14 financial data to be transmitted from municipalities to OPM using the mapping and web-based entry tools. Training will be provided to all users to be able to upload their financial information through the mapping tool and for the use of web-based forms. The transmission of the FY 2013-14 data will be accomplished with assistance from BlumShapiro.

9. When will municipalities be required to report their financial data in this way?

- The first data filing for testing the Mapping Tool will happen in the latter half of calendar year 2014 by collection of FY 2012-13 data and as part of the creation of the reporting and benchmarking system.
- The first year of required reporting under the phased approach of municipal financial reporting in accordance with the UCOA will occur by January 31, 2015. OPM will use the 2013-14 data collected to develop benchmarking reports and charts. Beginning in June, 2015 and annually thereafter, the municipal benchmarks and raw data will be made available to municipalities and other stakeholders.
- BlumShapiro will assist municipalities with detailed mapping of their charts of accounts to the UCOA throughout each phase of implementation. Once mapping is completed, the municipality should be able to send its own file through the mapping tool in each prospective year and manage any changes to its map within the mapping tool. The mapping tool will be a web-based interface.

10. Who should we contact with questions?

- You may contact Bill Plummer at 860-418-6367.
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www.ct.gov/opm