

## **CHART OF ACCOUNTS**

### **I. PURPOSE**

To facilitate the record keeping process for accounting, all ledger accounts should be assigned a descriptive account title and account number; to provide the method for assignment and maintenance of the Agency's chart of accounts in order to produce meaningful financial data for the Agency.

### **II. SCOPE**

This procedure applies to all general ledger accounts.

### **III. DEFINITIONS**

Chart of Accounts – A categorized listing of all account titles and numbers being used by an organization to track income, expenses, assets, equity, and liabilities is called a Chart of Accounts.

### **IV. POLICY**

#### **A. DESIGN OF ACCOUNTS**

- Accounts should have titles and numbers that indicate specific ledger accounts such as Cash in Checking, Furniture and Fixtures, Accounts Payable, etc.
- Accounts should be arranged in the same sequence in which they appear in the financial statements. Asset accounts should be numbered first, followed by liability accounts, owner's equity accounts, revenue accounts and expense accounts:
  - 1000 - Asset Accounts
  - 2000 - Liability Accounts
  - 3000 - Owner's Equity Accounts
  - 4000 - Sales or Revenue Accounts
  - 5000 - Cost of Sales/Administration Accounts

6000 - Debt Service Accounts

8000 - Other Accounts

#### B. DESCRIPTION OF ACCOUNTS

- Each account should be given a short title description that is brief but will allow the reader to quickly ascertain the purpose of the account.
- For training and consistent transaction coding, as well as to help other non-accounting managers understand why something is recorded as it is, each account should be defined. Definitions should be concise and meaningful. One or two sentences of definition are usually sufficient.

The definition tells the user what can be recorded in a specific numbered account. However, if there is a confusing account usage, or if repetitive coding errors are being made, the definition can also inform the reader of what may not be recorded in this account.

Since the definitions are reference sources, they should be developed for quick and easy lookup. The account number and name should be on one line and the definition should be indented beginning on the following line in a consistent pattern. If the account is part of a group, the group title should be at the top of the group or page.

An example of definitions follows:

#### **ASSETS**

11111 - Cash in Checking

Includes all cash held in the operating bank account. All withdrawals by check and deposits are recorded here. The reported balances are supported by a bank reconciliation.

**ACCOUNT CODES**

As of 06/30/2017

**ASSETS**

10000 – Union Bank

Includes all cash held in the operating bank account. Funds were transferred to River City Bank in December 2017.

10100 - ACH

Includes all cash withdrawals related to automated clearing house transactions. This account was closed once the operating account with River City Bank was established.

10200 - Check

Includes all cash held in the operating bank account. This account was closed in January 2017 once the Operating account with River City Bank was established.

10300 – Operating – River City Bank

Includes all cash held in the operating bank account. All withdrawals, deposits or transfers from the Lockbox account are recorded here. The reported balances are supported by a bank reconciliation prepared monthly.

10310 – Lockbox – River City Bank

Includes all cash held in the lockbox bank account. All deposits from PG&E and withdrawals to designated power suppliers are recorded here. The reported balances are supported by a bank reconciliation prepared monthly.

10320 – Collateral for Loan – River City Bank

Includes all cash held in a reserve. The reported balances are supported by a bank reconciliation prepared monthly.

**11000 – Accounts Receivable**

11100 – Accounts Receivable - Customers

Includes invoices to customers for consumption of energy and demand charges and cash owed.

11101 – Reserve for Uncollectible

A contra-account that reduces the reported amount of Accounts Receivable

11200 – Accounts Receivable – Misc.

Invoices for services other than energy.

11225 – Interest Receivable

Includes income earned from cash and securities not yet received.

11250 – Energy Settlements Receivable

Includes energy supplied and billed to the CAISO but not yet paid.

11300 – Accrued Revenue

Includes energy sales made to customers but not yet billed.

12100 – Inventory Asset

Recording of original value of fixed assets with useful lives longer than 1 year and costing more than \$1,000.

### **13000 – Prepaid Expenses**

13100- Prepaid Postage

The current portion of postage paid by the Agency for future use as part of the required notifications process.

13200 - Prepaid Rent

The current portion of building rent paid by the Agency for future use.

13300 – Prepaid Health

The current portion of health premiums paid by the Agency for future use.

15000 – Furniture and Equipment

Represents the company's original cost for the purchase of furniture and other accessory items. Also includes purchase of computers and peripherals.

15010 – Vehicle

Represent the Agency's original cost for the purchase of vehicles.

15100 – Accumulated Depreciation

The amount of a long-term asset's cost that has been allocated to Depreciation Expense since the time that the asset was acquired.

### **18000 – Deposits**

**18100 – Deposit – CPUC Bond**

Represents the deposit with the CPUC in order to be considered a load-serving entity.

**18110 – Deposit – CRR Holding**

Represents the deposit with CAISO for the Agency to partake in the CRR market.

**18200 – Deposit – Security**

Represents the security deposit with the Agency's current landlord.

**LIABILITY ACCOUNTS****20000 – Accounts Payable**

Balances owed for goods, supplies and services purchased on open account.

**21210 – Accrued Expense****22000 – Interest Payable**

Represents the amount of interest accrued on debt obligations but not yet paid.

**24000 – Payroll Liabilities****24100 – Retirement Payable**

Includes the portion of retirement contributions earned by an employee but not yet paid by the Agency.

**24200 – Payroll Liability – Health**

Includes the portion of health insurance premiums earned by an employee but not yet paid by the Agency.

**24300 – Accrued Compensation Absences**

Includes the portion of unused PTO earned by an employee.

**24400 – Accrued Payroll**

The amount of wages or salaries earned for time worked but not yet paid as of the period being reported.

25000 – Accrued Cost of Energy

Recording of the cost of energy supplied but not yet paid.

25610 – Utility Users Tax

Recording of UUT collected but not yet paid to the local agencies that impose it.

25620 – Electric Energy Surcharge

Recording of EEC collected but not yet paid to the State Board of Equalization.

25650 – NEM Liability

Recording of credits earned by Net Energy Metering Customers.

27100 – Due to Member Agencies

Recording of principal of loan from Member Agencies to SVCE.

### **27200 – Other Liabilities – Long Term**

28000 - Loan – LT Revolving

Represents the amount of debt principal that is to be repaid after the next twelve-month period for the existing Revolving Line of Credit.

28100 – Loan – LT Non-Revolving

Represents the amount of debt principal that is to be repaid after the next twelve-month period for the existing Non-Revolving Line of Credit.

## **EQUITY ACCOUNTS**

### **30000 – Opening Balance Equity**

32000 – Unrestricted Net Assets

Represents net worth of SVCE.

## **REVENUE ACCOUNTS**

### **40000 – Electricity Sales**

40100 – Streetlight/Agr – Green

Recording revenue for opt-up of street lighting and agricultural accounts.

40110 – Commercial – Green

Recording revenue for opt-up of commercial and industrial accounts.

40120 – Residential – Green

Recording revenue for the opt-up of residential accounts.

40130 – Streetlight/Agr – Demand

Recording revenue related to demand charges for street lighting and agricultural accounts.

40140 – Commercial – Demand

Recording revenue demand charges for commercial and industrial accounts.

40150 – Streetlight/Agr – Generation

Recording sales related to energy usage for street lighting and agricultural accounts.

40160 – Commercial – Generation

Recording sales related to energy usage for commercial and industrial accounts.

40170 – Residential – Generation

Recording sales related to energy usage for residential accounts.

40200 – Miscellaneous Income

Recording revenue for transactions not related to core business activities.

40300 – Interest Income

Recording revenue related to investment income for deposits and investments.

## **COST OF GOODS SOLD/EXPENSE ACCOUNTS**

**50001 – Cost of Goods Sold**

**50020 – Cost of Energy**

50021 – PPA Generation

Recording of generation through Agency-sponsored power purchase agreements.

50024 – Capacity Purchases

Recording of procurement of demand-related capacity as required by load serving entities.

50025 – Energy Purchases

Recording the procurement of energy supplied to CAISO.

50026 – REC Purchases

Recording of procurement of Renewable Energy Credits.

50030 – CAISO Charges (Admin)

Recording of expenses for CAISO to recover administrative costs.

50031 – CAISO Charges (Ancillary Srvc)

Recording of various ancillary service charges (spinning reserve, etc.) to maintain grid reliability.

50032 – CAISO Chg/Cred (Congestion RR)

Recording of expenses or credits in the Congestion Revenue Market that are financial hedges on transmission.

50033 – CAISO Chg/Cred (Cost Recovery)

Recording of expense or credits from CAISO in bid-cost recovery charges.

50034 – CAISO Chg/Cred (IST, Net Rev)

Recording of expense or credits against power supply for settlements of bilateral transactions.

50035 – CAISO Chg/Cred (Uplift Charge)

Recording of charges or credits related to imbalance energy.

50040 – NEM Expense

Record power supply expense from Net Energy Metering customers.

**50000 – Payroll Expense**

50100 – Regular Wages



Represents the gross amount for labor costs for regular hours.

50101 – 401(a) PARS Contribution

Mandatory contribution to deferred compensation account.

50102 – 457(b) PARS Contribution

Contribution to deferred compensation account.

50200 – Holiday Pay

Compensation for holidays recognized by the Agency.

50300 – Car Allowance

Compensation in lieu of mileage reimbursement.

50400 – Misc. Reimbursement

Various reimbursement of employee expenses for Agency business.

50500 – Overtime

Compensation for non-exempt employees working over 40 hours.

50600 – Misc. Pay

Other compensation not wage related.

50700 – Employer Tax

Recording of payroll taxes paid by the Agency such as FUTA, SUTA, EEI, etc.

50800 – Payroll Fee

Fee paid by the Agency to a consultant for processing of payroll.

50900 – Employee Health & Welfare

Expenses related to premiums paid for health-related insurance.

53000 – Bad Debt Expense

Resulting from making sales on credit and not collecting the customers' entire accounts receivable balances.

5310 – Investment Management Fees

Fees paid by the Agency for administration of the 401(a) and 457(b) plans.

**55000 – General & Administration**

**5110 – Office Supplies**

Expenses for various office supplies such as stationery.

**5120 – Postage – Office**

Expenses for postage such as FedEx, UPS or stamps.

**5130 – Printing and Copying – Office**

Expense for monthly fee per copy.

**5140 – Telephone and Internet**

Expense for monthly fee of telephone and internet connections.

**5150 – General Supplies**

Expenses for supplies such as paper towels, etc.

**5160 – Equipment Lease**

Expense for lease of office equipment.

**5170 – Rent**

Expense for lease on building.

**5180 – HR and related**

Expense related to recruitment, advertising of positions and pre-employment processing.

**5240 – Repair & Maintenance**

Expense for miscellaneous repair to the Agency's facility.

**5270 – Insurance – Commercial, Auto**

Represents the portion of insurance premiums paid for coverage of the current period for property, casualty, and other business insurance.

**5275 – Workers Compensation Insurance**

Expenses for insurance premiums paid for by the Agency.

**5300 – Small Equipment**

Expense for purchase of small equipment under \$1,000 that is not capitalized.

**5320 – Software License/Support**

Expenses to maintain licenses for software.

**5370 – Dues & Subscriptions**

Includes amounts paid for membership in professional organizations and amounts paid for subscriptions to publications.

**5375 – Training & Conferences**

This includes amounts incurred by employees attending outside seminar or conference programs.

**5380 – Business Meals**

Employee reimbursements for meal expenses related to Agency business.

**5420 – Membership Fees**

Expenses related to core business such as CAISO and Western Renewable Energy Generation organizations.

**5500 – Travel**

Includes the amounts paid for employee's business travel, such as airfare, lodging, rental cars, etc.

**5510 – Convention, Conference, Meeting**

Expenses for registration fees of conferences or meetings related to Agency business.

**5520 – Professional Development**

Expenses to support employee professional development.

**5530 – Bank Service Fees**

This includes amounts charged by banks to the Agency for processing financial transactions. This does not include interest expense items.

**56000 – Marketing & Communications**

**6100 – Advertising**

Expenses to support awareness and brand recognition.

**6200 – Sponsorships**

Expenses related to Member Agencies' Chamber of Commerce events and various other sponsorships such as the State of Silicon Valley event.

**6300 – Required Notifications**

Expenses related to the printing and mailing of customer notifications required by the CPUC.

**6400 – Printing & Mailers**

This includes amounts for printing, binding, and padding paid to outside print shops. This does not include Advertising and Promotions.

**6600 – Consultant – Communications**

Consultant fees to support the development and maintenance of the website, public education and other public outreach efforts.

**6700 – Outreach – Miscellaneous**

Expenses to support various communication efforts in the Agency's service territory.

**57000 – Professional Services****7100 – Engineering Services**

Consultant fees for feasibility study.

**7200 – Legal Services**

Consultant fees for legal services to support administration and power supply.

**7300 – Misc. Professional Services**

Account mostly used to record expenses related to recruitment.

**7400 – Accounting and Auditing**

Includes costs to outside firms for auditing services and accounting advice.

**7500 – IT Services**

Includes consultant fees for monthly IT support or IT related audits.

**7600 – Legislative Consulting**

Includes consultant fees for support in regulatory affairs.

**7700 – Program Implementation**

Fees paid to member agencies for support during start-up phase including marketing, finance, and operations.

**7800 – Technical Consultants**

Includes consultant fees for support of risk management, scheduling of energy with CAISO, and evaluation and procurement of power supply.

**58000 – Service Fees – PG&E**

Includes per meter fee from PG&E for billing support.

**59000 – Data Management**

Includes Per meter fee from Calpine for customer data support.

**65100 – Debt Service**

**65130 – Interest Expense**

This account is a non-operating or "other" expense account for the cost of borrowed money or draws against existing line of credit.

**80010 – Bank Service Fees**

Fees related to the execution of lines of credit with River City Bank.

**80020 – Depreciation Expense**

The income statement account which contains a portion of the cost of equipment that is being expensed during the time interval shown in the heading of the income statement.