CHART OF ACCOUNTS
A contractor’s chart of accounts is the heart of the accounting system. Of particular importance is the cost of sales section (beginning in the 41000 series and ending in 43000). This is the area that distinguishes the contractor from most other industries and causes the most confusion for the bookkeeper. Many transactions, such as repairing a vehicle, could be recorded in different accounts. If the repair is for a construction vehicle, the invoice amount should be coded to account 41231. However, if the expense is for a vehicle used for office personnel, the expense should be coded to account 77100. The following chart is generic and should be considered a guide only. Because it was developed as a learning tool, each generic account is accompanied by a brief description of the transaction type that should be coded to the account.
<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000</td>
<td>CASH</td>
</tr>
<tr>
<td>10100</td>
<td>CASH - PETTY - Control for all petty cash accounts whether in office or by construction superintendent in the field.</td>
</tr>
<tr>
<td>10200</td>
<td>CASH - GENERAL - Demand deposits in banks for all regular trade receipts and disbursements.</td>
</tr>
<tr>
<td>10300</td>
<td>CASH - PAYROLL - Imprest accounts for payroll checks. Replenish each pay period by an amount equal to the total of all paychecks issued.</td>
</tr>
<tr>
<td>11000</td>
<td>SHORT-TERM INVESTMENTS</td>
</tr>
<tr>
<td>11100</td>
<td>SAVINGS DEPOSITS - Funds deposited in banks, brokerage houses, and saving and loan accounts for the purpose of obtaining interest income.</td>
</tr>
<tr>
<td>11200</td>
<td>OTHER (NAME) - Other investments maturing in the current year such as PBGs or SLCs.</td>
</tr>
<tr>
<td>12000</td>
<td>RECEIVABLES</td>
</tr>
<tr>
<td>12100</td>
<td>CONTRACTS RECEIVABLE, TRADE - Amounts due for services and materials performed on open account.</td>
</tr>
<tr>
<td>12200</td>
<td>CONTRACTS RECEIVABLE, RETENTION - Balance due on the portion of contracts receivable, trade which are held until the work is deemed complete or the job is complete.</td>
</tr>
<tr>
<td>12300</td>
<td>ACCOUNTS RECEIVABLE, OTHER - Amounts due from persons or organizations which do not arise from typical functions of business.</td>
</tr>
<tr>
<td>12400</td>
<td>NOTES RECEIVABLE, TRADE - Unpaid balance of notes received in full or partial settlement of open or short-term accounts.</td>
</tr>
<tr>
<td>12500</td>
<td>NOTES RECEIVABLE, OTHER - Notes due from persons or organizations which do not arise from typical functions of business.</td>
</tr>
<tr>
<td>12600</td>
<td>UNDERBILLINGS - Contracts and estimated earnings in excess of billings on uncompleted jobs.</td>
</tr>
<tr>
<td>12700</td>
<td>ACCRUED INTEREST RECEIVABLE - Interest accrued but not received from all sources, e.g., bonds, notes, etc.</td>
</tr>
<tr>
<td>12800</td>
<td>ALLOWANCE FOR DOUBTFUL ACCOUNTS - Amounts provided to cover estimated loss from uncollectible accounts and notes receivable.</td>
</tr>
</tbody>
</table>
13000 INVENTORY

13100 MERCHANDISE INVENTORY - Control account for book value of construction materials purchased and stored, i.e., not directly charged to the job. The inventory can be stored at the business or on the job site. Credit as material is drawn from stock for use in specific jobs on a cost-per-item basis and charge the cost to the applicable job.

15000 OTHER CURRENT ASSETS

15100 REFUNDABLE DEPOSITS - Deposits with governmental agencies and utility companies held for performance or completion of operation.

15200 PREPAYMENTS

15210 Prepaid insurance - Charge all insurance premiums to this account. Credit with the expense as it is amortized to the appropriate expense account.

15220 Prepaid commitment fees - Charge with commitment fees paid in advance and credit at the time the expense is incurred.

15230 Prepaid interest - Charge with interest paid in advance and credit at the time the expense is incurred.

15240 Prepaid taxes - Charge with taxes at the time they are paid and credit monthly for the applicable pro rata expense.

15300 SALARY ADVANCES - Charge with salary advances and credit with repayments.

15400 EMPLOYEE INSURANCE - Charge with payment by company and credit when withheld or paid by employee.

15900 OTHER - Current costs or amounts due which are not otherwise classified.

16000 INVESTMENTS AND OTHER ASSETS

16100 CASH SURRENDER VALUE OF OFFICERS' LIFE INSURANCE - Accumulated cash surrender net value of any outstanding loans on life insurance carried on officers' of the company.

16200 DUE FROM PUBLIC AGENCIES - Expenditures for public improvements to be reimbursed by municipalities from future appropriations.

16300 DUE FROM OFFICERS - Amounts due from company officers which are to be carried for an indefinite period of time. May be interest bearing notes or open accounts. This practice is discouraged and could result in some
unpleasant tax consequences.

16400 ORGANIZATION EXPENSE - Legal fees, corporate charter fees and other organization costs which are normally capitalized. Amortization of these fees should be credited directly from this account.

17000 PROPERTY, PLANT, AND EQUIPMENT

17100 LAND - Only land acquired for the purpose of constructing company offices, warehouses, etc.

17200 BUILDINGS AND IMPROVEMENTS - Only the costs related to offices, field offices, warehouses, and other company structures used in the business.

17300 FURNITURE AND EQUIPMENT - Office furniture and fixtures and equipment used by administrative and office personnel.

17400 MOTOR VEHICLES - Automobiles and trucks owned by the company.

17500 CONSTRUCTION EQUIPMENT - The cost of all construction equipment capitalized, but not including licensed motor vehicles charged to account 17400.

17900 OTHER - Capitalized assets not otherwise classified.

18000 ACCUMULATED DEPRECIATION

18200 BUILDINGS AND IMPROVEMENTS - Accumulated depreciation of assets carried in account 17200. Charge expenses to account 41245 for depreciation on buildings & improvement used by operating personnel, and to account 73100 for depreciation on buildings & improvements used by office personnel.

18300 FURNITURE AND EQUIPMENT - Accumulated depreciation of assets carried in account 17300. Charge expense to account 73300.

18400 MOTOR VEHICLES - Accumulated depreciation on assets carried in account 17400. Charge account 41235 for depreciation on vehicles used by operating personnel, and account 73200 for depreciation on vehicles used by administrative personnel.

18500 CONSTRUCTION EQUIPMENT - Accumulated depreciation on assets carried in account 17500. Charge account 41225 for depreciation accumulated in this account.

18900 OTHER - Capitalized assets not otherwise capitalized.

LIABILITIES AND EQUITY

CURRENT LIABILITIES

21100 DEPOSITS BY CUSTOMERS
21110  DEPOSITS ON PURCHASES - Potentially refundable deposits held pending credit approval of the buyer. When deposit is no longer refundable transfer to account 21400.

21200  ACCOUNTS PAYABLE

21210  ACCOUNTS PAYABLE, TRADE - Amounts payable on open account with suppliers, subs, rentals, etc.

21220  ACCOUNTS PAYABLE, RETENTION - Amounts payable on open accounts when the work is completed or when the money is collected on the job.

21230  ACCOUNTS PAYABLE, OTHER - Other short-term open accounts due to nontrade individuals or companies.

21300  NOTES PAYABLE

21310  NOTES PAYABLE, TRADE - Unpaid balance of notes issued in settlement of open or short-term accounts.

21320  NOTES PAYABLE, OTHER - Notes payable to banks, other financial institutions, officers, and others.

21400  DEFERRED INCOME - Credit this account with billings on open contracts (when converting from the accrual method to the percentage complete method of accounting), and advances paid by tenants, or other sources for which income is not yet earned. Charge this account at the time the revenue is actually earned and credit the appropriate income account.

21500  TAXES PAYABLE

21510  EMPLOYEE PAYROLL TAXES

21511  FEDERAL WITHHELD TAXES - Credit amounts withheld from employees and charge with payments to the IRS.

21512  STATE WITHHELD TAXES - Credit amounts withheld from employees and charge with payments to the State.

21513  FICA TAXES - Credit with funds withheld from employees and charge with payments to the IRS.

21514  MEDICARE TAXES - Credit with funds withheld from employees and charge with payments to the IRS.

21520  EMPLOYER PAYROLL TAXES AND INSURANCE

21521  FICA TAXES - Credit with the employer's share of FICA liability and charge with payments to
the IRS.

21522 MEDICARE TAXES - Credit with the employer's share of medicare liability and charge with payments made to IRS.

21523 WORKMAN'S COMPENSATION INSURANCE - Credit with the monthly expense and charge with the payments made.

21524 STATE UNEMPLOYMENT TAX - Credit with the liability for SUTA and charge with payments made.

21525 FEDERAL UNEMPLOYMENT TAX - Credit with the liability for FUTA and charge with payments made to the IRS.

21530 SALES AND USE TAX - Credit with the amount of tax received from purchasers and charge with payments to the applicable taxing authority.

21540 REALTY TAX - Credit with the liability incurred to date and charge with payments made.

21550 PERSONAL PROPERTY TAX - Credit with the liability incurred to date and charge with payments made.

21560 STATE INCOME TAX PAYABLE - Credit with current liability for state income taxes and charge with payments to the state taxing authority.

21570 FEDERAL INCOME TAX PAYABLE - Credit with the current liability for federal income taxes and charge with payments to the IRS.

21580 DEFERRED INCOME TAXES PAYABLE - Credit with the current portion of deferred income taxes.

21600 OVERBILLINGS - Billings in excess of costs and estimated earnings on uncompleted contracts.

21700 ACCRUED INTEREST PAYABLE - Credit with interest accrued and payable.

21800 OTHER CURRENT LIABILITIES

21810 ACCRUED SALARIES AND WAGES - Control accounts for accrued salaries and wages and related special funds.

22000 NONCURRENT LIABILITIES

22100 LONG-TERM NOTES PAYABLE - Liability for notes due beyond one year. The Company should consider setting up an account for each note payable and periodically adjust the short-term portion (or have the Company's CPA make the adjustment).
22200 MORTGAGES PAYABLE - Control account for mortgages due beyond one year on rental properties, land and buildings, and improvements.

22300 LONG-TERM DEFERRED INCOME TAXES PAYABLE - Credit with the long-term portion of deferred income taxes payable.

25000 EQUITY

25100 COMMON STOCK - Par or stated value of common outstanding stock.

25200 ADDITIONAL PAID-IN-CAPITAL - Amounts received for common stock which is in excess of the par or stated value.

25300 RETAINED EARNINGS - Prior years accumulation of earnings. DO NOT CREDIT OR CHARGE THIS ACCOUNT WITH CURRENT YEARS PROFITS OR LOSSES.

25400 CURRENT YEAR'S PROFIT AND/OR LOSS - Credit or charge with the current year's profit or loss.

25900 OTHER - Equity accounts not otherwise classified above, such as Treasury stock.

REVENUE AND EXPENSES

31000 SALES

31100 CONSTRUCTION SALES - Revenue earned or billings accrued. It's easier, depending on the client's accounting expertise, to credit this account with billings (the accrual method) rather than perform percentage of complete calculations. Please keep in mind the revenue recognized will most likely be materially misstated using the accrual method. Consult with your CPA when converting from the accrual to the percentage complete method.

31200 OTHER SALES - Revenue received from miscellaneous jobs.

32000 OTHER REVENUE

32100 RENTAL INCOME - Revenue received from rental of investment property, office space, etc.

32200 INVESTMENT INCOME - Revenue received from investments other than rental property, such as dividends, interest income on bonds and savings deposits, etc.

32900 MISCELLANEOUS INCOME - Revenue received from work other than the primary operation of business. An example might be the revenue received from litigation support.
41000 COST OF CONSTRUCTION SALES - These are costs directly attributable to specific jobs. Due to the uniqueness of each contractor, the following accounts are for representative purposes only.

41110 - LABOR
41120 - MATERIAL
41130 - SUBCONTRACTORS
41140 - EQUIPMENT AND VEHICLES
41190 - OTHER

41200 INDIRECT CONSTRUCTION COSTS - These charges are more or less variable with volume but not likely to be in exact proportion to volume and are not precisely attributable to one specific job.

41210 SALARIES, WAGES, AND FEES

41211 SUPERINTENDENTS - Wages of supervisory foreman for time spent in organization and planning or supervising crews. Does not include the company general superintendent who is charged to G&A. Does not include the working foreman who work on a specific job along with their crew.

41212 PURCHASING - Salaries of persons who perform purchasing functions. Company supervisory personnel in this area are charged to G & A expense.

41213 OTHER - Timekeepers, dispatchers, etc. Salaries and wages of personnel directly engaged in the operations who are not identified with a specific unit in the job cost records.

41220 EQUIPMENT EXPENSE, COMPANY OWNED AND RENTAL

41221 REPAIRS - Maintenance and repair costs on equipment.

41222 FUEL, OIL, AND LUBRICATION - Servicing costs for construction equipment, such as generators, compressors, tractors, graders, etc.

41223 OPERATORS' SALARIES AND WAGES - Wages of full or part-time employees directly attributable to the operation of equip-
ment, the other costs for which are included in these 41220 accounts.

41224 TAXES AND INSURANCE - Taxes and insurance required on equipment.

41225 DEPRECIATION - Depreciation of all construction equipment. Charge when crediting account 18500.

41226 TOOL EXPENSE - Difference between beginning and ending inventory.

41227 RENTAL EXPENSE - Cost of renting equipment not directly attributable to one job.

41229 RENTAL INCOME CREDIT - Credit amount charged to jobs for use of owned equipment. Charge to account 41140 when crediting this account.

41230 AUTOMOBILE AND TRUCK EXPENSE

41231 REPAIRS - Maintenance and repair costs on automobiles and trucks.

41232 FUEL, OIL, AND LUBRICATION - Servicing costs automobiles and trucks used by operations.

41233 OPERATORS' SALARIES AND WAGES - Wages of drivers directly attributable to construction operations when not chargeable to a specific job.

41234 TAXES AND INSURANCE - Property damage and liability insurance, license and fees, and taxes on vehicles used by the production department.

41235 DEPRECIATION - Depreciation for all automobiles and trucks used in operations. Credit account 18400 when charging this account.

41236 RENTAL EXPENSE - Cost of renting equipment used in operations but not directly identified with a specific job.

41239 RENTAL INCOME CREDIT - Credit amount charged to jobs for use of owned vehicles. Charge account 14140 when crediting this account.

41230 OTHER INDIRECT EXPENSES

41241 WARRANTY EXPENSE - Labor and material required to repair, replace, or service any item deemed defective as a result of
poor materials or workmanship after possession by the owner.

41242 LOST TIME - Cost of time spent away from the job by non-salaried employees as a result of attendance at meetings, public relations activities, paid vacations, time of productions personnel in waiting on the job for an occurrence such as material delivery.

41243 MISCELLANEOUS MATERIALS - Stakes, forms, and other material not directly attributable to a specific job.

41244 LICENSE BOND - Cost of securing a license bond, this does not include bid and performance bonds which are costs directly charged to the job that is bonded.

41245 DEPRECIATION - Depreciation on all buildings and improvements used for purposes other than office facilities. The respective credit, partial if applicable, is to account 18200.

41249 MISCELLANEOUS - All other indirect costs, e.g., vandalism, arbitrated adjustments, product insurance, etc.

42000 COST OF OTHER SALES - Cost incurred on miscellaneous jobs.

43000 COST OF OTHER REVENUES - Cost incurred associated with other revenues.

50000 FINANCING EXPENSE

51100 INTEREST ON NOTES - Interest charges on loans with banks and other lending institutions.

51200 OTHER - Those costs not otherwise classified.

60000 MARKETING EXPENSE

61000 ADVERTISING - Cost of advertising which is directly related to selling a specific job or community.

62000 ESTIMATORS' SALARIES AND WAGES - Salaries and wages for the company's estimators.

70000 GENERAL AND ADMINISTRATIVE EXPENSE

71000 OFFICERS' SALARIES - Salaries paid to company officers.

71200 OTHER SALARIES AND WAGES - Salaries and wages paid to clerical and other personnel whose work is not directly related to operations.
71300 PAYROLL TAXES AND EMPLOYEE BENEFITS

71310 HEALTH AND ACCIDENT INSURANCE - Premiums paid by the Company for all personnel other than direct labor.

71320 FICA TAXES - Employer's share of FICA taxes on the salaries and wages of all personnel other than direct workers.

71330 MEDICARE TAXES - Employer's share of Medicare Taxes on the salaries and wages of all personnel except direct labor.

71340 WORKMAN'S COMPENSATION - Insurance premiums for workman's compensation for all employees except direct labor.

71350 STATE UNEMPLOYMENT COMPENSATION - Tax paid to the State unemployment fund for all personnel other than direct labor.

71360 FEDERAL UNEMPLOYMENT COMPENSATION - Tax paid to the Federal unemployment fund for all personnel other than direct labor.

72000 OFFICE EXPENSE

72100 RENT - Payments made for the facilities used by the Company's general and administrative personnel.

72200 SUPPLIES - Printing, stationery, drafting, ribbons, and all other supplies used by the office personnel.

72300 POSTAGE AND MAILING - Charge all administrative expense for all mailing charges except those specifically applicable to another function or department.

72400 REPAIRS AND MAINTENANCE - Control account for all interior and exterior administrative office building maintenance and repairs, including janitorial services, landscaping, window washing, etc.

72500 OFFICE MACHINES AND EQUIPMENT - All contracts and other charges for maintenance or rental on office equipment.

72600 HEAT, LIGHT, AND POWER - Cost of utilities which serve the administrative offices.

72700 TELEPHONE - Includes standard monthly charge and long-distance calls not applied to other functions or departments.

72900 MISCELLANEOUS OFFICE EXPENSE - Office expenses not
otherwise classified.

73000 DEPRECIATION AND AMORTIZATION

73100 BUILDINGS AND IMPROVEMENTS - Depreciation on buildings and improvements utilized by the general and administrative personnel. Credit account, partially if applicable, 18200.

73200 AUTOMOBILES - Depreciation charges on company autos used by office personnel. Credit account, partially if applicable, 18400.

73300 FURNITURE AND EQUIPMENT - Depreciation charges on furniture, fixtures, office machines, and equipment. Credit account 18300.

73400 ORGANIZATION EXPENSE - Write-off organization costs, including legal fees, relocation expenses, etc. Credit account 16500 when charging this account.

73500 IDLE EQUIPMENT AND VEHICLE EXPENSE - If the company is underutilizing construction equipment, it should charge the underutilized expense to this account.

73900 OTHER - Depreciation and amortization charges not otherwise classified.

74000 TAXES

74100 SALES AND USE TAXES - Tax on purchase of office equipment and general supplies, but not on purchase of direct construction material. Taxes on the purchase of large items can either be expensed or capitalized, and the decision should be made in conjunction with other tax issues.

74200 REALTY TAXES - Tax on property used for company offices and realty taxes not charged elsewhere.

74300 PERSONAL PROPERTY TAXES - Assessment on personal property owned by the company.

74400 LICENSE FEES - Registrations, municipal fees, operating permits, etc.

74900 OTHER - Any taxes not otherwise classified.

75000 INSURANCE

75100 HAZARD - Fire and extended coverage on buildings and content.

75200 VEHICLES - Coverage for company owned vehicles, but not including construction trucks and vehicles which should be charged to account 41234.
<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>75300</td>
<td>GENERAL LIABILITY - Cost of liability insurance other than on construction equipment and vehicles which should be charged to accounts 41224 and 41234 respectively.</td>
</tr>
<tr>
<td>75900</td>
<td>OTHER - Any insurance premiums not otherwise classified.</td>
</tr>
<tr>
<td>76000</td>
<td>PROFESSIONAL FEES</td>
</tr>
<tr>
<td>76100</td>
<td>ACCOUNTING - Services rendered by an outside accounting firm. Preferably Mike Civalier, P.C.</td>
</tr>
<tr>
<td>76200</td>
<td>LEGAL - Charges submitted by legal counsel for all services rendered.</td>
</tr>
<tr>
<td>76900</td>
<td>OTHER - Professional fees not otherwise classified.</td>
</tr>
<tr>
<td>77000</td>
<td>TRAVEL AND ENTERTAINMENT</td>
</tr>
<tr>
<td>77100</td>
<td>AUTOMOBILE EXPENSE - Gas, oil, repairs, maintenance, licenses, mileage reimbursements, and other automobiles expenses incurred by administrative and office personnel.</td>
</tr>
<tr>
<td>77200</td>
<td>TRANSPORTATION EXPENSE - Transportation other than automobiles.</td>
</tr>
<tr>
<td>77300</td>
<td>MEETINGS - Expenses incurred by officers and other employees in representing the company before groups, attendance at industry meetings, etc.</td>
</tr>
<tr>
<td>77400</td>
<td>BUSINESS ENTERTAINMENT - Expenses incurred for entertainment purposes, e.g., customers, suppliers, etc.</td>
</tr>
<tr>
<td>77900</td>
<td>OTHER - Other travel and entertainment expenses incurred by the G &amp; A personnel and not otherwise classified.</td>
</tr>
<tr>
<td>78000</td>
<td>CONTRIBUTIONS - Add subaccounts for each donee.</td>
</tr>
<tr>
<td>79000</td>
<td>OTHER</td>
</tr>
<tr>
<td>79100</td>
<td>CORPORATE EXPENSE - Trustees' fees, escrow charges, and other miscellaneous charges not directly related to the operations or sales department.</td>
</tr>
<tr>
<td>79200</td>
<td>CONTRIBUTIONS TO BONUS PLAN - Employer contributions to an employee profit-sharing trust or plan, or any distribution of bonus or profits to employees.</td>
</tr>
<tr>
<td>79400</td>
<td>DUES AND SUBSCRIPTIONS - Trade association dues and contributions, magazines, newspapers, trade journals, business publications, reports, and manuals.</td>
</tr>
</tbody>
</table>
79500 MISCELLANEOUS - Charges not otherwise classified.

80000 OTHER INCOME AND EXPENSES

81000 OTHER INCOME

81100 DISCOUNTS - Purchase discounts not recorded as a reduction of applicable expense.

81200 REBATES OR REFUNDS - Rebates or refunds which cannot be identified with a specific expense.

81300 GAIN ON SALE OF ASSETS - To record gain on sale of autos, furniture, equipment and any other fixed assets.

81400 RECOVERY OF BAD DEBT - Revenue received from customers and others whose accounts had been written off in prior years.

81900 OTHER INCOME - Income not otherwise classified.

82000 OTHER EXPENSE

82100 BAD DEBT EXPENSE - Open accounts or notes receivable which are considered uncollectible.

82200 LOSS ON SALE OF ASSETS - To record loss on sale of autos, furniture, equipment and any other fixed assets.

82900 OTHER EXPENSE - Expenses not otherwise classified.

83000 PROVISION FOR INCOME TAX - STATE

84000 PROVISION FOR INCOME TAX - FEDERAL

85000 PROVISION FOR INCOME TAX - DEFERRED