Association chart of accounts (any state)

Association: ____ **State:** ___________ **Property type:** ☐ Condominium ☐ Cooperative ☐ HOA ☐ Other **Fiscal year end:** ___________ **Basis of accounting:** ☐ Accrual ☐ Modified accrual ☐ Cash **Prepared by:** ____ **Date:** ___________

How to use this

A chart of accounts is the one document that decides whether your financial statements can answer a question. If the accounts are wrong, no amount of care later recovers it: the budget will not tie to the actuals, the reserve balance will not be defensible, and the auditor will rebuild your books before they can report on them.

This chart is written for **any state**. The numbering scheme, the fund separation, and the account structure are ordinary accounting practice and do not change at a state line. What does change is the statutory layer on top: whether reserves must be separately accounted for, what financial report the association owes its members and at what revenue threshold, and whether an audit, review, or compilation is required. Part 0 makes you answer that before you adopt anything here.

Adopt this in one move at a fiscal year start if you can. Mid-year conversions require a crosswalk of every open balance, and the year's budget-to-actual comparison stops meaning anything in the month you switch.

Fill-in fields appear in square brackets. Delete the guidance boxes marked "Builder note" before you circulate this.

Part 0. Establish your state's requirements first

- ☐ Does state law require reserves to be **separately accounted for** from operating funds? **Answer:** _____________
- ☐ Does state law restrict what reserve funds may be **spent on**, or require a member vote to use them for another purpose? **Answer:** _____________
- ☐ What **financial report** does the association owe its members each year, and is the requirement tiered by revenue or unit count? **Answer:** _____________
- ☐ Is an **audit, review, or compilation** required, and at what threshold? **Answer:** _____________
- ☐ Is there a required **deadline** for delivering that report to members? **Answer:** _____________
- ☐ Does state law prescribe how **assessments received** are applied across principal, interest, late fees, and costs? **Answer:** _____________
- ☐ Does state law govern **interest on reserve accounts**, or where reserve funds may be held? **Answer:** _____________
- ☐ Does the **declaration or bylaws** impose anything stricter than the statute on any of the above? **Answer:** _____________

Builder note. The assessment-application order in the sixth question is the one people miss, and it is not a bookkeeping detail. In many states the order is fixed by statute and cannot be varied by the association, which means the receivable accounts below have to support it. Get that answer before you go live.

---

1. What a chart of accounts has to do

Four jobs. Every structural decision below serves one of them.

1. **Keep operating and reserve money apart** so the reserve balance is provable at any moment without reconstruction.
2. **Tie to the budget line for line** so budget-to-actual is a lookup, not an exercise.
3. **Carry the reserve component structure** so the reserve schedule and the ledger agree on what a component is.
4. **Survive an audit** so the accountant reports on your books rather than rebuilding them.

---

2. Numbering

2.1 Choose a width and hold it

Use **four digits**. Three runs out inside the expense blocks the first time you split a category. Five is more structure than an association of any size needs, and it invites a sub-ledger nobody maintains.

2.2 The blocks

Block	Contents
1000 to 1999	Assets
2000 to 2999	Liabilities
3000 to 3999	Fund balances and equity
4000 to 4999	Revenue
5000 to 7299	Expenses
8000 to 8099	Reserve funding, operating side
9000 to 9999	Reserve fund activity and components

Be honest about the expense blocks. There is no industry convention for where expenses start. Every accounting package ships a different default, and every one of them is presented as the standard. Because there is no convention to inherit, this chart picks one and holds it so the reserve pairing in section 7 works:

Range	Group
5000 to 5599	Administrative, professional and payroll
5600 to 5699	Insurance
6000 to 6299	Utilities
6300 to 6599	Grounds and landscape
6600 to 6899	Buildings and common areas
6900 to 6999	Security and access control
7000 to 7199	Amenities and recreation
7200 to 7299	Contingency and non-recurring

If your association already uses a different expense layout and it works, keep it. Consistency with your own history is worth more than agreement with this document. What matters is that the scheme is written down and that nobody adds accounts outside it.

2.3 Rules that keep the scheme usable

- ☐ Leave gaps. Number in tens, not ones, so a new account fits where it belongs instead of at the end
- ☐ One account, one meaning. Never reuse a retired number
- ☐ Retire by deactivating, never by deleting, so prior-year comparatives survive
- ☐ Every account has a written definition of what belongs in it. Ambiguity is what produces miscoded entries
- ☐ No account exists that nobody can define

---

3. Fund structure, before any account

3.1 Why this is not a stylistic preference

Operating and reserve money answer to different people. Operating money is the membership's to spend this year. Reserve money is being held against a future obligation the current members will not all be present for. Mixing them makes the reserve balance an opinion.

Separate funds also make the two questions a board actually gets asked answerable in one look: *are we within budget this year*, and *is the reserve where the study says it should be*.

- ☐ Operating fund defined
- ☐ Reserve fund defined
- ☐ Any additional restricted fund defined, with what restricts it and who imposed the restriction
- ☐ Interfund receivable and payable accounts exist, so a transfer is recorded rather than assumed

3.2 What each fund holds

Fund	Holds	Does not hold
Operating	Assessments for the year's expenses, operating cash, payables, this year's revenue and expense	Anything set aside for a future replacement
Reserve	Reserve assessments, reserve cash and investments, reserve component balances, reserve expenditures	Routine maintenance, however large
Restricted	Money whose use is constrained by a source outside the board: insurance proceeds, settlements, grants, special assessments raised for a named purpose	Anything the board could redirect at will

Builder note. The line between a reserve expenditure and a large repair is where most disputes start. Decide it once, in writing, using the reserve study's component list as the test: if the component is on the schedule, its replacement is a reserve expenditure. If it is not, it is maintenance, whatever it costs.

3.3 Basis of accounting

- ☐ Basis chosen and stated on every financial statement: ☐ Accrual ☐ Modified accrual ☐ Cash
- ☐ If not accrual, the board understands that assessments receivable and prepaid assessments will not appear as they do below
- ☐ The basis matches what any required annual report expects (see Part 0)

Accrual is the right default for an association of any size, because assessments are billed in advance and receivables are the association's largest asset after cash.

3.4 Reserve funding convention, choose one and only one

How the operating-side reserve contribution reaches the reserve fund. Pick one, write it down, and never alternate between them.

Convention	How it records	Consequence
Transfer	Operating expense account 8010, matched by reserve fund revenue 9010	Reserve contribution appears as an operating expense, so budget-to-actual includes it
Direct allocation	Assessment revenue split at billing between operating 4010 and reserve 9020	Reserve contribution never touches operating, so the operating statement shows only

Convention	How it records	Consequence
		operating money

Both are defensible. Alternating between them is not: the two produce different operating expense totals from identical facts, and a year-over-year comparison silently breaks.

4. Assets, 1000 to 1999

4.1 Operating cash, 1000 to 1099

Account	Name	Fund	Notes
1010	Operating checking, [bank name] [last 4]	Operating	Primary disbursement account
1020	Operating money market, [bank name] [last 4]	Operating	
1030	Payroll checking, [bank name] [last 4]	Operating	Only if you have employees
1040	Petty cash	Operating	Fixed imprest amount, [$ amount]
1050	Undeposited funds	Operating	Should clear within days, never carry a month end balance

4.2 Reserve cash and investments, 1100 to 1199

Account	Name	Fund	Notes
1110	Reserve checking, [bank name] [last 4]	Reserve	
1120	Reserve money market, [bank name] [last 4]	Reserve	
1130	Reserve certificates of deposit	Reserve	One per instrument if laddered
1140	Reserve investments, other	Reserve	Only what the governing documents and state law permit

Account	Name	Fund	Notes
1150	Accrued interest receivable, reserve	Reserve	Accrual basis only

- ☐ Every reserve account is titled in the association's name
- ☐ No reserve account is used for an operating disbursement, ever
- ☐ Signatories reviewed at least annually

4.3 Receivables, 1200 to 1299

Account	Name	Fund	Notes
1210	Assessments receivable	Operating	Current member assessments billed and unpaid
1220	Special assessments receivable	Operating or Restricted	Follow the fund the special assessment was raised into
1230	Late fees receivable	Operating	Separate from principal, see Part 0
1240	Interest receivable, delinquent accounts	Operating	Separate from principal
1250	Legal and collection costs receivable	Operating	Recoverable costs advanced on a delinquent account
1260	Other receivables	Operating	Insurance claims, vendor credits, owner chargebacks
1290	Allowance for doubtful accounts	Operating	Contra account, carried as a negative

Builder note. Splitting principal, late fees, interest, and costs into separate receivables is not bookkeeping fussiness. Where state law fixes the order in which a payment is applied, a single blended receivable makes it impossible to show you applied it correctly, which is exactly the question raised when a delinquency becomes a dispute.

4.4 Prepaid expenses and deposits, 1400 to 1599

Account	Name	Fund	Notes
1410	Prepaid insurance	Operating	Amortise monthly across the policy term

Account	Name	Fund	Notes
1420	Prepaid contracts and services	Operating	
1430	Prepaid licences and permits	Operating	
1510	Utility deposits	Operating	
1520	Other deposits	Operating	

4.5 Interfund and fixed assets, 1600 to 1699

Account	Name	Fund	Notes
1610	Due from reserve fund	Operating	Must always equal 2610
1620	Due from operating fund	Reserve	Must always equal 2620
1650	Property and equipment	Operating	Only assets the association owns outright
1660	Accumulated depreciation	Operating	Contra account

- ☐ Interfund accounts net to zero on every consolidated statement. If they do not, a transfer was recorded on one side only

5. Liabilities, 2000 to 2999

Account	Name	Fund	Notes
2010	Accounts payable	Operating	
2020	Accrued expenses	Operating	
2030	Accrued payroll and taxes	Operating	Only if you have employees
2040	Prepaid assessments	Operating	Money received for a future period, a liability until earned
2050	Owner deposits held	Operating	Move-in, key, amenity

Account	Name	Fund	Notes
			deposits refundable to the owner
2060	Insurance proceeds held	Restricted	Until applied to the loss
2070	Deferred revenue, other	Operating	
2110	Loans payable, current portion	Operating	
2120	Loans payable, long term	Operating	
2610	Due to operating fund	Reserve	Mirror of 1610
2620	Due to reserve fund	Operating	Mirror of 1620

6. Fund balances, 3000 to 3999

Account	Name	Fund	Notes
3010	Operating fund balance	Operating	
3020	Reserve fund balance	Reserve	Total, agreeing to the component detail in section 9
3030	Restricted fund balance	Restricted	One per restriction if more than one exists
3090	Prior period adjustment	As applicable	Used rarely and explained in the notes every time

7. Revenue, 4000 to 4999

Account	Name	Fund	Notes
4010	Member assessments, operating	Operating	

Account	Name	Fund	Notes
4020	Member assessments, reserve	Reserve	Direct allocation convention only, see 3.4
4030	Special assessments	Operating or Restricted	Follow the purpose it was raised for
4110	Late fees	Operating	
4120	Interest on delinquent accounts	Operating	
4130	Collection cost recoveries	Operating	
4210	Transfer and estoppel fees	Operating	Where the state permits a charge
4220	Amenity and facility fees	Operating	Clubhouse, pool key, boat slip, parking
4230	Rental and lease income	Operating	Cell tower, laundry, commercial space
4310	Interest income, operating	Operating	
4320	Interest income, reserve	Reserve	Stays in the reserve fund
4410	Insurance proceeds	Restricted	
4420	Legal settlements	Restricted	
4900	Other income	Operating	If this account is material, it needs splitting

8. Expenses, 5000 to 7299

Abbreviated to the account groups. Add the individual accounts your budget actually uses, and no others.

8.1 Administrative, professional and payroll, 5000 to 5599

Management fee, administrative and office, postage and printing, website and software, bank and merchant fees, legal, audit and accounting, tax preparation, reserve study, engineering and consulting, salaries and wages, payroll taxes, employee benefits, workers compensation.

8.2 Insurance, 5600 to 5699

Property, general liability, directors and officers, umbrella, flood, equipment breakdown, crime and fidelity, other lines.

8.3 Utilities, 6000 to 6299

Electricity, water and sewer, gas, trash and recycling, internet and telephone, irrigation water where separately metered.

8.4 Grounds and landscape, 6300 to 6599

Landscape contract, tree work, irrigation repair, pest control, fertilisation, seasonal colour, storm cleanup.

8.5 Buildings and common areas, 6600 to 6899

Janitorial, general repairs, elevator, HVAC, plumbing, electrical, roof repair (not replacement), painting (touch-up, not cyclical), pool and spa service, supplies.

8.6 Security and access control, 6900 to 6999

Guard service, patrol, monitoring, gate and access system maintenance, camera system.

8.7 Amenities and recreation, 7000 to 7199

Clubhouse operations, fitness equipment service, recreation programming, community events.

8.8 Contingency and non-recurring, 7200 to 7299

Board contingency, uncollectible assessments written off, non-recurring items with a written explanation each time.

8.9 Reserve funding, operating side, 8000 to 8099

Account	Name	Fund	Notes
8010	Transfer to reserve fund	Operating	Transfer convention only, see 3.4

- ☐ No cyclical replacement is coded to an operating expense account
- ☐ No reserve expenditure is coded to an operating repair account

9. Reserve fund activity and components, 9000 to 9999

The reserve component accounts are where the ledger meets the reserve study. Number them to match the study's component list so the two can be reconciled without a spreadsheet in between.

Account	Name	Notes
9010	Transfer in from operating	Transfer convention, mirrors 8010
9020	Reserve assessments	Direct allocation convention, mirrors 4020
9030	Interest earned, reserve	
9040	Special assessment to reserve	
9100 to 9799	Reserve components, one account per component	Numbered to match the reserve study
9900	Reserve expenditures, unallocated	Should be empty at year end, everything belongs to a component

Component accounts. One per component on the reserve study, carrying its own balance if the association funds by component. If the association pools, the components still exist as tracking accounts even though the balance is held at the pool level, because a pooled fund still has to answer what it was accumulated for.

- ☐ Every component account maps to a line on the current reserve study
- ☐ Every reserve study line maps to a component account
- ☐ Component balances sum to 3020
- ☐ 9900 is empty at year end

---

10. Before you go live

- ☐ Every account has a written definition
- ☐ The budget maps line for line to accounts in this chart
- ☐ The prior year's balances are crosswalked to the new numbers, and the crosswalk is retained
- ☐ Interfund accounts net to zero
- ☐ Reserve component accounts reconcile to the reserve study
- ☐ The accountant who prepares the annual report has reviewed the chart before the year starts
- ☐ The chart is filed in the official records with the date the board adopted it

Disclaimer

This is a starting point, not legal, accounting, or tax advice, and it is deliberately not state specific. It reflects ordinary association accounting practice and does not state the law of any state.

Requirements differ substantially between states, including whether reserves must be separately accounted for, what annual financial report is owed to members and at what threshold, whether an audit or review is required, and the order in which a payment must be applied against a delinquent account. Do not treat the absence of a requirement here as evidence that your state does not impose one.

Your association's declaration, bylaws, and articles govern and may be stricter than the statute. Have the association's CPA review this chart against your state's reporting requirements, and the association's attorney review the receivable structure against your state's payment-application rules, before the board adopts it. Common Elements is not a CPA firm and does not practice law or accountancy, and using this chart creates no accountant-client or attorney-client relationship.