

rates
terms

period
date

years

LONG-TERM LIABILITIES

balance

maturity

operating
capital

current
non-current

DEBT

obligations

interest

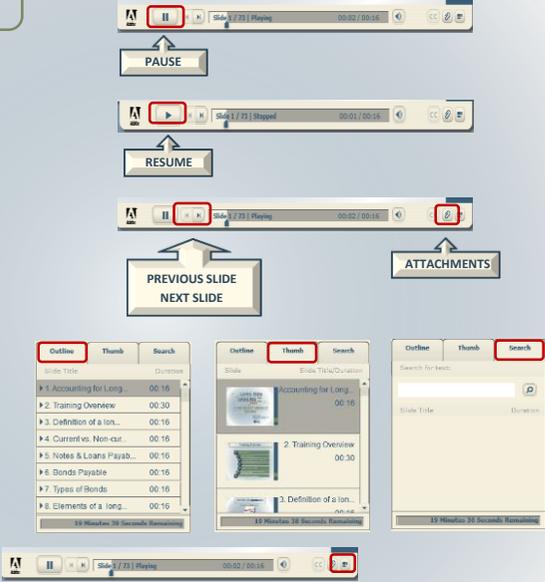
principal

COMPENSATED ABSENCES PAYABLE

Training offered by:
Montana Department of Administration,
Local Government Services Bureau



Introduction

PAUSE

RESUME

PREVIOUS SLIDE
NEXT SLIDE

ATTACHMENTS

Outline	Thumb	Search
1. Accounting for Long...		00:16
2. Training Overview		00:30
3. Definition of a long...		00:16
4. Current vs. Non-cur...		00:16
5. Notes & Loans Payab...		00:16
6. Bonds Payable		00:16
7. Types of Bonds		00:16
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Training Overview

- 1 Definition of long-term debt
- 2 Types of long-term debt instruments
- 3 Basis of Accounting for Governmental funds vs. Proprietary funds
- 4 Accounting for proceeds received from long-term debt
- 5 Accounting for changes in long-term debt
- 6 Suggested Fiscal Year-end closing practices for long-term debt and compensated absences payable
- 7 Recognizing and Creating Fiscal Year-end adjustments

Definition of a long-term debt

Borrower has obligation to pay



over more than one fiscal year



Operating Debt
\$ used to pay



Capital Debt
\$ used to purchase



Current vs. Non-current portion of long-term debt

City of Opportunity Statement of Net Position June 30, 2015			
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accrued payroll	1,278.35	2,941.44	4,219.79
Revenues collected in advance	68.00	927.80	995.80
Current portion of long-term capital liabilities	-	15,100.00	15,100.00
Current portion of compensated absences payable	1,279.00	2,619.00	3,898.00
Total current liabilities	\$ 2,625.35	\$ 21,588.24	\$ 24,213.59
Noncurrent liabilities:			
Noncurrent portion of long-term capital liabilities	-	466,925.07	466,925.07
Noncurrent portion of compensated absences	3,836.41	7,857.52	11,693.93
Total noncurrent liabilities	\$ 3,836.41	\$ 474,782.59	\$ 478,619.00
Total Liabilities	\$ 6,461.76	\$ 496,370.83	\$ 502,832.59

Required to be broken out on the financial statements

For Fiscal Year Ending 6/30/2015:

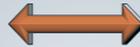
(A) Total long-term capital liabilities as of 6/30/15	482,025.07	
(B) <u>Principal</u> payments expected to be made in FY2016	- 15,100.00	= Current portion
(C) = (A) – (B)	466,925.07	= Noncurrent portion

Does not include interest amounts!!!

Notes & Loans Payable



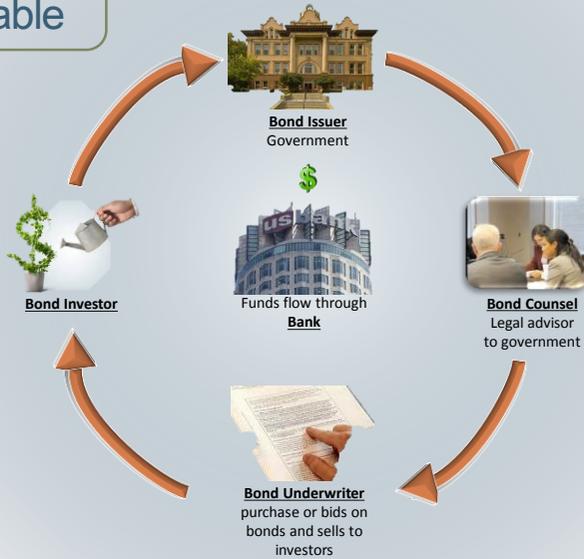
Lender



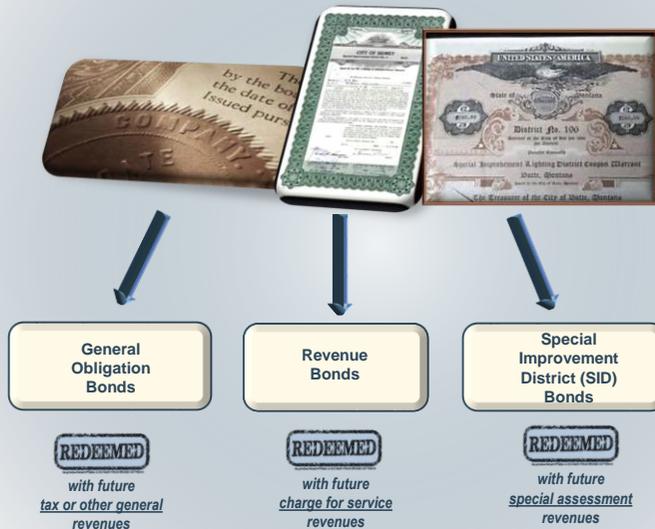
**Borrower
Government**



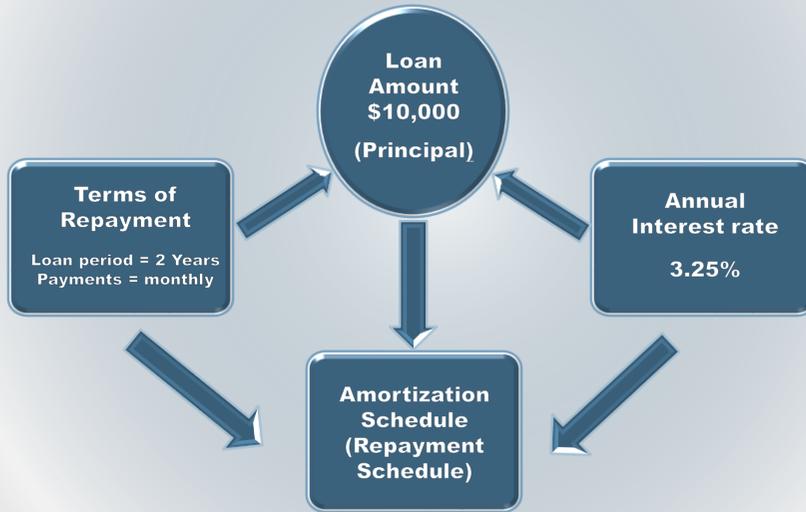
Bonds Payable



Types of Bonds



Elements of a long-term debt agreement



Amortization Schedule

Loan amount	\$ 10,000.00	<i>ABC BANK</i>
Annual interest rate	3.25%	
Loan period in years	2	
Start date of loan	6/15/2015	
Monthly payment	\$ 430.92	
Number of payments	24	
Total interest	\$ 342.05	<i>City of Opportunity 2016 Ford Truck Loan</i>
Total cost of loan	\$ 10,342.05	

No.	Payment Date	Beginning Principal Balance	Payment	Principal	Interest	Outstanding Principal Balance
1	7/15/2015	\$ 10,000.00	\$ 430.92	\$ 403.84	\$ 27.08	\$ 9,596.16
2	8/15/2015	\$ 9,596.16	\$ 430.92	\$ 404.93	\$ 25.99	\$ 9,191.23
3	9/15/2015	\$ 9,191.24	\$ 430.92	\$ 406.03	\$ 24.89	\$ 8,785.20
4	10/15/2015	\$ 8,785.21	\$ 430.92	\$ 407.13	\$ 23.79	\$ 8,378.07
5	11/15/2015	\$ 8,378.08	\$ 430.92	\$ 408.23	\$ 22.69	\$ 7,969.84
6	12/15/2015	\$ 7,969.86	\$ 430.92	\$ 409.33	\$ 21.59	\$ 7,560.51
7	1/15/2016	\$ 7,560.52	\$ 430.92	\$ 410.44	\$ 20.48	\$ 7,150.07
8	2/15/2016	\$ 7,150.08	\$ 430.92	\$ 411.55	\$ 19.37	\$ 6,738.52
9	3/15/2016	\$ 6,738.53	\$ 430.92	\$ 412.67	\$ 18.25	\$ 6,325.85
10	4/15/2016	\$ 6,325.86	\$ 430.92	\$ 413.79	\$ 17.13	\$ 5,912.06
11	5/15/2016	\$ 5,912.07	\$ 430.92	\$ 414.91	\$ 16.01	\$ 5,497.15
12	6/15/2016	\$ 5,497.16	\$ 430.92	\$ 416.03	\$ 14.89	\$ 5,081.12
Total FY 2016			\$ 5,171.04	\$ 4,918.88	\$ 252.16	
Total FY 2017			\$ 5,171.04	\$ 5,081.12	\$ 89.92	\$ 0.00

Basis of Accounting

Governmental funds
modified accrual basis
of accounting.



Long-term Liability
recorded in the
***General Long-
term Debt
Account Group -
fund 9500***

Proprietary funds
accrual basis of
accounting.



Long-term Liability
recorded in the
Proprietary Fund

ACCOUNTS & ARROWS

- Cash – ***BARS section 03***
- Amount to be provided-***BARS section 03***
- Long-term Liability-***BARS section 03***
- Other Financing Source-***BARS section 04***
- Expenditure accounts-including
object codes-***BARS sections 05 & 06***



LGSB website - BARS

<http://sfsd.mt.gov/LGSB>

Department of
ADMINISTRATION
MONTANA

Deliver services that support the transparency, accountability, and effective management of public funds

STATE FINANCIAL SERVICES DIVISION

HOME BUREAU WEBSITES WHAT WE DO CONTACT US RESOURCES

WELCOME TO THE LOCAL GOVERNMENT SERVICES BUREAU

Visit the bureau's [About Us Page](#) to learn about LGSBI

New LGS Local Government Entity Portal!

By law, local government entities must file their annual financial reports, budgets, and audit reports with the Local Government Services Bureau. In order to improve efficiencies, the LGSB has implemented a new way to receive and share this information.

QUICK LINKS

NEW RESOURCES

- [GASB 68 - FY2015 Pension Reporting Worksheet](#) Revised 10/29/2015 - see [COVER PAGE](#) tab for recent revisions
- [Important Dates](#) - List of pertinent reporting dates

REPORT TO LEGISLATURE

- [Local Charges for Services Funds](#)

ACCOUNTING AND FINANCIAL REPORTING SECTION

- [Accounting & Financial Reporting Forms and Documents](#)
- [BARS Updates \(Memo\)](#)
- [Database Ledger Load for Local Governments \(Updated 9/2015\)](#)
- [Delinquent Annual Financial Reports](#)
- [Delinquent Budget Report](#)

PUBLIC VIEWERS

REGISTERED USERS

RECORDING LTD-GOVERNMENTAL FUNDS

accounting for long-term debt obligations

General Fund - 1000
Special Revenue Funds – fund #'s 2000 to 2999
Debt Service Funds – fund #'s 3000 to 3999
Capital Projects Funds – fund #'s 4000 to 4999
Permanent Funds – fund #'s 8000 to 8999

Recording proceeds received from long-term debt in Governmental Funds

Governmental Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	General	1000	101000	Cash	10,000.00	
6/15/2015	General	1000	381070	Proceeds from notes/loans		10,000.00

↑
Other Financing Source Account

↑
Proceeds received

General Long-term Debt Account Group-Fund 9500 Adjusting for increase in long-term debt liability

General Long-term Debt Account Group (GLTDAG) (All new Long-term Debt Liabilities expected to be paid out of Governmental funds)

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	GLTDAG	9500	174000	Amount to be provided for payment of debt	10,000.00	
6/15/2015	GLTDAG	9500	2354xx	Loan payable – ABC Bank		10,000.00

↑
long-term liability account

↑
Proceeds received

DO NOT Record long-term debt liabilities that will be paid out of *Proprietary funds* in the GLTDAG

Recording payments on long-term debt in Governmental Funds

Governmental Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	General	1000	101000	Cash		430.92
7/15/2015	General	1000	4xxxx-620	Debt service Interest	27.08	
7/15/2015	General	1000	4xxxx-610	Debt service Principal	403.84	

↑
interest and principal amounts
recorded as expenditures
using *different* object codes

General Long-term Debt Account Group –Fund 9500 Adjustment to decrease long-term debt liability

General Long-term Debt Account Group (GLTDAG)

(Adjustment to account balances associated with debt service payments made in Governmental funds)

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	GLTDAG	9500	174000	Amount to be provided		403.84
7/15/2015	GLTDAG	9500	2354xx	Loan payable – ABC Bank	403.84	

↑
long-term liability
account

↑
= Debt service
principal

RECORDING LTD-PROPRIETARY FUNDS

accounting for long-term debt obligations

Enterprise Funds – fund #'s 5000 to 5999
 Internal Service Funds – fund #'s 6000 to 6999

Recording proceeds received from long-term debt in Proprietary Funds

Proprietary Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	Water	5210	101000	Cash	10,000.00	
6/15/2015	Water	5210	235401	Loan payable – ABC Bank		10,000.00

↑
 Long-term Liability Account

↑
 Proceeds received

Recording payments on long-term debt in Proprietary Funds

Proprietary Funds

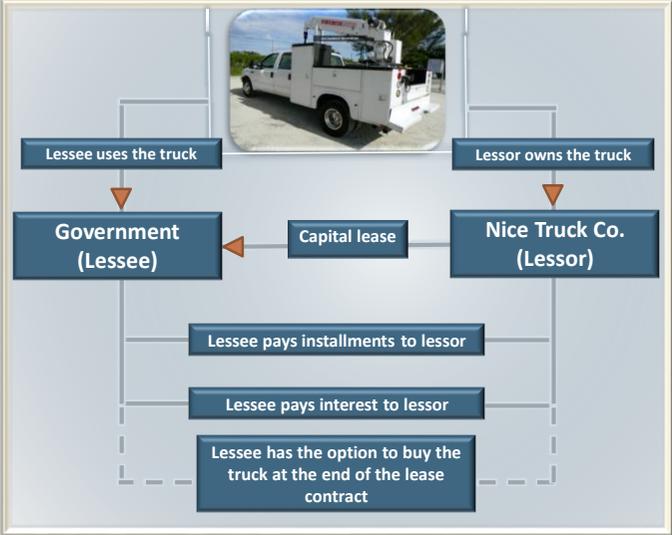
Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	Water	5210	101000	Cash		430.92
7/15/2015	Water	5210	4305xx-620	Debt service INTEREST	27.08	
7/15/2015	Water	5210	235401	Loan payable – ABC Bank	403.84	

↑
long-term liability account

↑
principal amount



CAPITAL LEASE



Recording capital lease-governmental funds

accounting for capital lease obligations

- General Fund - 1000
- Special Revenue Funds – fund #'s 2000 to 2999
- Debt Service Funds – fund #'s 3000 to 3999
- Capital Projects Funds – fund #'s 4000 to 4999
- Permanent Funds – fund #'s 8000 to 8999

Recording the inception of a capital lease in Governmental Funds

Governmental funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	General	1000	4XXXX-94X	Expenditure-capital outlay	10,000.00	
6/15/2015	General	1000	381050	Inception of capital lease agreement		10,000.00

Other Financing Source

Total payments to principal + bargain price

General Long-term Debt Account Group-Fund 9500 Adjusting for increase in capital lease liability

General Long-term Debt Account Group (GLTDAG)
(All new capital lease obligations expected to be paid out of Governmental funds)

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	GLTDAG	9500	174000	Amount to be provided for payment of debt	10,000.00	
6/15/2015	GLTDAG	9500	2353xx	Capital lease payable Nice Truck Co.		10,000.00

↑
long-term liability
account

↑
Total payments to
principal
+ bargain price

DO NOT Record capital leases that will be paid out of
Proprietary funds in the GLTDAG

Recording capital lease payments in Governmental Funds

Governmental Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	General	1000	101000	Cash		430.92
7/15/2015	General	1000	4xxxx-620	Debt service Interest	27.08	
7/15/2015	General	1000	4xxxx-610	Debt service Principal	403.84	

↑
interest and principal amounts
recorded as expenditures
using *different* object codes

General Long-term Debt Account Group –Fund 9500 Adjustment to decrease capital lease liability

General Long-term Debt Account Group (GLTDAG)
(Adjustment to account balances associated with capital lease payments made in Governmental funds)

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	GLTDAG	9500	174000	Amount to be provided		403.84
7/15/2015	GLTDAG	9500	2353xx	Capital lease payable Nice Truck Co.	403.84	

*long-term liability
account*

*Debt service
principal*

Recording capital lease-proprietary funds

accounting for capital lease obligations

Enterprise Funds – fund #'s 5000 to 5999
Internal Service Funds – fund #'s 6000 to 6999

Recording the inception of a capital lease in Proprietary Funds

Proprietary funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/15/2015	Water	5210	186000	Machinery & Equipment	10,000.00	
6/15/2015	Water	5210	2353xx	Capital lease payable Nice Truck Co.		10,000.00

Long-term Liability
account

Total payments to
principal
+ bargain price

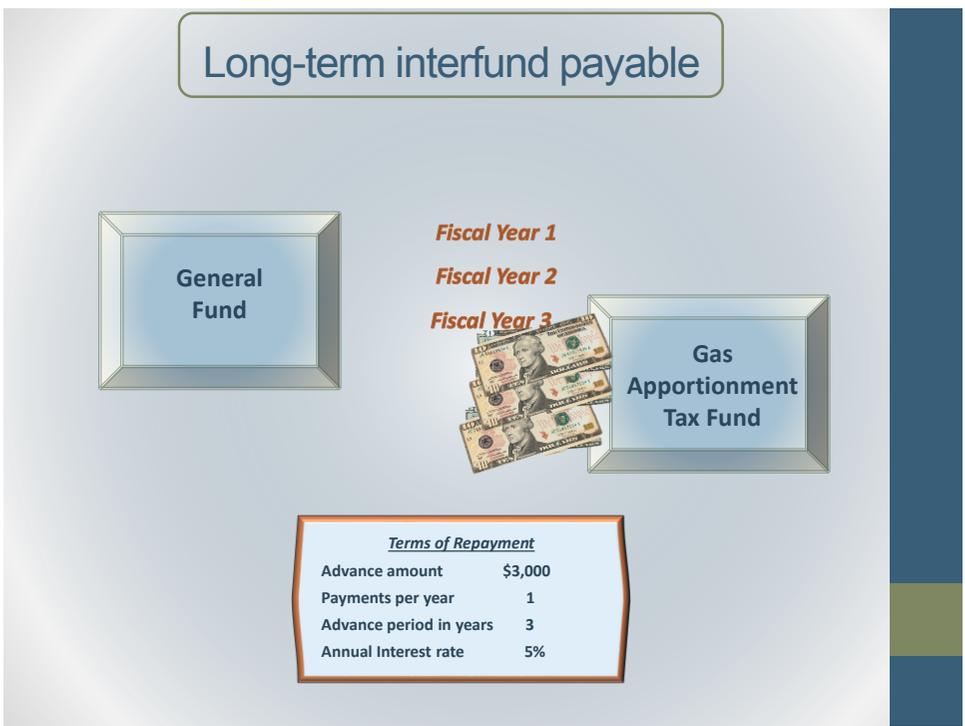
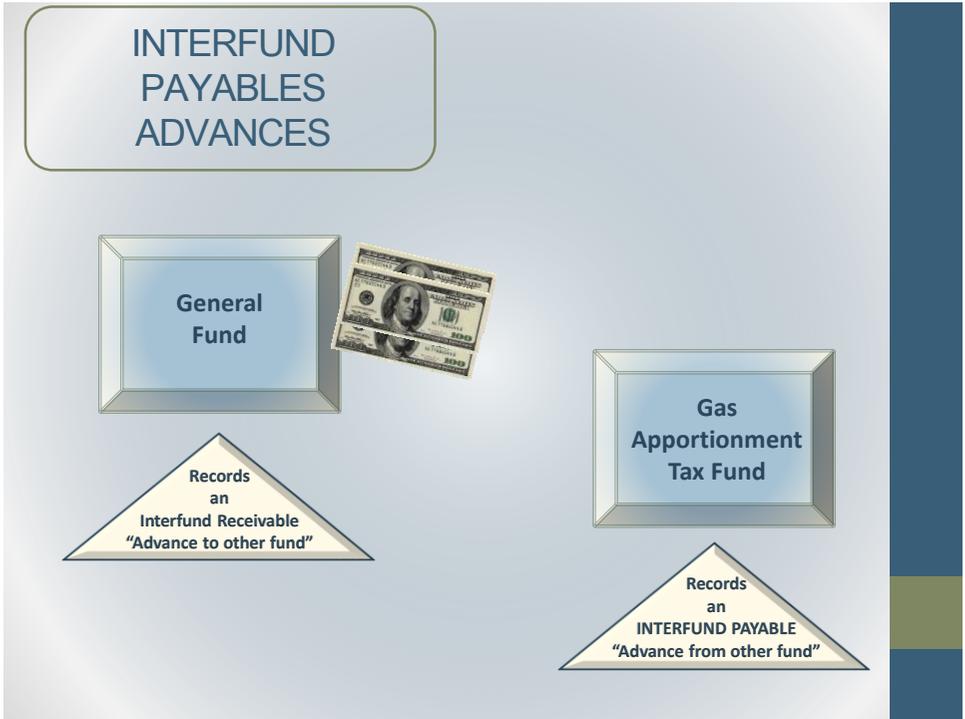
Recording capital lease payments in Proprietary Funds

Proprietary Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
7/15/2015	Water	5210	101000	Cash		430.92
7/15/2015	Water	5210	4305xx-620	Debt service INTEREST	27.08	
7/15/2015	Water	5210	2353xx	Capital lease payable Nice Truck Co.	403.84	

long-term liability
account

principal amount



Advance Amortization Schedule

Microsoft Excel Loan Amortization template used to create this schedule!!!

Terms of Repayment		Loan summary	
Advance amount	\$3,000.00	Scheduled payment	\$1,101.63
Annual interest rate	5.00 %	Scheduled # of payments	3
Advance period in years	3	Actual # of payments	3
Number of payments per year	1	Total early payments	-
Date of advance	8/1/2016	Total interest	\$304.88

Owed to	General Fund #1000
---------	--------------------

Interfund Payable	
Advance from other fund	Gas Apportionment Tax Fund #2820

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	8/1/2017	\$ 3,000.00	\$ 1,101.63	\$ 951.63	\$ 150.00	\$ 2,048.37	\$ 150.00
2	8/1/2018	\$ 2,048.37	\$ 1,101.63	\$ 999.21	\$ 102.42	\$ 1,049.17	\$ 252.42
3	8/1/2019	\$ 1,049.17	\$ 1,101.63	\$ 1,049.17	\$ 52.46	\$ -	\$ 304.88

Recording Advance to / from other funds

Governmental Funds & Proprietary Funds

Date	Fund Name	Fund No.	Account #	Account Description	Debit	Credit
8/1/2016	General	1000	133000	Advance to other fund	3000.00	
8/1/2016	General	1000	101000	Cash		3000.00
8/1/2016	Gas Apportionment Tax	2820	101000	Cash	3000.00	
8/1/2016	Gas Apportionment Tax	2820	233000	Advance from other fund		3000.00

Recording principal payment + interest on advance

Governmental Funds & Proprietary Funds

Date	Fund Name	Fund No.	Account #	Account Description	Debit	Credit
8/1/2017	Gas Apportionment Tax	2820	233000	advance from other fund	951.63	
8/1/2017	Gas Apportionment Tax	2820	43xxx-620	debt service interest (expense)	150.00	
8/1/2017	Gas Apportionment Tax	2820	101000	cash		1101.63
8/1/2017	General	1000	101000	cash	1101.63	
8/1/2017	General	1000	373xxx	interest earnings (revenue)		150.00
8/1/2017	General	1000	133000	advance to other fund		951.63



Compensated Absences Payable



Vacation Time Earned



Sick Leave Earned

**CITY OF OPPORTUNITY
Compensated Absences Payable
Vacation/Sick Accruals Report
JUNE 30, 20xx**

Fund	Name	Rate of Pay	Vac/Comp Time		Sick Time		FIC/MED (Employer) 7.65%	PERS (Employer) 8.07%	Unempl (Employer) 0.65%	Work Comp.	Total
			Hours Accumulated	Amount = hours X rate of pay	Hours Accumulated	Amount = hours/4 X rate of pay					
Fund 1000											
201	Employee 1	\$18.00	44.10	\$793.80	22.00	\$99.00	\$68.30	\$72.05	\$5.80	\$4.29	\$1,043.24
202	Employee 2	\$12.00	129.50	\$1,554.00	545.00	\$1,635.00	\$243.96	\$257.35	\$20.73	\$15.31	\$3,726.35
203	Employee 3	\$10.00	132.70	\$1,327.00	617.00	\$1,542.50	\$219.52	\$231.57	\$18.65	\$20.37	\$3,359.61
	Fund Total		306.30	\$3,674.80	1,184.00	\$3,276.50	\$531.77	\$560.97	\$45.18	\$39.97	\$8,129.19
Fund 2620											
203	Employee 3	\$10.00	173.06	\$1,730.60	45.00	\$112.50	\$141.00	\$148.74	\$11.98	\$13.09	\$2,157.90
	Fund Total		173.06	\$1,730.60	45.00	\$112.50	\$141.00	\$148.74	\$11.98	\$13.09	\$2,157.90
Fund 5210											
201	Employee 1	\$18.00	44.10	\$793.80	22.00	\$99.00	\$68.30	\$72.05	\$5.80	\$6.34	\$1,045.29
204	Employee 4	\$23.00	43.57	\$1,002.11	117.00	\$672.75	\$128.13	\$135.16	\$10.89	\$11.89	\$1,960.93
205	Employee 5	\$22.00	242.65	\$5,338.30	489.00	\$2,689.50	\$614.13	\$647.84	\$52.18	\$57.00	\$9,398.95
	Fund Total		330.32	\$7,134.21	628.00	\$3,461.25	\$810.55	\$855.05	\$68.87	\$75.23	\$12,405.16
Fund 5310											
201	Employee 1	\$18.00	44.10	\$793.80	22.00	\$99.00	\$68.30	\$72.05	\$5.80	\$6.34	\$1,045.29
204	Employee 4	\$23.00	43.57	\$1,002.11	117.00	\$672.75	\$128.13	\$135.16	\$10.89	\$11.89	\$1,960.93
205	Employee 5	\$22.00	242.65	\$5,338.30	489.00	\$2,689.50	\$614.13	\$647.84	\$52.18	\$57.00	\$9,398.95
	Fund Total		330.32	\$7,134.21	628.00	\$3,461.25	\$810.55	\$855.05	\$68.87	\$75.23	\$12,405.16
	Total		1,140.00	\$19,673.82	2,485.00	\$10,311.50	\$2,293.88	\$2,419.82	\$194.90	\$203.51	\$35,097.42

Total Governmental Funds = \$10,287.09

CLOSING-GOVERNMENTAL FUNDS

completing General Long-term Debt Schedule
identifying and creating closing adjustments

General Fund - 1000

Special Revenue Funds – fund #'s 2000 to 2999

Debt Service Funds – fund #'s 3000 to 3999

Capital Projects Funds – fund #'s 4000 to 4999

Permanent Funds – fund #'s 8000 to 8999

General LTD Schedule Step 1

City of Opportunity
Long-Term Debt Schedule
Governmental Fund(s) - GLTDAG
June 30, 2016

Step 1
1) Enter information for each Bond Issue by type, Capital Leases, and Notes/Loans

Description	Issue Date	Interest Rate	Term of Loan Years	Final Maturity Date	Amount Issued	Annual Payment
General Obligation Bonds:						
Series 2001 - City Hall Building	8/12/2000	3.25%	20yrs	8/12/2020	1,500,000.00	varies
Special Assessment Bonds						
SID Bonds-Gold Street paving	4/15/2016	3.75%	10 yrs	8/15/2019	500,000.00	varies
Capital Leases						
Nice Truck Co. 2014 Utility Truck	2/25/2014	3.50%	5 years	2/25/2019	125,000.00	27,685.17
Notes/Loans/Contracted Debt						
INTERCAP Loan #2419-01-Fire Hall	7/27/12	1.25% to 3.25%	20 yrs	8/15/22	96,000.00	varies
ABC Bank - 2016 Ford Truck	6/15/2015	3.25%	2 yrs	6/15/2017	10,000.00	5,171.04
Compensated Absences Payable						
Total Governmental Funds						

General LTD Schedule Step 2

Step 2
Generate a *PRIOR YEAR (PY) Annual Trial Balance report* for fund 9500, the General Long-term Debt Account Group.

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16
09:32:17

City of Opportunity
Annual Trial Balance
For the Year: 2014 - 2015

Page: 1
Report ID: Y700

9500 GENERAL Long-term Debt Account Group

Account	Opening Balance	Current Year Changes	Ending Balance
174000 Amount to be provided	998,666.33	0.00	998,666.33
Total Assets:	998,666.33	0.00	998,666.33
231100 GO Bonds payable	795,000.00	0.00	795,000.00
235300 Capital Leases payable	101,689.83	0.00	101,689.83
235400 Note/Loans/INTERCAP payable	93,229.54	0.00	93,229.54
231400 S.I.D. Bonds payable	0.00	0.00	0.00
239000 Compensated Absences	8,746.96	0.00	8,746.96
Total Liabilities:	998,666.33	0.00	998,666.33

General LTD Schedule Step 2 (cont.)

City of Opportunity Long-Term Debt Schedule Governmental Fund(s) - GLTDAG June 30, 2016	A Prior Year Ending Principal Balance Per Accounting System as of June 30, 2015
Description	
General Obligation Bonds:	
Series 2001 - City Hall Building	795,000.00
	795,000.00
Special Assessment Bonds	
SID Bonds-Gold Street paving	0.00
	0.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	101,689.83
	101,689.83
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Fire Hall	83,229.54
ABC Bank - 2016 Ford Truck	10,000.00
	93,229.54
Total Long-Term Debt:	989,919.37
Compensated Absences Payable	
Total Governmental Funds	8,746.96
Total Long-Term Debt + Compensated Absences Payable:	998,666.33

Step 2 (cont.)

- 1) From the *PY Annual Trial Balance report*, enter the ending balance amount for each long-term debt payable, by type, and compensated absences payable in Column A.
- 2) If each loan balance is not reported separately, make sure total debt payable amounts *by debt type* on the long-term debt schedule equals the total by debt type on the PY Trial Balance report.

General LTD Schedule Step 3

City of Opportunity Long-Term Debt Schedule Governmental Fund(s) - GLTDAG June 30, 2016	A
Total Long-Term Debt + Compensated Absences Payable:	998,666.33
Agreeing prior year ending balances per accounting system to amounts reported on prior year Audit or AFR if not audited in prior year	
Total Current (due within 1 year) + Non-current (due in more than a year) Long-Term Liabilities (operating & capital)	989,919.00
Total Current (due within 1 year) + Non-current (due in more than a year) Compensated Absences payable	8,747.00
Total per Prior Year Audit or Prior Year AFR:	998,666.00
Difference (Accounting system vs. PY Audit/AFR): Significant difference should be investigated and corrected, if applicable, before completing!!!	(0.33)

Step 3

- 1) From the *Prior Year Audit report*, (if not audited per Prior Year Annual Financial report), enter amounts reported on the *Statement of Net Position-Governmental Activities* column.
- 2) Differences between the amounts on the schedule and the prior year report will calculate.

Significant differences should be investigated and corrected, if necessary, before proceeding to the next step.

General LTD Schedule Step 4

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16 City of Opportunity Page: 1 of 1
 13:17:10 Detail Ledger Report ID: 1090

For the Accounting Periods: 7/15 - 6/16

Funds 1000-4999
 Accounts 381000-381999

Fund/Account/ Doc/Line #	Description	Acct. Period	Beg. Balance	Debit	Credit	Ending Balance
3400 SID-Gold Street						
381000 SID Bonds						
RV 326 1	proceeds from long-term debt	4/16		0.00	500,000.00	
	Account Total:		0.00	0.00	500,000.00	500,000.00 CR
	Fund Total:			0.00	500,000.00	

- Step 4**
- 1) Generate a report from your accounting system that captures for the fiscal year;
 - a) all fund #'s 1000 to 4999
(If you have permanent funds pull the same report for all funds 8000 to 8999)
 - b) all amounts recorded to account #'s 381000 to 381999 (per BARS proceeds from LTD)
 - 2) Compare proceeds from long-term debt amounts on report to amounts on the amortization schedules

If proceeds from long-term debt were received in a Governmental Fund in the current fiscal year and you do not see the amount on the report...Stop!!!

A closing adjustment is necessary.

Locate the transaction on the accounting system used to record the proceeds and change the account # to a 381xxx. Repost using the same accounting month as the original entry. Generate a new report to assure the proceeds are now on the report.

General LTD Schedule Step 4 (cont.)

City of Opportunity	
Long-Term Debt Schedule	
Governmental Fund(s) - GLTDAG	
June 30, 2016	
Description	C Current Year Proceeds received from new debt and increases to compensated absences payable (Per BARS account # 381xxx)
General Obligation Bonds:	
Series 2001 - City Hall Building	0.00
Special Assessment Bonds	
SID Bonds-Gold Street paving	500,000.00
	500,000.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	0.00
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Fire Hall	
ABC Bank - 2016 Ford Truck	0.00
Total Long-Term Debt:	500,000.00
Compensated Absences Payable	INCREASE
Total Governmental Funds	1,540.13
Total Long-Term Debt + Compensated Absences Payable:	501,540.13

- Step 4 (cont.)**
- 1) From generated report, enter amount(s) of proceeds received from long-term debt in the Current Fiscal Year .
 - 2) Enter current year *increase* in Compensated Absences payable (Vac./Sick Leave) applicable to all Governmental funds

General LTD Schedule Step 5

BLACK MOUNTAIN SOFTWARE REPORT

City of Opportunity
Detail Report
For the Accounting Periods: 7/15 - 6/16

Funds: 1000-4999
Objects: 600-699

Fund/Account/ Module #	Description	Acct. Period	Req. Balance	Debit	Credit	Ending Balance
1000 General						
436250 Road and Street Operations						
610 Principal						
CL 8949 1	2016 Poed Truck - Principal	7/15		403.84	0.00	
CL 7045 1	2016 Poed Truck - Principal	8/15		404.83	0.00	
CL 7127 1	2016 Poed Truck - Principal	9/15		406.83	0.00	
CL 7282 1	2016 Poed Truck - Principal	10/15		407.33	0.00	
CL 7359 1	2016 Poed Truck - Principal	11/15		408.23	0.00	
CL 7442 1	2016 Poed Truck - Principal	12/15		409.23	0.00	
CL 7530 1	2016 Poed Truck - Principal	1/16		410.44	0.00	
CL 7624 1	2016 Poed Truck - Principal	2/16		411.55	0.00	
CL 7749 1	2016 Poed Truck - Principal	3/16		412.47	0.00	
CL 7789 1	2016 Poed Truck - Principal	4/16		413.79	0.00	
CL 7789 1	2016 Poed Truck - Principal	5/16		414.91	0.00	
CL 7779 1	2016 Poed Truck - Principal	6/16		416.83	0.00	
Object Total:				4,918.88		4,918.88 DR
620 Interest						
CL 8949 2	2016 Poed Truck - Interest	7/15		27.58	0.00	
CL 7045 2	2016 Poed Truck - Interest	8/15		28.99	0.00	
CL 7127 2	2016 Poed Truck - Interest	9/15		24.89	0.00	
CL 7282 2	2016 Poed Truck - Interest	10/15		23.79	0.00	
CL 7359 2	2016 Poed Truck - Interest	11/15		22.69	0.00	
CL 7442 2	2016 Poed Truck - Interest	12/15		21.59	0.00	
CL 7530 2	2016 Poed Truck - Interest	1/16		20.49	0.00	
CL 7624 2	2016 Poed Truck - Interest	2/16		19.37	0.00	
CL 7749 2	2016 Poed Truck - Interest	3/16		18.25	0.00	
CL 7789 2	2016 Poed Truck - Interest	4/16		17.13	0.00	
CL 7789 2	2016 Poed Truck - Interest	5/16		16.01	0.00	
CL 7779 2	2016 Poed Truck - Interest	6/16		14.89	0.00	
Object Total:				252.16		252.16 DR
Account Total:			0.00	5,171.04	0.00	5,171.04 DR
Fund Total:				5,171.04		

- Step 5**
- 1) Generate a report from your accounting system that captures the system for the fiscal year;
 - a) all fund #'s 1000 to 4999 (If you have permanent funds pull the same report for all funds 8000 to 8999)
 - b) all amounts recorded to object codes 600 to 699
 - 2) Compare total amounts for principal, interest, and agent fees, if applicable, on report to the totals for the fiscal year on the amortization schedule.

Adjusting expenditure and object code account balances;
 *Debit to increase the balance
 *Credit to decrease the balance

If payment amounts allocated to principal and interest in the current fiscal year on the accounting system do not agree to total amounts on the amortization schedule...**Stop!!**

A closing adjustment is necessary.

A Journal voucher (JV) should be prepared and recorded in the accounting month of June, to correct the ending balances of principal and interest. Generate a new report to assure the JV was made properly.

General LTD Schedule Step 5 (cont.)

City of Opportunity		
Long-Term Debt Schedule		
Governmental Fund(s) - GLTDAG		
June 30, 2016		
Description	D	E
	Current Year Principal payments made on debt and decrease to compensated absences payable (Per BARS - object code 610)	Current Year Interest and Agent fees payments made (Per BARS-object codes 620 & 630)
General Obligation Bonds:		
Series 2001 - City Hall Building	198,750.00	25,471.59
	198,750.00	25,471.59
Special Assessment Bonds		
SID Bonds-Gold Street paving	-	-
Capital Leases		
Nice Truck Co. 2014 Utility Truck	24,126.03	3,559.14
	24,126.03	3,559.14
Notes/Loans/Contracted Debt		
INTERCAP Loan #2419-01-Fire Hall	9,340.09	808.80
ABC Bank - 2016 Ford Truck	4,918.88	252.16
	14,258.97	1,060.96
Total Long-Term Debt:	237,135.00	30,091.69
Compensated Absences Payable		
Total Governmental Funds	DECREASE	
Total Long-Term Debt + Compensated Absences Payable:	237,135.00	30,091.69

- Step 5 (cont.)**
- 1) From the generated report, after adjustments are made, enter total principal and interest + agent fees amounts paid in the current fiscal year. in Columns D & E, respectively, on the schedule.
 - 2) Enter current year decrease in Compensated Absences payable (Vac./Sick Leave) applicable to all Governmental funds

General LTD Schedule Step 6

City of Opportunity	
Long-Term Debt Schedule	
Governmental Fund(s) - GLTDAG	
June 30, 2016	
Description	F Current Year Calculated Ending Principal Balance as of June 30, 2016
General Obligation Bonds:	
Series 2001 - City Hall Building	596,250.00
	596,250.00
Special Assessment Bonds	
SID Bonds-Gold Street paving	500,000.00
	500,000.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	77,563.80
	77,563.80
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Fire Hall	73,889.45
ABC Bank - 2016 Ford Truck	5,081.12
	78,970.57
Total Long-Term Debt:	1,252,784.37
Compensated Absences Payable	
Total Governmental Funds	10,287.09
Total Long-Term Debt + Compensated Absences Payable:	1,263,071.46

- Step 6**
- 1) Compare ending principal balance on the *LTD Schedule* to the ending principal balance reported on the *amortization schedule*.
 - 2) Compare ending Compensated Absences payable balance on the *LTD Schedule* to the ending balance on the *Compensated Absences report*.

Periodically, it's always a good idea to verify the principal balance owing as of the end of the fiscal year with the lender.

Balances in in the General Long-term Debt Account Group should be adjusted for *significant* differences and a new amortization schedule should be prepared, as discussed earlier in the training.

The LTD Schedule contains a column to enter a correction to the Prior Year ending balance if necessary.

General LTD Schedule Step 7

City of Opportunity	
Long-Term Debt Schedule	
Governmental Fund(s) - GLTDAG	
June 30, 2016	
Description	F Current Year Calculated Ending Principal Balance as of June 30, 2016
General Obligation Bonds:	
Series 2001 - City Hall Building	596,250.00
	596,250.00
Special Assessment Bonds	
SID Bonds-Gold Street paving	500,000.00
	500,000.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	77,563.80
	77,563.80
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Fire Hall	73,889.45
ABC Bank - 2016 Ford Truck	5,081.12
	78,970.57
Total Long-Term Debt:	1,252,784.37
Compensated Absences Payable	
Total Governmental Funds	10,287.09
Total Long-Term Debt + Compensated Absences Payable:	1,263,071.46

- Step 7**
- 1) Generate an *Annual Trial Balance* report from the accounting system as of the *current fiscal year-end* for the General Long-term Debt Account Group, Fund 9500.
 - 2) Compare ending debt payable and Compensated Absences payable balances on the *LTD Schedule* to the ending balances on the report
 - 3) If each loan balance does not appear separately on the report, make sure the total of all long term debt amounts by type on the report equals the total by debt type on the schedule.

If the total fiscal year end balances for all debt payable and compensated absences payable do not agree...
A closing adjustment is necessary.

Year-end adjustments to GLTDAG Step 7 (cont.)

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16 City of Opportunity Page: 1
09:32:17 Annual Trial Balance Report ID: Y700
For the Year: 2015 - 2016

9500 GENERAL Long-term Debt Account Group

Account	Opening Balance	Current Year Changes	Ending Balance
174000 Amount to be provided	998,666.33	264,405.13 DR	1,263,071.46
Total Assets:	998,666.33	264,405.13 DR	1,263,071.46

Adjusting Amount to be provided account balance;

*Debit to increase the balance
*Credit to decrease the balance

231100 GD Bonds payable	795,000.00	198,750.00 DR	596,250.00
235300 Capital Leases payable	101,689.83	24,126.03 DR	77,563.80
235400 Note/Loans/INTERCAP payable	93,229.54	14,258.97 DR	78,970.57
231400 S.I.D. Bonds payable	0.00	500,000.00 CR	500,000.00
239000 Compensated Absences	8,746.96	1,540.13 CR	10,287.09
Total Liabilities:	998,666.33	264,405.13 CR	1,263,071.46

Adjusting Liability account balances;

*Credit to increase the balance
*Debit to decrease the balance

Step 7 (cont.)

- 1) Create the JV to adjust the current year ending balances in the General Long-term Debt Account Group, fund 9500, to agree to balances on the LTD schedule in Column F
- 2) Record the JV in the last month of the fiscal year and generate a new Trial Balance report.
- 3) Compare the ending liability balances on the report to the balances on the LTD schedule in Column F.

General LTD Schedule Step 8

Description	F	G	H
	Current Year Calculated Ending Principal Balance as of June 30, 2016	Current portion of Long-term Debt (Principal payment(s) Due Within 1 Year)	Non-Current portion of Long-term Debt
General Obligation Bonds:			
Series 2001 - City Hall Building	596,250.00	198,750.00	397,500.00
	596,250.00	198,750.00	397,500.00
Special Assessment Bonds			
SID Bonds-Gold Street paving	500,000.00	50,000.00	450,000.00
	500,000.00	50,000.00	450,000.00
Capital Leases			
Nice Truck Co. 2014 Utility Truck	77,563.80	24,970.44	52,593.36
	77,563.80	24,970.44	52,593.36
Notes/Loans/Contracted Debt			
INTERCAP Loan #2419-01-Fire Hall	73,889.45	9,450.00	64,439.45
ABC Bank - 2016 Ford Truck	5,081.12	5,081.12	-
	78,970.57	14,531.12	64,439.45
Total Long-Term Debt:	1,252,784.37	288,251.56	964,532.81
Compensated Absences Payable			
Total Governmental Funds	10,287.09	2,571.77	7,715.32
Total Long-Term Debt + Compensated Absences Payable:	1,263,071.46	290,823.33	972,248.13

Step 8

- 1) Determine the current portion of each long-term debt from the amortization schedule (total principal payments that are expected to be paid in the following fiscal year)
- 2) Enter the current portion in Column G.
- 3) The calculated noncurrent portion will appear in Column H.

General LTD Schedule Step 9

F	
Current Year Calculated Ending Principal Balance as of June 30, 2016	
Total Long-Term Debt + Compensated Absences Payable:	1,263,071.46
Enter amounts from Current Year AFR Statement of Net Position- Governmental Activities	
Agreeing current year ending balances per LTD Schedule to amounts reported on current year AFR	
Total Current (due within 1 year) + Non-current (due in more than a year) Long-Term Liabilities (operating & capital)	1,252,784.37
Total Current (due within 1 year) + Non-current (due in more than a year) Compensated Absences payable:	10,287.09
Total per Current Year Statement of Net Position:	1,263,071.46
Difference (Accounting system vs. Current Year AFR):	-

Step 9

*** Perform Step 9
After your current year
Annual Financial Report is
completed.

- 1) From the current year Statement of Net Position – Governmental Activities column, enter the amounts of current and noncurrent debt and Compensated Absences payable
- 2) The LTD schedule will calculate the difference between the total amounts on Schedule and the Annual Financial Report.

if there is a difference...

An error was made when completing the conversion
from the fund level financial statements to the
government-wide financial statements.

Recap – Closing - Governmental Funds Using LTD Schedule

- Step 1** – Entered description, date incurred, amount, and terms of repayment of each long-term debt obligation.
- Step 2** – Entered prior year ending balances from accounting system (GLTDAG- fund 9500).
- Step 3** - Entered balances from prior year audit report or annual financial report, if not audited, and determined if they agreed with accounting system.
- Identified differences and corrected, if necessary.
- Step 4** – Entered amounts of current year proceeds received from long-term debt recorded in accounting system. Compared amounts on accounting system to amortization schedules.
- Identified differences. Created and made closing adjustments, if necessary.
- Step 5** – Entered total current year principal payments (610) and interest + agent fees payments (620 & 630) recorded in accounting system. Compared amounts to amortization schedules.
- Identified differences, Created and made closing adjustments, if necessary.
- Step 6** – Compared calculated current year ending balances to amortization schedules. Option to compare the calculated current year ending balances to lender.
- Step 7** - Created and made closing adjustments to agree current year ending balances in GLTDAG, fund 9500 to calculated ending balances on LTD Schedule.
- Step 8** – Determined and entered current portion on LTD Schedule. Noncurrent portion automatically calculates.
- Step 9** – Compared current year ending balances, both the current portion and noncurrent portion, on LTD Schedule with balances reported on the financial statement of the Annual Financial Report.
- Identified if a conversion error was made.

CLOSING-PROPRIETARY FUNDS

completing Proprietary Long-term Debt Schedule
identifying and creating closing adjustments

Enterprise Funds – fund #'s 5000 to 5999
Internal Service Funds – fund #'s 6000 to 6999

Proprietary Fund LTD Schedule Step 1

City of Opportunity
Long-Term Debt Schedule
Water Fund
June 30, 2016

Step 1
1) Enter information for each Bond Issue by type, Capital Leases, and Notes/Loans

Description	Issue Date	Interest Rate	Term of Loan Years	Final Maturity Date	Amount Issued	Annual Payment
-------------	------------	---------------	--------------------	---------------------	---------------	----------------

Revenue Bonds						
Series 2014 'A' RD	8/12/2014	3.25%	20yrs	8/12/2020	1,500,000.00	varies
Series 2016 'B' RD	4/15/2016	3.75%	10 yrs	8/15/2019	500,000.00	varies

Capital Leases						
Nice Truck Co. 2014 Utility Truck	2/25/2014	3.50%	5 years	2/25/2019	125,000.00	\$ 27,685.17

Notes/Loans/Contracted Debt						
INTERCAP Loan #2419-01-Dump Truck	7/27/12	1.25% to 3.75%	20 yrs	8/15/22	\$ 96,000.00	Varies
ABC Bank - 2016 Ford Truck	6/15/2015	3.25%	2 yrs	6/15/2017	10,000.00	\$ 5,171.04

Total Long-Term Debt:

Compensated Absences Payable	
Water Fund	

Proprietary Fund LTD Schedule Step 2

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16
12:07:01

City of Opportunity
Annual Trial Balance
For the Year: 2014 - 2015

Page: 1
Report ID: Y700

5210 WATER

Account	Opening Balance	Current Year Changes	Ending Balance
231300 Revenue Bonds payable	995,000.00	200,000.00	795,000.00
235300 Capital Leases payable	126,689.83	25,000.00	101,689.83
235400 Note/Loans/INTERCAP payable	112,639.46	19,409.92	93,229.54
239000 Compensated Absences	7,889.64	857.32	8,746.96
Total Long-term debt payable:			989,919.37
Compensated Absences payable:			8,746.96
Total			998,666.33

Step 2
Generate a **PRIOR YEAR (PY) Annual Trial Balance report** for the Proprietary fund.

Proprietary Fund LTD Schedule Step 2 (cont.)

City of Opportunity	
Long-Term Debt Schedule	
Water Fund	
June 30, 2016	
Description	A
	Prior Year Ending Principal Balance Per Accounting System as of June 30, 2015
Revenue Bonds	
Series 2014 'A' RD	795,000.00
Series 2016 'B' RD	-
	795,000.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	101,689.83
	101,689.83
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Dump Truck	83,229.54
ABC Bank - 2016 Ford Truck	10,000.00
	93,229.54
Total Long-Term Debt:	989,919.37
Compensated Absences Payable	
Water Fund	8,746.96
Total Long-Term Debt + Compensated Absences Payable:	998,666.33

- Step 2 (cont.)**
- 1) From the **PY Annual Trial Balance report**, enter the ending balance amount for each long-term debt payable and Compensated Absences payable in Column A.
 - 2) If each loan balance is not reported separately, make sure total debt payable amounts **by debt type** on the schedule equals the total by debt type on the report.

Proprietary Fund- LTD Schedule Step 3

City of Opportunity
Long-Term Debt Schedule
Water Fund
June 30, 2016

A

Total Long-Term Debt +
Compensated Absences Payable: **998,666.33**

Agreeing prior year ending balances per accounting system to amounts reported on prior year Audit or AFR if not audited in prior year

Total Current (due within 1 year) + Non-current (due in more than a year) Long-Term Liabilities (operating & capital)

Enter amounts from Prior Year Audit/if not audited per Prior Year AFR	Statement of Net Position- Proprietary Funds Water Fund
	989,919.00
	8,747.00
	998,666.00
	(0.33)

Total Current (due within 1 year) + Non-current (due in more than a year) Compensated Absences payable

Total per Prior Year Audit or Prior Year AFR:

Difference (Accounting system vs. PY Audit/AFR):
Significant difference should be investigated and corrected, if applicable, before completing!!!

Step 3

- 1) From *the Prior Year Audit report*, (if not audited per Prior Year Annual Financial report), enter amounts reported on the *Statement of Net Position- Proprietary Funds* for the proprietary fund.
- 2) Differences between the amounts on the schedule and the prior year report will calculate.

Significant differences should be investigated and corrected, if necessary, before proceeding to the next step.

Proprietary LTD Schedule Step 4

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16
13:17:10

City of Opportunity
Detail Ledger

Page: 1 of 1
Report ID: 1090

For the Accounting Periods: 7/15 - 6/16

Funds 5000-6999
Accounts 381000-381999

Fund/Account/ Doc/Line #	Description	Acct. Period	Req. Balance	Debit	Credit	Ending Balance
5210 SID-Water Fund						
381020 Revenue Bonds						
RM 326 1	proceeds Series 2016 'B' RD	4/16		0.00	500,000.00	
	Account Total:		0.00	0.00	500,000.00	500,000.00 CR
	Fund Total:			0.00	500,000.00	

**Basis of accounting is *different* in Proprietary Funds.
Proprietary Funds *DO NOT* recognize amounts received from long-term debt as an other financing source. The amount received should be recorded as an increase to a debt payable, the long-term liability account (230000).**

Step 4

- 1) Generate a report from your accounting system that captures proceeds for the fiscal year;
 - a) all fund #'s 5000 to 6999
 - b) all amounts recorded to account #'s 381000 to 381999 (per BARS proceeds from LTD)
- 2) If proceeds from long-term debt appear on the report. **STOP!!!!** A closing adjustment is necessary.
 - a) Locate the transaction on the accounting system used to record the proceeds and change the account # to a 23XXXX, debt payable, a long-term liability account. Repost using the same accounting month as the original entry.
 - b) Generate a new report to assure proceeds *do not appear* in the fund on the report.

Proprietary LTD Schedule Step 4 (cont.)

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16 14:01:37 City of Opportunity Summary of Activity by Fund For the Accounting Period: 7/15 - 6/16 Page: 1 of 1 Report ID: L090A

Funds 5000-6999

Accounts 231000-235499

Fund/Account	Doc Type	Reg. Balance	Debit	Credit	Ending Balance
5210 WATER					
231300 Revenue Bonds payable	CL Claims		198,750.00	0.00	
	RV Revenue Voucher		0.00	500,000.00	
	Account Total:	795,000.00 CR	198,750.00	500,000.00	1,096,250.00 CR
235300 Capital Leases	CL Claims		24,126.03	0.00	
	Account Total:	101,689.83 CR	24,126.03	0.00	77,563.80 CR
235400 Notes/Loans/INTERCAP payable	CL Claims		14,258.97	0.00	
	Account Total:	93,229.54 CR	14,258.97	0.00	78,970.57 CR
	Fund Total:		237,135.00	500,000.00	

Adjusting Liability account balances;
 *Credit to increase the balance
 *Debit to decrease the balance

- Step 4 (cont.)**
- 1) Generate a report from your accounting system that captures for the fiscal year;
 - a) all fund #'s 5000 to 6999
 - b) all Credits recorded to account #'s 231000 to 235499 (per BARS debt payable, long-term liabilities)
 - 2) Compare increases (Credits to debt payable accounts) on the report to new loan amounts received in the fiscal year on the amortization schedules

If new loan amounts were received in the fiscal year in the Proprietary Fund and the CREDIT amount is not on the report...Stop!!!
 Investigate the reason...Increases (CREDITS) to debt payable accounts are typically offset with an increase to cash. Assure the transaction was not recorded using an incorrect account number.

Once determined...A closing adjustment is necessary to record the increase (CREDIT) to the debt payable account.
 Generate a new report to assure the increase (CREDIT) to the debt payable, a long-term liability account is on the report.

Proprietary LTD Schedule Step 4 (cont.)

City of Opportunity	
Long-Term Debt Schedule	
Water Fund	
June 30, 2016	
Description	C
	Current Year additions (credits) to debt payables and increases to compensated absences payable
Revenue Bonds	
Series 2014 'A' RD	
Series 2016 'B' RD	500,000.00
	500,000.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	
	0.00
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Dump Truck	
ABC Bank - 2016 Ford Truck	
	0.00
Total Long-Term Debt:	500,000.00
Compensated Absences Payable	INCREASE
Water Fund	3,658.20
Total Long-Term Debt + Compensated Absences Payable:	503,658.20

- Step 4 (cont.)**
- 1) From generated report, enter amount of current year additions (Credits) to debt payables.
 - 2) Enter current year *increase* in Compensated Absences payable (Vac./Sick Leave) applicable to the proprietary fund

Proprietary LTD Schedule Step 5

BLACK MOUNTAIN SOFTWARE REPORT

07/20/16 City of Opportunity Page: 1 of 3
10:29:57 Detail Ledger Report ID: 1090
For the Accounting Periods: 7/15 - 6/16

Funds 5000-6999
Objects 610-610

Fund/Accounts/ Obj/Line #	Description	Acct. Period	Req. Balance	Debit	Credit	Ending Balance
5210 Water Fund						
430520 Facilities						
610 Principal						
CL 6949 1	2016 Ford Truck - Principal	7/15		403.84	0.00	
CL 7045 1	2016 Ford Truck - Principal	8/15		404.33	0.00	
CL 7123 1	2016 Ford Truck - Principal	9/15		406.03	0.00	
CL 7282 1	2016 Ford Truck - Principal	10/15		407.53	0.00	
CL 7359 1	2016 Ford Truck - Principal	11/15		408.23	0.00	
CL 7442 1	2016 Ford Truck - Principal	12/15		409.33	0.00	
CL 7530 1	2016 Ford Truck - Principal	1/16		410.44	0.00	
CL 7636 1	2016 Ford Truck - Principal	2/16		411.55	0.00	
CL 7749 1	2016 Ford Truck - Principal	3/16		412.67	0.00	
CL 7759 1	2016 Ford Truck - Principal	4/16		413.79	0.00	
CL 7769 1	2016 Ford Truck - Principal	5/16		414.91	0.00	
CL 7779 1	2016 Ford Truck - Principal	6/16		416.03	0.00	
Object Total:				4,918.88		4,918.88 DB
Account Total:			0.00	4,918.88	0.00	4,918.88 DB
Fund Total:				4,918.88	0.00	

Basis of accounting is *different* in Proprietary Funds.
Proprietary Funds **DO NOT** recognize the **PRINCIPAL** portion of debt service payments as expenses. The principal portion should be recorded as a reduction (DEBIT) to the debt payable, the long-term liability account (23XXXX).

- Step 5**
- 1) Generate a report from your accounting system that captures for the fiscal year;
 - a) all fund #'s 5000 to 6999
 - b) all amounts recorded to object code 610 (per BARS, principal debt service expenses)
 - 2) If debt service principal (610) expenses appear on the report. **STOP!!!**
A closing adjustment is necessary.
 - a) After closing adjustment is made, generate a new report to assure principal (610) debt service payments *do not* appear in the fund on the report

Closing Adjustment - Proprietary Funds to reverse principal debt service expense and reduce debt payable balance

Proprietary Funds

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/30/2015	Water	5210	430XXX-610	Debt service - Principal		4918.88
6/30/2015	Water	5210	23XXXX	(Debt) payable	4918.88	



Proprietary LTD Schedule Step 5 (cont.)

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16 14:01:37 City of Opportunity Summary of Activity by Fund For the Accounting Periods: 7/15 - 6/16 Page: 1 of 1 Report ID: L090A

Funds 5000-6999
Accounts 231000-235499

Fund/Account	Doc Type	Req. Balance	Debit	Credit	Ending Balance
5210 WATER					
231300 Revenue Bonds payable	CL Claims		198,750.00	0.00	
	RV Revenue Voucher		0.00	500,000.00	
	Account Total:	795,000.00 CR	198,750.00	500,000.00	1,096,250.00 CR
235300 Capital Leases	CL Claims		24,126.03	0.00	
	Account Total:	101,689.83 CR	24,126.03	0.00	77,563.80 CR
235400 Notes/Loans/INTERCAP payable	CL Claims		14,258.97	0.00	
	Account Total:	93,229.54 CR	14,258.97	0.00	78,970.57 CR
	Fund Total:		237,135.00	500,000.00	

Adjusting Liability account balances;
*Credit to increase the balance
*Debit to decrease the balance

- Step 5 (cont.)
- 1) Generate a report from your accounting system that captures for the fiscal year;
 - a) all fund #'s 5000 to 6999
 - b) All decreases (Debits) recorded to account #'s 231000 to 235499 (per BARS debt payable, long-term liabilities)
 - 2) Compare decreases (DEBITS to debt payable accounts) on the report to the principal portion of debt service payments made in the fiscal year on the amortization schedule.

If the **DEBIT** amount associated with the principal portion of a debt service payment made in the fiscal year is not on the report...Stop!!

Investigate...A closing adjustment is necessary.

Record the transaction in the accounting month the payment was made.

Generate a new report to assure the decrease (DEBIT) to the debt payable, a long-term liability account is on the report.

Proprietary LTD Schedule Step 5 (cont.)

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16 10:29:57 City of Opportunity Detail Ledger Page: 1 of 2 Report ID: L090

For the Accounting Periods: 7/15 - 6/16

Funds 5000-6999
Objects 620-630

Fund/Accounts/Doc/Line #	Description	Acct. Period	Req. Balance	Debit	Credit	Ending Balance
5210 Water Fund						
430520 Facilities						
620 Interest						
CL 6949 2	2016 Ford Truck - Interest	7/15		27.08	0.00	
CL 7045 2	2016 Ford Truck - Interest	8/15		25.99	0.00	
CL 7123 2	2016 Ford Truck - Interest	9/15		24.89	0.00	
CL 7252 2	2016 Ford Truck - Interest	10/15		23.79	0.00	
CL 7359 2	2016 Ford Truck - Interest	11/15		22.69	0.00	
CL 7442 2	2016 Ford Truck - Interest	12/15		21.59	0.00	
CL 7530 2	2016 Ford Truck - Interest	1/16		20.48	0.00	
CL 7636 2	2016 Ford Truck - Interest	2/16		19.37	0.00	
CL 7749 2	2016 Ford Truck - Interest	3/16		18.25	0.00	
CL 7759 2	2016 Ford Truck - Interest	4/16		17.13	0.00	
CL 7769 2	2016 Ford Truck - Interest	5/16		16.01	0.00	
CL 7779 2	2016 Ford Truck - Interest	6/16		14.89	0.00	
	Object Total:			252.16		252.16 DB

- Step 5 (cont.)
- 1) Generate a report from your accounting system that captures for the fiscal year;
 - a) all fund #'s 5000 to 6999
 - b) all amounts recorded to object codes 620 to 630
 - 2) Compare interest and agent fee payments on report to amounts on the amortization schedule.
 - 3) If amounts do not agree, **a closing adjustment is necessary.**
 - 4) Generate a new report after adjustments are made to assure interest amounts on the report agree to the amortization schedule.

Closing Adjustment-Proprietary Funds to adjust interest and principal amounts

Proprietary Funds

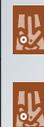
To increase interest and decrease principal amounts on debt service payments made

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/30/2015	Water	5210	4305XX-620	Debt service-Interest	XXXX.XX	
6/30/2015	Water	5210	23XXXX	(Debt) payable		XXXX.XX



To decrease interest and increase principal amounts on debt service payments made

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/30/2015	Water	5210	4305XX-620	Debt service-Interest		XXXX.XX
6/30/2015	Water	5210	23XXXX	(Debt) payable	XXXX.XX	



Proprietary LTD Schedule Step 5 (cont.)

City of Opportunity		
Long-Term Debt Schedule		
Water Fund		
June 30, 2016		
Description	D	E
	Current Year Principal payments made on debt and decrease to compensated absences payable	Current Year Interest and Agent fees payments made
Revenue Bonds		
Series 2014 'A' RD	198,750.00	25,471.59
Series 2016 'B' RD		
	198,750.00	25,471.59
231300		
Capital Leases		
Nice Truck Co. 2014 Utility Truck	24,126.03	3,559.14
	24,126.03	3,559.14
235300		
Notes/Loans/Contracted Debt		
INTERCAP Loan #2419-01-Dump Truck	9,340.09	808.80
ABC Bank - 2016 Ford Truck	4,918.88	252.16
	14,258.97	1,060.96
235400		
Total Long-Term Debt:	237,135.00	30,091.69
Compensated Absences Payable		
	DECREASE	
Water Fund		
239000		
Total Long-Term Debt + Compensated Absences Payable:	237,135.00	30,091.69

Step 5 (cont.)

1) From the reports generated after adjustments were made, enter total principal and interest + agent fees amounts paid in the Current Fiscal Year in Columns D & E, respectively, on the schedule.

2) Enter current year *decrease* in Compensated Absences payable (Vac./Sick Leave) applicable to the Proprietary fund.

Proprietary LTD Schedule Step 6

City of Opportunity	
Long-Term Debt Schedule	
Water Fund	
June 30, 2016	
F	
Description	Current Year Calculated Ending Principal Balance as of June 30, 2016
Revenue Bonds	
Series 2014 'A' RD	596,250.00
Series 2016 'B' RD	500,000.00
	1,096,250.00
231300	
Capital Leases	
Nice Truck Co. 2014 Utility Truck	77,563.80
	77,563.80
235300	
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Dump Truck	73,889.45
ABC Bank - 2016 Ford Truck	5,081.12
	78,970.57
235400	
Total Long-Term Debt:	1,252,784.37
Compensated Absences Payable	
Water Fund	12,405.16
239000	
Total Long-Term Debt + Compensated Absences Payable:	1,265,189.53

- Step 6**
- 1) Compare ending principal balance on the *LTD Schedule* to the ending principal balance reported on the *amortization schedule*.
 - 2) Compare ending Compensated Absences payable balance on the *LTD Schedule* to the ending balance on the *Compensated Absences report*.

Periodically, it's always a good idea to verify the principal balance owing as of the end of the fiscal year with the lender.

Balances in the Proprietary Fund should be adjusted for Significant differences and a new amortization schedule should be prepared, as discussed earlier in the training.

The LTD Schedule contains a column to enter a correction to the Prior Year ending balance if necessary.

Closing Adjustment-Proprietary Funds to record change in compensated absences payable balance

Proprietary Funds

To increase compensated absences payable

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/30/2015	Water	5210	239000	Compensated Absences Payable		XXXX.XX
6/30/2015	Water	5210	4305XX-1XX	Salary/Wage expense	XXXX.XX	

To decrease compensated absences payable

Date	Fund Name	Fund No.	Account #	Description	Debit	Credit
6/30/2015	Water	5210	239000	Compensated Absences Payable	XXXX.XX	
6/30/2015	Water	5210	4305XX-1XX	Salary/Wage expense		XXXX.XX

Proprietary LTD Schedule Step 7

BLACK MOUNTAIN SOFTWARE REPORT

07/30/16
14:01:37

City of Opportunity
Summary of Activity by Fund
For the Accounting Periods: 7/15 - 6/16

Page: 1 of 1
Report ID: L090A

Funds 5000-6999

Accounts 231000-239999

Fund/Account	Doc Type	Req. Balance	Debit	Credit	Ending Balance
5210 WATER					
231300 Revenue Bonds payable					
	CL Claims		158,750.00	0.00	
	RV Revenue Voucher		0.00	500,000.00	
	Account Total:	795,000.00 CR	158,750.00	500,000.00	1,096,250.00 CR
235300 Capital Leases					
	CL Claims		24,126.03	0.00	
	Account Total:	101,689.83 CR	24,126.03	0.00	77,563.80 CR
235400 Notes/Loans/INTERCAP payable					
	CL Claims		14,258.97	0.00	
	Account Total:	93,229.54 CR	14,258.97	0.00	78,970.57 CR
239000 Compensated Absence Payable					
	JV		8,746.56 CR	3,658.20	12,405.16 CR
	Fund Total:		237,135.00	500,000.00	

Step 7

1) Generate the same report used in Step 5, after all adjustment have been made, and, include the Compensated Absences payable account 239000.

Proprietary LTD Schedule Step 7

City of Opportunity	
Long-Term Debt Schedule	
Water Fund	
June 30, 2016	
	F
	Current Year Calculated Ending Principal Balance as of June 30, 2016
Description	
Revenue Bonds	
Series 2014 'A' RD	596,250.00
Series 2016 'B' RD	500,000.00
	1,096,250.00
Capital Leases	
Nice Truck Co. 2014 Utility Truck	77,563.80
	77,563.80
Notes/Loans/Contracted Debt	
INTERCAP Loan #2419-01-Dump Truck	73,889.45
ABC Bank - 2016 Ford Truck	5,081.12
	78,970.57
Total Long-Term Debt:	1,252,784.37
Compensated Absences Payable	
Water Fund	12,405.16
Total Long-Term Debt + Compensated Absences Payable:	1,265,189.53

Step 7

1) Compare ending debt payable and Compensated Absences payable balances on the report to the ending balances in Column F on the LTD Schedule.

2) If each loan balance does not appear separately on the report, make sure the total of all long term debt amounts by type on the report equals the total by debt type on the schedule.

If the total fiscal year end balances for all debt payable and compensated absences payable do not agree...
review closing adjustments made for possible errors.

Proprietary LTD Schedule Step 8

City of Opportunity			
Long-Term Debt Schedule			
Water Fund			
June 30, 2016			
	F	G	H
Description	Current Year Calculated Ending Principal Balance as of June 30, 2016	Current portion of Long-term Debt (Principal payment(s) Due Within 1 Year)	Non-Current portion of Long-term Debt
Revenue Bonds			
Series 2014 'A' RD	596,250.00	198,750.00	397,500.00
Series 2016 'B' RD	500,000.00	50,000.00	450,000.00
	1,096,250.00	248,750.00	847,500.00
Capital Leases			
Nice Truck Co. 2014 Utility Truck	77,563.80	24,970.44	52,593.36
	77,563.80	24,970.44	52,593.36
Notes/Loans/Contracted Debt			
INTERCAP Loan #2419-01-Dump Truck	73,889.45	9,450.00	64,439.45
ABC Bank - 2016 Ford Truck	5,081.12	5,081.12	-
	78,970.57	14,531.12	64,439.45
Total Long-Term Debt:	1,252,784.37	288,251.56	964,532.81
Compensated Absences Payable			
Water Fund	12,405.16	3,101.29	9,303.87
Total Long-Term Debt + Compensated Absences Payable:	1,265,189.53	291,352.85	973,836.68

- Step 8**
- 1) Determine the *current* portion of each long-term debt from the amortization schedule (total *principal* payments that are expected to be paid in the following fiscal year)
 - 2) Enter the *current* portion in Column G.
 - 3) The calculated noncurrent portion will appear in Column H.

Proprietary LTD Schedule Step 9

F	
Current Year Calculated Ending Principal Balance as of June 30, 2016	
Total Long-Term Debt + Compensated Absences Payable:	1,263,071.46
Agreeing current year ending balances per LTD Schedule to amounts reported on current year AFR	
Total Current (due within 1 year) + Non-current (due in more than a year) Long-Term Liabilities (operating & capital)	1,252,784.37
Total Current (due within 1 year) + Non-current (due in more than a year) Compensated Absences payable:	10,287.09
Total per Current Year Statement of Net Position:	1,263,071.46
Difference (Accounting system vs. Current Year AFR):	-

- Step 9**
- *** Perform Step 9 After your current year *Annual Financial Report* is completed.
- 1) From the current year *Statement of Net Position – Proprietary Funds*, enter the amounts of current and noncurrent debt and Compensated Absences payable reported in the proprietary fund.
 - 2) The LTD schedule will calculate the difference between the total amounts on Schedule and the Annual Financial Report.

Recap – Closing – Proprietary Funds Using LTD Schedule

- Step 1** – Entered description, date incurred, amount, and terms of repayment of each long-term debt obligation.
- Step 2** – Entered *prior year* ending balances from accounting system.
- Step 3** - Entered balances from *prior year* audit report or annual financial report, if not audited, and determined if they agreed with accounting system.
 - Identified differences and corrected, if necessary.
- Step 4** – Entered amounts of *current year* increases in long-term debt payables recorded in accounting system. Compared amounts on accounting system to amortization schedules.
 - Identified possible errors when recording new debt. Created and made closing adjustments, if necessary.
- Step 5** – Entered total *current year* decreases to long-term debt payables and interest + agent fees payments (620 & 630) recorded in accounting system. Compared amounts to amortization schedules.
 - Created and made JV to reverse principal payments recorded as expenses to object code (610).
 - Identified possible errors when recording principal and interest amounts. Created and made closing adjustments, if necessary.
- Step 6** – Compared calculated *current year* ending balances to amortization schedules. Option to compare current year ending calculated balances to lender.
 - Created and made JV to record change in Compensated Absences payable.
- Step 7** - Agree *current year* ending balances in Proprietary Fund to calculated ending balances on LTD Schedule.
- Step 8** – Determined and entered current portion on LTD Schedule. Noncurrent portion automatically calculates.
- Step 9** – Compared *current year* ending balances, both the current portion and noncurrent portion, on LTD Schedule with balances reported on the financial statement of the Annual Financial Report.

Local Government Services Bureau Contact Information



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