



Reconciling Taxes and Assessments Receivable with the County Records

Session #1 – The Basics



Training provided by:

Local Government Services Bureau

State Financial Services Division

Department of Administration

State of Montana

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

#1 – Basics of Taxes/Assessments Receivable

Learning Outcomes:

- Understand the basics of taxes and assessments receivable:
 - Determine your Local Government's timing with the County records
 - Modified accrual and full accrual entries
 - The adjustments necessary for newly billed or cancelled taxes
 - Using the appropriate mill levy by tax type
 - Tax payments and protested taxes
- Total Taxes & Assessments Receivable reported per the City's or Town's accounting system (all funds in total) should agree to the County Treasurer's Report
 - Receivables by receivable type and year reconcile to the County

Example:

2015 Real Taxes Receivable = County 2015 Real Taxes Receivable

2016 Personal Property (PP) Taxes = County 2016 Personal Property Taxes

AND



- Total of Taxes & Assessments Receivable reconciles to the corresponding Deferred Inflow of Tax Revenues in the accounting software (there may be exceptions)



#1 – Basics of Taxes/Assessments Receivable

Use a consistent time-frame to compare:

- **Determine what timing applies to your Local Government:**

- **Use the County's May report to reconcile with your June accounting software if:**

- You receipt the County's June payment made to your City/Town into your software in June. The County's Tax Collections were made throughout the month of May (the County trial balance will have a May date)
- County's May Trial Balance = City/Town's June Trial Balance

- **Use the County's June report to reconcile to your June accounting software if:**

- You receipt the County's July payment made to your City/Town for taxes they collected in the County's month of June back into the City/Town's month of June or you accrue a "due from other governments" for the amount paid to the City/Town into the City/Town's June
- County's June Trial Balance = City/Town's June Trial Balance

- If audited – be sure to follow your auditor's recommendation for reconciliation time period, possible accrual of receivables for County collections in June, etc.



#1 – Basics of Taxes/Assessments Receivable

Example of a County Trial Balance:

06/12/15
12:40:49

MONTANA COUNTY
Trial Balance

Page: 1 of 2
Report ID: L120

For the Accounting Period: 5 / 15

7850 TOWN OF SOMEWHERE

ACCOUNT	Beginning	Debit	Credit	Net Change	Ending Balance
ASSETS					
101000 CASH	1,063.86	3,966.76	1,063.86	2,902.90	3,966.76
113000 TAXES RECEIVABLE - REAL 2000	161.30	0.00	0.00	0.00	161.30
113010 TAXES RECEIVABLE - REAL 2001	160.25	0.00	0.00	0.00	160.25
113020 TAXES RECEIVABLE - REAL 2002	275.82	0.00	0.00	0.00	275.82
113030 TAXES RECEIVABLE - REAL 2003	120.78	0.00	0.01 (	0.01)	120.77
113040 TAXES RECEIVABLE REAL 2004	120.88	0.00	0.00	0.00	120.88
113050 TAXES RECEIVABLE REAL - 2005	118.63	0.01	0.00	0.01	118.64
113060 TAXES RECEIVABLE REAL-2006	46.99	0.00	0.00	0.00	46.99
113070 TAXES RECEIVABLE REAL	51.60	0.00	0.00	0.00	51.60
113080 TAXES RECEIVABLE REAL 2008	49.22	0.00	0.01 (	0.01)	49.21
113090 REAL PROPERTY TAXES 2009	30.26	0.00	0.00	0.00	30.26
113100 REAL PROPERTY TAXES 2010	16.99	0.00	0.02 (	0.02)	16.97
113110 REAL PROPERTY TAXES 2011	19.62	0.00	0.03 (	0.03)	19.59
113120 REAL PROPERTY TAXES 2012	21.57	0.01	0.00	0.01	21.58
113130 REAL PROPERTY TAXES 2013	23.67	0.00	0.00	0.00	23.67
113140 REAL PROPERTY TAXES 2014	6,371.27	0.01	3,597.61 (	3,597.60)	2,773.67
113930 TAXES RECEIVABLE - REAL 1993	91.66	0.00	0.00	0.00	91.66
113940 TAXES RECEIVABLE - REAL 1994	91.71	0.00	0.00	0.00	91.71
113950 TAXES RECEIVABLE - REAL 1995	92.20	0.00	0.00	0.00	92.20
113960 TAXES RECEIVABLE - REAL 1996	319.41	0.00	0.00	0.00	319.41
113970 TAXES RECEIVABLE - REAL 1997	318.62	0.00	0.00	0.00	318.62
113980 TAXES RECEIVABLE - REAL 1998	161.11	0.00	0.00	0.00	161.11
113990 TAXES RECEIVABLE - REAL 1999	153.70	0.00	0.00	0.00	153.70
115010 TAXES RECEIVABLE - PERSONAL 2001	0.00	0.00	0.01 (	0.01)	(0.01)
115040 TAXES RECEIBALES - PERSONALS 2004	0.00	0.01	0.00	0.01	0.01
115060 TAXES RECIEVABLE PERSONAL/MOBIL 200	5.25	0.00	0.00	0.00	5.25
115070 TAXES RECIEVABLE MOBILE HOME, PERSO	5.12	0.00	0.00	0.00	5.12
115080 Taxes Receivable Mobile Home, Perso	37.37	0.01	0.00	0.01	37.38
115090 2009 PERSONAL AND MOBILE HOMES	0.00	0.01	0.00	0.01	0.01
115110 MOBILE HOMES PERSONALS FOR 2011	0.00	66.65	0.00	66.65	66.65
115120 MOBILE HOME PERSONALS FOR 2012	15.83	0.01	0.00	0.01	15.84
115140 2014 MOBILE HOME TAXES	44.23	0.00	0.01 (	0.01)	44.22
115150 2015 MOBILE HOME RECEIVABLES	0.00	159.75	0.00	159.75	159.75
172000 REVENUES (CREDIT)	(17,024.20)	0.00	3,966.76 (	3,966.76)	(20,990.96)
Total ASSETS	(7,035.28)	4,193.23	8,628.32 (	4,435.09)	(11,470.37)



#1 – Reconciling Taxes/Assessments Receivable

Example of a Tyler Technologies County Trial Balance:

Another Montana County

Trial Balance - On Demand Report										Fiscal Year: 2014-2015		Line Description		From Date: 5/1/2015		To Date: 5/31/2015		Print accounts with zero balance			
TOWN - 7860										Opening Balance	Debits	Credits	Ending Balance								
ASSET																					
7860.000.000.101000.000 / TOWN OF SOMEWHERE CASHH										\$7,156.49	\$9,505.79	(\$7,156.49)	\$9,505.79								
Transaction Detail																					
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal										
05/31/2015	449	0	0					14 RE TOWN		\$8,004.11	TB										
05/31/2015	452	0	0					14 UT TOWN OF APRIL 8 THRU MAY 9		\$3,051.27	TB										
05/31/2015	453	0	70808					PAYMENT TOWN LOCAL OPT 15982 RC 15982		\$6.84	CR										
05/31/2015	453	0	70853							\$443.57	CR										
05/31/2015	455	15982	0							-\$7,156.49	TA										
										Detail Total:		\$2,349.30									
7860.000.000.111006.000 / TOWN 2006 MH TAXES										\$0.01	\$0.00	\$0.00	\$0.01								
7860.000.000.111007.000 / 07 MH TOWN OF										(\$0.01)	\$0.00	\$0.00	(\$0.01)								
7860.000.000.111011.000 / 2011 MH RECEIVABLE										\$4.36	\$0.00	\$0.00	\$4.36								
7860.000.000.111014.000 / 14 MH TAX REC										\$92.85	\$0.00	\$0.00	\$92.85								
7860.000.000.113002.000 / TOWN 2002 RE TAX										(\$0.02)	\$0.00	\$0.00	(\$0.02)								
7860.000.000.113003.000 / TOWN 2003 RE TAX										(\$0.02)	\$0.00	\$0.00	(\$0.02)								
7860.000.000.113004.000 / TOWN 2004 RE TAX										(\$0.02)	\$0.00	\$0.00	(\$0.02)								
7860.000.000.113005.000 / TOWN 2005 RE TAX										(\$0.02)	\$0.00	\$0.00	(\$0.02)								
7860.000.000.113006.000 / TOWN 2006 RE TAX										(\$0.01)	\$0.00	\$0.00	(\$0.01)								
7860.000.000.113007.000 / 07 RE TOWN										\$0.05	\$0.00	\$0.00	\$0.05								
7860.000.000.113014.000 / 14 TOWN RE										\$11,740.57	\$0.00	(\$9,055.38)	\$2,685.19								
Transaction Detail																					
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal										
05/31/2015	449	0	0					14 RE TOWN		-\$8,004.11	TB										
05/31/2015	452	0	0					14 UT TOWN		-\$3,051.27	TB										
										Detail Total:		-\$9,055.38									
7860.000.000.115007.000 / 07 PP TOWN										\$0.01	\$0.00	\$0.00	\$0.01								
7860.000.000.116000.000 / TOWN PROTEST TAX REC										\$0.01	\$0.00	\$0.00	\$0.01								
ASSET TOTAL										\$18,994.25	\$9,505.79	(\$16,211.87)	\$12,288.17								
LIABILITY																					
7860.000.000.212400.000 / TOWN CITY/TOWN										(\$18,994.25)	\$7,156.49	(\$450.41)	(\$12,288.17)								
Transaction Detail																					
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal										
05/31/2015	453	0	70608					APRIL 8 THRU MAY 9 PAYMENT		-\$6.84	CR										
05/31/2015	453	0	70853					TOWN OF LOCAL OPT 15982		-\$443.57	CR										
05/31/2015	455	15982	0					RC 15982		\$7,156.49	TA										
										Detail Total:		\$6,706.08									
LIABILITY TOTAL										(\$18,994.25)	\$7,156.49	(\$450.41)	(\$12,288.17)								



#1 – Basics of Taxes/Assessments Receivable

Considerations when reconciling and/or making adjustments to taxes and assessments receivable by Fund Type:

- **Measurement Focus and Basis of Accounting**
 - **Governmental Funds (modified accrual)**
 - Current financial resources measurement focus
 - Revenue recognition – when resources become available
 - Use Deferred Inflow of Tax Revenue
 - **Business-type Funds (full accrual)**
 - Economic resources measurement focus
 - Revenue recognition – when it is earned
 - Use Revenue when charges for assessments are billed



#1 – Basics of Taxes/Assessments Receivable

● Taxes and Assessments Receivable

Assign Account numbers for taxes receivable and assessments by adding the receivable year behind the first three digits

BARS Chart of Accounts:

111xxx – Mobile Home Taxes Receivable

113xxx – Real Taxes Receivable

115xxx – Personal Taxes Receivable

116xxx – Protested Taxes Receivable

118xxx – Special Assessments Receivable

Example:

113016 – Real Property Taxes Receivable – 2016



#1 – Basics of Taxes/Assessments Receivable

- **Deferred Inflow of Tax Revenue**

In Governmental Funds compare total:
taxes receivable, assessments and special assessments deferred to
the corresponding deferred inflow of tax revenue account.

BARS Chart of Accounts:

223100 – Deferred Inflow of Tax Revenue – **Real**

223200 – Deferred Inflow of Tax Revenue – **Personal**

223300 – Deferred Inflow of Tax Revenue – **Special Assessments**

223400 – Deferred Inflow of Tax Revenue – **Protested**

223700 – Deferred Inflow of Tax Revenue – **Mobile Homes**

*some small entities may choose to use only one deferred inflow of tax revenue
account for all taxes receivable

Example:

115000 - 115016 – The total of all years of Personal Property Taxes Receivable

=

223200 – Deferred Inflow of Tax Revenue – Personal

Reminder: Terminology changed: Deferred Revenue was replaced by Deferred Inflow of Tax Revenue – Update
your accounting software terminology if it still says deferred revenue.



#1 – Basics of Taxes/Assessments Receivable

Another Important Consideration:

When making journal voucher adjustments to taxes and assessments receivable you will need to understand the normal balances of the account numbers used:

- **Taxes & Assessments Receivable - debit balance**

↑ To increase you will debit

↓ To decrease you will credit

- **Deferred Inflow of Tax Revenues – credit balance**

↑ To increase you will credit

↓ To decrease you will debit





#1 – Basics of Taxes/Assessments Receivable

Identify which Mill Levy to use when charges for new taxes are billed by your County Treasurer

- The County sends out the bills for taxes:
 - Personal Property & Mobile Home Taxes – April and May
 - The mill levy used to calculate the taxes will be the same fiscal year levy as the tax year
 - 2016 Personal Property Taxes billed in April and your FY2016 mill levy will be used to calculate the taxes
 - Real Property Taxes – late October or early November
 - 2016 Real Property Taxes billed in October will use your FY2017 mill levy
- The County's October trial balance should include a debit to the receivable for new tax charges billed
 - 2016 Real Property Taxes billed in October will appear on the Trial Balance as a debit to the receivable on the County October report - City/Town adjustment should be made in November





#1 – Basics of Taxes/Assessments Receivable

Know when to make the adjustments in your accounting software for new taxes receivable

- When the County bills for new taxes and assessments you will receive notice on their Trial Balance. The entry should then be completed in your software
- **Governmental Funds:**
 - Increase the receivable and the deferred inflow of tax revenues

Example of Journal Voucher Adjustment:

1000 – 113016 – 2016 Real Taxes Receivable	\$50,000 debit
1000 – 223100 – Deferred Inflow of Tax Revenue	\$50,000 credit

- **Business-type Funds:**

- Increase the receivable and the revenue

Example of Journal Voucher Adjustment:

5410 - 118016 - 2016 Garbage Assessments	\$25,000 debit
5410 - 343041 - Garbage Collection Revenues	\$25,000 credit





#1 – Basics of Taxes/Assessments Receivable

You will make adjustments in your accounting software for taxes and/or assessments written off or cancelled by the County

- When the County cancels taxes and assessments you will receive notice on their Trial Balance. An entry should then be completed in your software
- **Governmental Funds:**
 - Decrease the receivable and the deferred inflow of tax revenues

Example of Journal Voucher Adjustment:

1000 – 223100 –	Deferred Inflow of Tax Revenue	\$600 debit
1000 – 113015 -	2015 Real Taxes Receivable	\$600 credit

- **Business-type Funds:**

- Decrease the receivable and the revenue

Example of Journal Voucher Adjustment:

5410 – 343021 -	Garbage Collection Revenues *	\$100 debit
5410 – 118015 -	2015 Garbage Assessments	\$100 credit

*for assessment written off in the same period they were billed;
use losses for prior years' assessments written off



#1 – Basics of Taxes/Assessments Receivable

It is necessary to make adjustments in your accounting software for taxes and/or assessments that are protested

- When taxes are paid under protested you will receive notice on the County Trial Balance. An entry should then be completed in your software
- **When the taxes are protested:**

- Decrease the original receivable and increase protested taxes

Example of Journal Voucher Adjustment for 2016 Real Taxes paid under protest:

1000 – 116000 - Protested Taxes	\$200 debit
1000 - 223400 – Deferred Inflow of Tax Revenue	\$200 credit
1000 - 223100 – Deferred Inflow of Tax Revenue	\$200 debit
1000 - 113016 - 2016 Real Taxes Receivable	\$200 credit

- **When the protested taxes are released:**

- Decrease protested taxes and deferred inflow of tax revenue; increase cash and revenue through your software tax voucher system or through your cash receipting process

1000 – 101000 - Cash	\$200 debit
1000 – 311010 - Real Tax Revenues	\$200 credit
1000 – 223400 - Deferred Inflow of Tax Revenue	\$200 debit
1000 – 116000 - Protested Taxes	\$200 credit



#1 – Basics of Taxes/Assessments Receivable

One more detail before moving forward in the reconciliation process:

Is your mill levy or levies allocated only to the General Fund or is it allocated among multiple funds?

Example:

Entity #1 – Levies 110 mills for the current fiscal year
The 110 mills are all budgeted into the General Fund

Entity #2 – Levies 110 mills for the current fiscal year
The 110 mills are split in the following order:
90 mills – General Fund
10 mills – Planning/Zoning Fund
10 mills - Economic Development



When the County sends tax bills for the mill levy they normally report one receivable account for each tax type: real, personal and mobile home. If your levy is allocated among multiple funds – you will need to split the ending balance reported by the County by the percentages allocated to the multiple funds to reconcile.

#1 – Basics of Taxes/Assessments Receivable

How is your aggregate mill levy (determined using 15-10-420 MCA) budgeted? All in the General Fund or divided between multiple funds:

- If the City's/Town's total mill levy is allocated only to the General Fund you will proceed to the E-Learning Session: Reconciling Taxes/Assessments Receivable - #2
- If the City's/Town's mill levies are split among multiple funds you will proceed to the E-Learning Session: Reconciling Taxes/Assessments Receivable - #3

