



State Financial Services Division
Greg Gianforte, Governor
Misty Ann Giles, Director

Change of Financial Reporting Framework Request

Montana Code Annotated § 2-7-504 allows the Department of Administration's Local Government Services (LGS) to define a Small Government Financial Reporting Framework (SGFRF). The SGFRF simplifies certain financial reporting requirements as defined in ARM 2.4.401.

Any local government entity (LGE) wishing to implement the SGFRF may request approval by submitting this form. The entity may not begin using the SGFRF until LGS has issued written approval.

If approved to report under the SGFRF, an LGE must submit financial reports in accordance with the SGFRF. An LGE should continue to report under the SGFRF once approved, and not report in accordance with Generally Accepted Accounting Principles (GAAP) in subsequent years. If circumstances arise requiring an LGE to prepare GAAP financial statements once approved for SGFRF reporting, an LGE must submit a new request form and obtain LGS approval.

Local governments must amend any existing audit contracts by completing Form/SAC-AMEND01 to reflect the change in reporting framework.

Entities applying for the SGFRF must meet the following criteria for LGS approval of the application:

- For cities/towns/counties - a population of 5,000 or less as identified by the most recent U.S. Census Bureau decennial survey
- Have no other requirement in law, regulation, or contract requiring reporting in accordance with GAAP
 - School Districts and Special Education Cooperatives are not eligible
 - Participants in the DNRC Sewer/Wastewater SRF are not eligible
 - Participants in the TSEP grant program are not eligible

Local governments should complete the following before submitting the application.

- Review requirements of other state or federal programs that may require GAAP financial statements
- Review requirements of bond/loan agreements that may require GAAP financial statements

