

Local Government Services Bureau

State Financial Services Division

Department of Administration

125 North Roberts, Helena, MT

***MEMO***

**TO:**Montana Towns, Cities, Counties, and Consolidated Cities-Counties

**FROM:** Local Government Services Bureau

**DATE:** September 5, 2017

**RE:** **New Reporting Requirements**

Senate Bill 27 (L2017) amending Tax Increment Financing (TIF) laws related to public hearings and reporting was passed and is effective October 1, 2017.

The bill amended the State of Montana Single Audit Act, Section 2-7-503, MCA, to read:

**"2-7-503.  Financial reports and audits of local government entities.** (1) (a) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed and submitted to the department for review within 6 months of the end of the reporting period.

**(b) The financial report of a local government that has authorized the use of tax increment financing pursuant to 7-15-4282 must include a report of the financial activities related to the tax increment financing provision.**

Section 7-15-4286(2)(a), MCA requires the tax increment received by a district be paid into a special fund held by the treasurer of the local government. The Local Government Services Bureau has provided ranges of numbers to use for TIF accounting and reporting (2310-2319; 3100-3199; and/or 4000-4999). Beginning with the FY2017 reporting period, the Local Government Services Bureau will review your annual financial report for compliance with MCA 7-15-4286(2)(a) and MCA 2-7-503(b). To comply with the transparency and accountability requirements of this legislative change, the report should contain detailed fund financial statements, whether reported as a major fund or as a non-major fund in the combining schedules, for each district receiving tax increment financing.

Please ensure your FY2017 annual financial report meets the requirements of the Montana Single Audit Act. Please contact your regional accountant with questions.

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Thank you,

Local Government Services Bureau