

**LOCAL GOVERNMENT SERVICES BUREAU  
STATE FINANCIAL SERVICES DIVISION**



# **BARS CHART OF ACCOUNTS**

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# LEARNING OUTCOMES

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## GOAL 1

What is the BARS Chart of Accounts and why do we have one?

## GOAL 2

The different sections of the BARS Chart of Accounts

## GOAL 3

Applying the BARS Chart of Accounts to your accounting needs



# Budgetary Accounting and Reporting System (BARS)

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## In general

- “BARS” is the acronym for Budgetary, Accounting, and Reporting System and is required in 2-7-501(5) MCA.
- The BARS Chart of Accounts is a master classification of balance sheet, revenue and expenditure/expense accounts.
- It allows for uniform reporting among the local government entities.
- Allows each local government entity flexibility to select accounts which their size and management dictate.
- Reporting comparable transactions for all levels of government on a uniform basis is the primary benefit.



# BARS – Chart of Accounts

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[http://sfsd.mt.gov/LGSB/Accounting-AFR-Resources/01\\_BARSChartofAccount](http://sfsd.mt.gov/LGSB/Accounting-AFR-Resources/01_BARSChartofAccount)

Six different sections are presented on the website:

- Introduction
- Fund Classification
- Balance Sheet Accounts
- Revenue Accounts
- Expenditure Accounts
- Object Expenditure Classification



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BUREAU WEBSITES

## BARS CHART OF ACCOUNTS

- 01 Introduction
- 02 Fund Classification
- 03 Balance Sheet Accounts
- 04 Revenue Accounts
- 05 Expenditure Accounts
- 06 Object Expenditure Classification



# BARS – General Ledger

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## GENERAL LEDGER

**Fund Code** - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self-balancing set of accounts consisting of assets, liabilities and fund equity.

**Balance Sheet (General Ledger Code)** - The numerical indicator assigned to identify the assets, liabilities and equities of those accounts which summarize all transactions of the entity at a specified date.

### **BARS ACCOUNT STRUCTURE**

#### Asset & Liability Accounts - (Illustration 1)

1st Digit 1 = Assets & Other Debits

1st Digit 2 = Liabilities & Other Credits

| Fund Number | Account Number |
|-------------|----------------|
| XXXX        | XXXXXX         |



# BARS – Revenue Accounts

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## Revenue Accounts

1. Program and Job Code (Optional) - The numerical indicator assigned to identify a group of interdependent, closely related activities or job contributing to a common objective of the government unit.
2. Fund Code - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self balancing set of accounts consisting of assets, liabilities and fund equity.
3. Organization (Department) Code (Optional) - The numerical indicator assigned to a department, division or bureau, which will identify it as a distinct operational unit of the entity.
4. Revenue Code (Major Source) - The numerical indicator assigned by the using entity to identify a further breakout of the major categories of revenue sources.
5. Revenue Code (Sub-Source) - The numerical indicator assigned to identify a specific source of revenue within one of the major categories.
6. Revenue Code (Detail Source) - The numerical indicator assigned to identify particular items of revenue with a single sub-source.



# BARS – Revenue Accounts

## Revenue Accounts

| Organization |          |           |                   |              |                        |                   |
|--------------|----------|-----------|-------------------|--------------|------------------------|-------------------|
| Program      | Job      | Fund Code | Code (Department) | Major Source | Sub-Source             | Detail            |
| X            | XXX      | 1000      | XXX               | 31           | 1                      | 010               |
| Optional     | Optional | General   | Optional          | Taxes        | General Property Taxes | Real Estate Taxes |



# BARS – Expenditure Accounts

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## Expenditure Accounts

- 1. Program and Job Code (Optional)** - The numerical indicator assigned to identify a group of interdependent, closely related activities or jobs contributing to a common objective of the government unit.
- 2. Fund Code** - The numerical indicator assigned to identify an independent fiscal and accounting entity with a self balancing set of accounts consisting of assets, liabilities fund equity.
- 3. Organization (Department) Code (Optional)** - The numerical indicator assigned to a department, division or bureau, which will identify it as a distinct operational unit of the governmental unit.
- 4. Function Code** - The numerical indicator assigned to designate a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.
- 5. Activity Code** - The numerical indicator assigned to identify a specific line of work carried on by a government unit in order to perform one of its functions.
- 6. Sub-Activity Code (Optional)** - The numerical indicator assigned to identify more specific activities related to the activity.



# BARS – Expenditure Accounts

## Expenditure Accounts

**7. Major Object Code** - The numerical indicator assigned to identify classification of expenditures according to the item purchased or the service obtained.

**8. Sub-Object Code (Optional)** - The numerical indicator assigned to identify a portion of a single object code relating to a specific item or service obtained.

**9. Detail Object Code (Optional)** - The numerical indicator assigned to identify a further breakout of the sub-object code.

### Expenditure Illustration – Optional numbers

#### 1st Digit 4 & 5 - Expenditures

| Program  | Job      | Fund Code | Organization Code (Department) | Major Function | Activity                 | Sub-Activity                  | Major Object | Sub-Object         | Object Detail |
|----------|----------|-----------|--------------------------------|----------------|--------------------------|-------------------------------|--------------|--------------------|---------------|
| X        | XXX      | 1000      | XXX                            | 42             | 1                        | 40                            | 2            | 2                  | 1             |
| Optional | Optional | General   | Optional                       | Public Safety  | Law Enforcement Services | Crime Control & Investigation | Supplies     | Operating Supplies | Uniforms      |



# BARS – Fund Classifications

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## Fund Classifications

There are 3 categories of funds with 11 fund types.

- Governmental funds used to account for governmental activities.
- Proprietary funds used to account for the business type activities of a government.
- Fiduciary funds used to account for cash or other resources held by a government acting as a trustee or agent.

### 1. **Governmental Funds**

General Fund – 1XXX

Special Revenue Funds – 2XXX

Debt Service Funds – 3XXX

Capital Projects Funds – 4XXX

Permanent Funds – 8XXX

### 2. **Proprietary Funds**

Enterprise Funds – 5XXX

Internal Service Funds – 6XXX

### 3. **Fiduciary Funds**

Trust Funds– 70XX

Pension Trust Funds

Investment Trust Funds

Private-Purpose Trust Funds

Agency Funds – 71XX



# BARS – Fund Classifications

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## Fund Classifications – cont.

- Commonly used funds have an assigned number and should be used by all local governments.
- Review the definitions of the fund types to ensure the fund number being used is the most appropriate.
- A general rule of thumb is to establish the minimum number of separate funds consistent with legal and operational requirements.
- The use of separate cash, revenue and expenditure accounts within a fund may provide adequate financial accounting separation.



# BARS – Fund Classifications – Governmental

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- 1000 General Fund is reported on a modified accrual basis and accounts for all financial transactions not accounted for in another fund.
- 2000 - 2999 Special Revenue Funds account for resources allocated by law, contractual agreement or administrative regulations for specific purposes or activities and are reported on a modified accrual basis.
- 3000 - 3999 Debt Service Funds are used to account for payment of interest and principal on long-term debt other than revenue bonds and use a modified accrual basis of accounting.
- 4000 - 4999 Capital Project Funds account for revenues received and used to acquire and/or construct major, long-lived capital facilities other than those financed by enterprise fund revenue and are reported on a modified accrual basis.
- 8001 - 8999 Permanent Funds are reported on a modified accrual basis and are those in which the principal remains intact while the interest earned can be expended for government purposes only.



# BARS – Fund Classifications: Proprietary & Fiduciary

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- **5000 - 5999 Enterprise Funds** are reported on a full accrual basis and accounts for self-supporting activities of the governmental unit rendering services to the public and are financed from user charges.
- **6000 - 6999 Internal Service Funds** account for services and commodities provided by a designated department or agency to other departments or agencies within the government and are reported on a full accrual basis.
- **7000 - 7099 Trust Funds** account for assets received and held for a government acting as a custodian and are reported on a full accrual basis.
  - These include:
    - ❖ pension trust funds;
    - ❖ investment trust funds; and,
    - ❖ private purpose trust funds.
- **7100 - 7999 Agency Funds** are primarily clearing funds for cash collected for other governments or agencies and distributed within a short time period and are reported on a full accrual basis.



# BARS – General Capital Asset/Long-Term Debt Funds

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**Fund 9000 Capital Asset Fund** is used to account for all fixed assets not accounted for in enterprise, internal service or fiduciary funds.

**Fund 9500 General Long-Term Debt** accounts for payments of long-term debt from governmental funds.

- Both funds are used to facilitate the preparation of the government-wide financial statements.



## BARS – Fund Classifications Recap

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- |   |   |
|---|---|
| <u>1</u> 000 - General Fund                         | (Governmental Fund/Modified Accrual)                                |
| <u>2</u> 000 - Special Revenue Funds                | (Governmental Fund/Modified Accrual)                                |
| <u>3</u> 000 - Debt Service Funds                   | (Governmental Fund/Modified Accrual)                                |
| <u>4</u> 000 - Capital Projects Funds               | (Governmental Fund/Modified Accrual)                                |
| <u>5</u> 000 - Enterprise Funds                     | (Proprietary Fund/Full Accrual)                                     |
| <u>6</u> 000 - Internal Service Funds               | (Proprietary Fund/Full Accrual)                                     |
| <u>7</u> 000 - Fiduciary Funds (Trust & Agency)     | (Fiduciary/Full Accrual)  |
| <u>8</u> 000 - Permanent Funds                      | (Governmental Fund/Modified Accrual)                                |
| <u>9</u> 000 - General Capital Asset/Long-Term Debt | <i>– not required/assist with tracking and reporting of Capital</i> |

*Assets (GCAAG) & Long-term Liabilities (GLTDAG) of the Governmental Funds*



# Balance Sheet Accounts – Assets & Deferred Outflows of Resources

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- **Assets and Other Debits** accounts include:
  - ❖ 100000 Cash/Investments
  - ❖ 110000 Taxes/Special Assessments Receivable
  - ❖ 120000 Other Receivables
  - ❖ 130000 Due From/Advance To
  - ❖ 140000 Prepaid Expense
  - ❖ 150000 Inventories
  - ❖ 160000 Restricted Assets
  - ❖ 170000 Other Debits
  - ❖ 180000 Capital Assets
- **Deferred Outflows of Resources** use accounts 199900 – 199999.

## Further Breakdown of an asset account:

- 110000 Taxes Receivable
  - 111000 Mobile Home Taxes Receivable
  - 113000 Real Taxes Receivable
    - 113020 Real Taxes Receivable – 2020
  - 115000 Personal Taxes Receivable
  - 116000 Protested Taxes Receivable
  - 118000 Special Assessments Receivable



# Balance Sheet Accounts – Liabilities & Deferred Inflows of Resources

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- **Short-Term Payables and Liabilities** accounts include:

- ❖ 200000 Short-Term Payables/Liabilities
- ❖ 210000 Other Short-Term Liabilities
- ❖ 216000 Revenues Collected in Advance

- **Long-Term Liabilities and Other Credits** accounts include:

- ❖ 230000 Long-Term Liabilities
- ❖ 240000 Other Credits

- **Deferred Inflows of Resources** use accounts 220000 – 223899.

Further breakdown of a liability account:

200000 Short-Term Payables/Liabilities

206100 Accrued Payables

206110 Accrued Interest Payable

206120 Accrued Salaries/Wages Payable

206130 Accrued Employee Benefits Payable

207100 Claim/Vouchers Payable



# Balance Sheet Accounts – Fund Balance & Net Position

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- **Fund Balance/Net Position** accounts include:

- ❖ 250000 Non-Spendable/Restricted Fund Balance and Net Position
- ❖ 260000 Committed/Assigned Fund Balance
- ❖ 270000 Unassigned Fund Balance/Unrestricted Net Position

Further breakdown of Fund Balance/Net Position account:

250000 Fund Balance Non-Spendable

250100 Inventory

280000 **Investment in General Capital Assets** is a liability account for use in the General Capital Asset Account Group (Fund 9500) only.



# Balance Sheet – Sample with Account Numbers

| Town of Anywhere, Montana   |   |                       |                                |                                |
|---|---|-----------------------|--------------------------------|--------------------------------|
| BALANCE SHEET   |   |                       |                                |                                |
| GOVERNMENTAL FUNDS  |   |                       |                                |                                |
| FISCAL YEAR ENDING JUNE 30, 20XX  |   |                       |                                |                                |
| Account Number  | Description   | Fund #1000<br>General | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>ASSETS</b>   |   |                       |                                |                                |
| 101000  | Cash and cash equivalents                                       | 836,025.64            | 177,054.07                     | 1,013,079.71                   |
| 103000  | Petty cash  | 50.00                 | 0.00                           | 50.00                          |
| 110000  | Tax/assessment receivable (net of allowance for uncollectibles) | 35,476.49             | 12,164.27                      | 47,640.76                      |
| <b>Total Assets</b>   |   | <b>871,552.13</b>     | <b>189,218.34</b>              | <b>1,060,770.47</b>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |   |                       |                                |                                |
| 190000  | Deferred Outflows of Resources                                  |                       | 0.00                           | 0.00                           |
| <b>Total Deferred Outflows of Resources</b>                               |   | <b>0.00</b>           | <b>0.00</b>                    | <b>0.00</b>                    |
| <b>LIABILITIES</b>  |   |                       |                                |                                |
| 202100  | Accounts payable  | 2,450.00              | 0.00                           | 2,450.00                       |
| 233000  | Advances from other funds                                       | 15,000.00             | 0.00                           | 15,000.00                      |
| <b>Total Liabilities</b>  |   | <b>17,450.00</b>      | <b>0.00</b>                    | <b>17,450.00</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |   |                       |                                |                                |
| 223000  | Deferred Inflows of Tax Revenues                                | 35,476.49             | 12,164.27                      | 47,640.76                      |
| <b>Total Deferred Inflows of Resources</b>                                |   | <b>35,476.49</b>      | <b>12,164.27</b>               | <b>47,640.76</b>               |
| <b>FUND BALANCES:</b>   |   |                       |                                |                                |
| 250200  | Restricted  |                       | 0.00                           | 0.00                           |
|   | Public Works  |                       | 25,075.06                      | 25,075.06                      |
| 260100  | Committed   |                       | 0.00                           | 0.00                           |
|   | General government  |                       | 99,230.33                      | 99,230.33                      |
|   | Public Safety   |                       | 1,203.59                       | 1,203.59                       |
|   | Culture and Recreation  |                       | 633.39                         | 633.39                         |
|   | Other: Liability insurance                                      |                       | 14,753.17                      | 14,753.17                      |
| 260200  | Assigned  |                       | 0.00                           | 0.00                           |
|   | General government  |                       | 40,575.67                      | 40,575.67                      |
|   | Culture and Recreation  |                       | 2,500.00                       | 2,500.00                       |
| 271000  | Unassigned  | 818,625.64            | (6,917.14)                     | 811,708.50                     |
| <b>Total Fund Balances</b>  |   | <b>818,625.64</b>     | <b>177,054.07</b>              | <b>995,679.71</b>              |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> |   | <b>871,552.13</b>     | <b>189,218.34</b>              |                                |



# Revenue Accounts

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- Revenues are classified as General (G) or Program (P) or both (G/P) in the Chart of Accounts.
  - Program revenues are restricted for use in a specific program.
  - General revenues are those not required to be reported as program revenues.
- Know the source of your revenues for proper classification.

**330000 Intergovernmental Revenues (G/P)** - Revenues from other governments in the form of grants, shared revenues, support payments, or payments in lieu of taxes.

331000 **Federal Grants (P)** - Contributions to a governmental entity from the Federal Government. Federal grants are usually made to and in support of a specific function, i.e. public safety, but can sometimes be meant for general purposes. (Federal grants to an Enterprise Fund should be recorded as a contribution within the Enterprise Fund).

331010 **CDBG/HOME (P)**



# Revenue Accounts

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- The major sources of revenues are listed to the right.
- There are some specific account numbers assigned for revenues in the BARS chart of accounts.
- Be careful assigning grant revenue account numbers – know your source and if there is not one listed in the Chart of Accounts call us.

310000 [Taxes/Assessments](#)

320000 [Licenses and Permits](#)

330000 [Intergovernmental Revenues](#)

340000 [Charges for Services](#)

350000 [Fines and Forfeitures](#)

360000 [Miscellaneous Revenues](#)

370000 [Investments and Royalty Earnings](#)

380000 [Other Financing Sources](#)

390000 [Internal Services](#)



# Revenue Accounts

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## 330000 Intergovernmental Revenues - cont.

### 334000 State Grants – cont.

334130 **Getting Things Done Grant (P)**

334131 **Department of Agriculture Grants (P)**

334140 **Cultural Aesthetic Grants (P)**

334141 **Lewis and Clark Bicentennial Grants (P)**

334142 **Special Events Grants - Commerce (P)**

334143-334199 – **to be assigned by Local Government Services Bureau (rev 4/30/12)**

334200-334250 - **State Department of Commerce Grants (P) (rev 4/30/12)**

334251-334300 – **State Department of Health & Human Services (P)**

334301-334989 – **to be assigned by Local Government Services Bureau (rev 9/10/15)**

334990-334999 – **COVID-19 Montana Revenues (P)**

## 330000 Intergovernmental Revenues

331000 – Federal Grants

332000 – Federal Shared Revenues

333000 – Federal Payments in Lieu of Taxes

334000 – State Grants

335000 – State Shared Revenues

336000 – Other State Payments

337000 – Local Grants



# Revenue Accounts

Revenue Illustration #1 – most common

1st Digit is **3** = Revenue

- The most common revenue account structure is shown here.
- Within Fund 1000, General Fund, the revenue account 311010 is shown.
- This breaks down to show the major source is Taxes, the sub-source is General Property Taxes and the detail is Real Estate Taxes.

1000 – 31 1 010

| Fund Code | Major Source  | Sub-Source             | Detail            |
|-----------|---------------|------------------------|-------------------|
| 1000      | 31            | 1                      | 010               |
|           | General Taxes | General Property Taxes | Real Estate Taxes |



# Revenue Accounts

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## Revenue Illustration – Using Optional numbers

| Program  | Job      | Fund Code | Organization Code (Department) | Major Source | Sub-Source             | Detail            |
|----------|----------|-----------|--------------------------------|--------------|------------------------|-------------------|
| X        | XXX      | 1000      | XXX                            | 31           | 1                      | 010               |
| Optional | Optional | General   | Optional                       | Taxes        | General Property Taxes | Real Estate Taxes |



# Expenditure Accounts

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An expenditure/expense is an outflow of funds to pay for an item or service.

Expenditures are posted to a variety of functions.

The sum of all the expenditure accounts by fund must equal GL account 242000 Expenditures, a balance sheet account designating the total of expenditures charged against appropriations.

- 410000 [General Government](#)
- 420000 [Public Safety](#)
- 430000 [Public Works](#)
- 440000 [Public Health](#)
- 450000 [Social and Economic Services](#)
- 460000 [Culture and Recreation](#)
- 470000 [Housing and Community Development](#)
- 480000 [Conservation of Natural Resources](#)
- 490000 [Debt Service](#)
- 500000 [Internal Services](#)
- 510000 [Miscellaneous](#)
- 520000 [Other Financing Uses](#)



# Expenditure Accounts

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Sample of expenditure accounts from the General Government category for Financial Services.

Account number 430200 is used to record expenditures related to public works road and street administration, facilities and construction.

- 430100 **Public Works Administration** - This activity is charged with expenditures for the general administrative direction of the public works department.
- 430200 **Road and Street Services** - This group includes accounts for recording expenditures for road and street activities.
  - 430210 **Administration** - Is charged with costs of management and supervision, planning, clerical, accounting, and direct labor -vacation, sick leave, etc.
  - 430220 **Facilities** - Is charged with the costs of maintaining public works facilities.
  - 430230 **Road and Street Construction** - Is charged with costs relating to road/street construction or reconstruction, improvements, or additions to any existing road/street which result in increased traffic service ability.
    - 430231 **Engineering**
    - 430232 **Right of Way**
    - 430233 **Roadway**



# Object Expenditure Classifications

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Expenditures are further identified using object expenditure classifications.

The BARS Chart of Accounts also lists specific types of expenses which fall under the object codes.

### Object Expenditure Codes:

- 100 Personal Services
- 200 Supplies
- 300 Purchased Services
- 400 Building Materials
- 500 Fixed Charges
- 600 Debt Service
- 700 Grants, Contributions, Indemnities & Other *(paid to others)*
- 800 Other Objects *(Transfers, depreciation)*
- 900 Capital Outlay



# Object Expenditure Classifications

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Here is a sample of further breakdown of object codes:

## 200 Supplies

- 210 Office Supplies
- 220 Operating Supplies
- 230 Repair & Maintenance Supplies
  - 231 Fuel – Gas, Oil, Diesel
  - 232 Motor Vehicle Parts
  - 233 Machinery & Equipment Parts
- 240 Other Repair & Maintenance Supplies
  - 245 Traffic Signal Parts
- 250 Supplies for Resale



# Object Expenditure Classifications

Expenditure account structure illustration for General Fund, Public Safety Supplies

1st Digit is 4 or 5 – Expenditures/Expense

1000 – 42 01 40 – 2 2 1

| Fund Code | Major Function | Activity                 | Sub-Activity                  | Major Object | Sub-Object         | Object Detail |
|-----------|----------------|--------------------------|-------------------------------|--------------|--------------------|---------------|
| 1000      | 42             | 01                       | 40                            | 2            | 2                  | 1             |
| General   | Public Safety  | Law Enforcement Services | Crime Control & Investigation | Supplies     | Operating Supplies | Uniforms      |



# Operating Statement Sample #1 - Governmental Funds

| Town of Anywhere, Montana   |  |                       |                     |                          |
|---|--|-----------------------|---------------------|--------------------------|
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES |  |                       |                     |                          |
| GOVERNMENTAL FUNDS  |  |                       |                     |                          |
| FISCAL YEAR ENDING JUNE 30, 20XX                                  |  |                       |                     |                          |
| Account Number  | Description  | Fund #1000<br>General | Major Funds         | Total Governmental Funds |
|   |  |                       | Fund #<br>Fund Name |                          |
| <b>REVENUES</b>   |  |                       |                     |                          |
| 310000/   |  |                       |                     |                          |
| 363000  | Taxes/assessments  | 372,227.17            |                     | 372,227.17               |
| 320000  | Licenses and permits                                       | 16,065.27             |                     | 16,065.27                |
| 330000  | Intergovernmental revenues                                 | 213,451.71            |                     | 213,451.71               |
| 340000  | Charges for services                                       | 35,652.41             |                     | 35,652.41                |
| 350000  | Fines and forfeitures                                      | 11,181.81             |                     | 11,181.81                |
| 360000  | Miscellaneous  | 17,922.24             |                     | 17,922.24                |
| 370000  | Investment and royalty earnings                            | 16.83                 |                     | 16.83                    |
|   | <b>Total Revenues</b>                                      | <b>666,517.44</b>     | <b>0.00</b>         | <b>666,517.44</b>        |
| <b>EXPENDITURES</b>   |  |                       |                     |                          |
| Current:  |  |                       |                     |                          |
| 410000  | General government   | 176,815.63            |                     | 176,815.63               |
| 420000  | Public safety  | 246,587.27            |                     | 246,587.27               |
| 430000  | Public works   | 89,408.63             |                     | 89,408.63                |
| 460000  | Culture and recreation                                     | 55,724.61             |                     | 55,724.61                |
| 490000  | Debt Service:  |                       |                     |                          |
|   | Capital outlay   | 42,171.62             |                     | 42,171.62                |
|   | <b>Total Expenditures</b>                                  | <b>610,707.76</b>     | <b>0.00</b>         | <b>610,707.76</b>        |
|   | <b>Excess of revenues (under) expenditures</b>             | <b>55,809.68</b>      | <b>0.00</b>         | <b>55,809.68</b>         |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |  |                       |                     |                          |
| 383000  | Transfers In   | 29,000.00             |                     | 29,000.00                |
| 521000  | Transfers out (Enter as negative)                          | (5,639.00)            |                     | (5,639.00)               |
|   | <b>Total other financing sources (uses)</b>                | <b>23,361.00</b>      | <b>0.00</b>         | <b>23,361.00</b>         |
|   | <b>Net change in fund balances</b>                         | <b>79,170.68</b>      | <b>0.00</b>         | <b>79,170.68</b>         |
|   | <b>Fund balances - July 1, 20XX as previously reported</b> | <b>272,696.08</b>     |                     | <b>272,696.08</b>        |
|   | <b>Prior period adjustments</b>                            | <b>0.00</b>           |                     | <b>0.00</b>              |
|   | <b>Fund balances - July 1, 20XX as restated</b>            | <b>272,696.08</b>     | <b>0.00</b>         | <b>272,696.08</b>        |
|   | <b>Fund balances - June 30, 20XX</b>                       | <b>351,866.76</b>     | <b>0.00</b>         | <b>351,866.76</b>        |



# Operating Statement Sample #2 - Proprietary Funds

| TOWN OF ANYWHERE, MONTANA  |                          |            |              |
|--|--------------------------|------------|--------------|
| STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION |                          |            |              |
| PROPRIETARY FUNDS  |                          |            |              |
| FISCAL YEAR ENDING JUNE 30, 20XX                                 |                          |            |              |
|  | Business-type Activities |            |              |
|  | Major Enterprise Funds   |            |              |
|  | Fund #5210               | Fund #5310 |              |
| Description  | Water                    | Sewer      | Totals       |
| <b>OPERATING REVENUES</b>  |                          |            |              |
| Charges for services   | 301,802.97               | 164,395.44 | 466,198.41   |
| <b>Total Operating Revenues</b>                                  | 301,802.97               | 164,395.44 | 466,198.41   |
| <b>OPERATING EXPENSES</b>  |                          |            |              |
| Personal services  | 29,395.39                | 31,992.87  | 61,388.26    |
| Supplies   | 12,280.72                | 7,847.14   | 20,127.86    |
| Purchased services   | 54,481.74                | 57,116.23  | 111,597.97   |
| Depreciation   | 93,253.14                | 62,224.28  | 155,477.42   |
| <b>Total Operating Expenses</b>                                  | 189,410.99               | 159,180.52 | 348,591.51   |
| Operating Income (Loss)  | 112,391.98               | 5,214.92   | 117,606.90   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                          |                          |            |              |
| Intergovernmental revenue  | 978.56                   | 979.51     | 1,958.07     |
| Interest revenue   | 4,033.62                 | 4,741.78   | 8,775.40     |
| Gain/Loss on Sale of Capital Assets (Loss is negative)           |                          | 750.00     | 750.00       |
| Debt service interest expense (Enter as negative)                | (16,151.25)              | (1,777.50) | (17,928.75)  |
| <b>Total Non-Operating Revenues (Expenses)</b>                   | (11,139.07)              | 4,693.79   | (6,445.28)   |
| Income (Loss) before contributions and transfers                 | 101,252.91               | 9,908.71   | 111,161.62   |
| Change in net position   | 101,252.91               | 9,908.71   | 111,161.62   |
| Total Net Position - July 1, 20xx as previously reported         | 2,373,493.30             | 725,451.43 | 3,098,944.73 |
| Prior period adjustments   |                          |            | 0.00         |
| Total Net Position - July 1, 20xx as restated                    | 2,373,493.30             | 725,451.43 | 3,098,944.73 |
| Total Net Position - June 30, 20xx                               | 2,474,746.21             | 735,360.14 | 3,210,106.35 |



# Transaction Coding

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Transaction coding errors can occur when a transaction is labeled and/or posted incorrectly.

For example this may occur when an expenditure is posted against a revenue account or when an item that was purchased from one object code is inadvertently posted against another object code.

For example: when a police department uniform expense is charged to water department office supplies.

Identifying revenues and posting to the correct account is another area where coding errors occur.



# Transaction Coding: Identifying a Revenue Source

## Identifying a revenue source

Funds are received from DNRC for a flood control grant.

Step 1: Verify the source of the funds, is the identity of the revenue state or federal?

Step 2: Determine the source of the grant. It is from the federal government even though the grant deposit was from the state.

Step 3: Find the appropriate revenue account in the BARS Chart of Accounts.

*BUDGETARY ACCOUNTING AND REPORTING SYSTEM  
(BARS)  
FOR MONTANA CITIES, TOWNS AND COUNTIES*

**330000 Intergovernmental Revenues - cont.**

**334000 State Grants - cont.**

**334121 DNRC Grants (P) 85-1-604 and 90-2-1104**

**331000 Federal Grants - cont.**

**331100 Flood Control Grant (P)**

**331110 Federal Disaster Aid (P)**

**331113 FEMA Grants (P)**



# Transaction Coding: Posting a Claim

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Where do I post a claim reimbursed by a grant fund?

A claim is processed to repair damage to a street caused by flooding due to an inadequate storm drain system.

Do I post the expense against a revenue account or an expense account?

Accounting principals say you should post the claim against an expense account.



# Transaction Coding: Posting a Claim

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Question: You are paying a claim to correct street flooding caused by an insufficient storm drain system. This piece of the project has been reimbursed by the DNRC grant

What account number will you use during the claims process?

1. Use the same account number as you coded the incoming revenue?  
1000 – 331110
2. Do you code the claim using some other account number?  
Such as an expenditure account number?

Answer: Use an Expenditure/Expense Account Number

DO NOT code the expenditure against a revenue account number



# Transaction Coding

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**Recap:** You are paying a claim to correct street flooding caused by an insufficient storm drain system. This part of the project has been reimbursed by the DNRC grant.

The correct answer depends on the project type & cost:

1. Use an expenditure account number

430240 - Road & Street Maintenance

For more detail:

430246 - Road & Street Maintenance – Storm drainage

2. The object code depends if the project will be capitalized

For example:

1000 - 430240 - 230 - Storm system culvert

1000 - 430240 - 360 - Culvert installation (if hiring someone to install)

1000 - 430240 - 930 - Storm system **capital outlay**



# Transaction Coding

## Consequence of Incorrect posting

**TOWN OF SOMEWHERE SUNNY IN MONTANA  
DETAIL LEDGER QUERY  
GENERAL FUND  
FOR THE ACCOUNTING PERIODS JULY-JUNE FYXX**

| Fund/ Account              | Doc # | Description           | Acct. Period | Debit    | Credit    | Ending Balance |
|----------------------------|-------|-----------------------|--------------|----------|-----------|----------------|
| 1000 - GENERAL FUND        |       |                       |              |          |           |                |
| 331110 Flood Control Grant |       |                       |              |          |           |                |
|                            |       | Opening balance:      |              |          |           | 0              |
| RV                         | 625   | DNRC Flood Control    | 2/14         |          | 10,000.00 | 10,000.00      |
| SC                         | 1350  | Anderson Engineering  | 3/14         | 3,500.00 |           | 6,500.00       |
| SC                         | 1351  | We Dig'em Excavator's | 3/14         | 5,500.00 |           | 1,000.00       |
| SC                         | 1375  | Cullie's Culverts     | 4/14         | 1,000.00 |           | 0.00           |



The ending revenue account balance is \$0.00



# Transaction Coding

## Correct posting to detail ledgers

| Town of Anywhere, Montana   |                    |        |       |           |  |           |
|---|--------------------|--------|-------|-----------|--|-----------|
| Detail Ledger Query   |                    |        |       |           |  |           |
| Fund/Account #  |                    | Acct.  |       |           |  | Ending    |
| Doc #   | Description        | Period | Debit | Credit    |  | Balance   |
| 1000 - General Fund   |                    |        |       |           |  |           |
| 331110 Flood Control Grant  |                    |        |       |           |  |           |
|   | Opening Balance    |        |       |           |  | 0.00      |
| RV 625  | DNRC Flood Control | 2/14   |       | 10,000.00 |  | 10,000.00 |
| To record revenue received from DNRC, February 2014, for Flood Control Grant - EPA #211 |                    |        |       |           |  |           |



Total Revenues are \$10,000

| Town of Anywhere, Montana                                      |                   |        |           |        |  |           |
|--|-------------------|--------|-----------|--------|--|-----------|
| Detail Ledger Query  |                   |        |           |        |  |           |
| Fund/Account #   |                   | Acct.  |           |        |  | Ending    |
| Doc #  | Description       | Period | Debit     | Credit |  | Balance   |
| 1000 - General Fund  |                   |        |           |        |  |           |
| 430240 -930 Road & Street Maintenance - Capital Outlay         |                   |        |           |        |  |           |
|  | Opening Balance   |        |           |        |  | 0.00      |
| SC 1375  | Cullie's Culverts | 4/14   | 10,000.00 |        |  | 10,000.00 |
| To record capital outlay to repair storm drain on Main Street. |                   |        |           |        |  |           |



Total expenditures are \$10,000



# BARS Chart of Accounts Recap

LGS Local Government Entity Portal

By law, local government entities must file their annual financial reports, budgets, and audit reports with Local Government Services.



Click the icon above to view and download local government reports.



Click the icon above to register and upload documents as a local government representative or independent auditor.



New Resources & Upcoming Events



Budget & Mill Levy Resources



Accounting & Annual Financial Report Resources



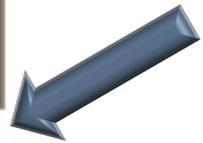
Audit & Financial Review Resources



Training & Videos



Delinquent Local Government Reports



- The BARS Chart of Accounts is the framework of governmental accounting systems.
- It is the uniform system for local governments in Montana
  - Providing information needed for administrative & reporting purposes; and
  - Allows for comparisons of financial information.

- ✓ Fund numbers contain 4 digits
- ✓ Account numbers contain 6 digits
- ✓ Object Codes contain 3 digits

- Chart of Accounts & BARS Updates are located on the LGSB website
  - <http://sfsd.mt.gov/LGSB/Accounting-Annual-Financial>



# LGSB CONTACT INFORMATION

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

LGSB staff is here to help! Please let us know if we can be of assistance

