LEARNING OUTCOMES

GOAL 1

Learn what resources are available for year-end closing

GOAL 2

Understand the proper steps to year-end closing entries

GOAL 3

Completing the year-end entries
Year-End Closing Procedures

Completed every year

- Year-end close is completed prior to preparing your AFR and the start of the audit.
- Entries are prepared according to GAAP.
- The year-end closing process assists with the accuracy of financial information.
- It is part of your preventative internal control process.

Year-end Procedures Checklist is located on our website at the following:

The checklist follows a logical process for the year-end review and related entries.

Assists with differences in steps necessary for
- Governmental Funds (modified accrual); and
- Proprietary Funds (full accrual).

Year-End Checklist

Year-end Procedures Checklist includes the following:

- General Review
- Cash and Cash Equivalents Reconciliations
- Receivables/Taxes Receivables
- Inventory
- Capital Assets
- Short-term Payables
- Long-term Obligations
- Other Considerations:
  - Revenues
  - Fund Balance
  - Determination of Audit

The checklist is a handy reminder of the steps necessary to complete year-end closing adjustments.
Review the Trial Balance

Remember your basic accounting:
1. Asset accounts = debit balance
2. Deferred Outflows of Resources accounts = credit balance
3. Liability accounts = credit balance
4. Deferred Inflows of Resources accounts = debit balance
5. Revenue accounts = credit balance
6. Expenditure/Expense accounts = debit balance

- All funds and all accounts should be reviewed.
- If you see an account with the wrong type of balance, investigate and correct.
- Exceptions include the contra accounts and possibly the investment earnings account if there are significant fair value adjustments.

General Review: the Trial Balance

<table>
<thead>
<tr>
<th>Account</th>
<th>Opening Balance</th>
<th>Current Year Changes</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>101000 Cash</td>
<td>452305.76</td>
<td>115417.96</td>
<td>667723.74</td>
</tr>
<tr>
<td>101001 Pool Cash</td>
<td>2002.28</td>
<td>1766.92</td>
<td>4169.20</td>
</tr>
<tr>
<td>101002 Memorial Park</td>
<td>5153.50</td>
<td>5525.03</td>
<td>10678.53</td>
</tr>
<tr>
<td>103000 Petty Cash</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>111013 A / R Mobile Homes 2013</td>
<td>84.90</td>
<td>119.80 CR</td>
<td>204.70</td>
</tr>
<tr>
<td>111014 A / R Mobile Homes 2014</td>
<td>447.65</td>
<td>1095.75 CR</td>
<td>1543.40</td>
</tr>
<tr>
<td>111015 A/R Mobile Home 2015</td>
<td>0.00</td>
<td>1191.93</td>
<td>1191.93</td>
</tr>
<tr>
<td>131011 A/B Real 2011</td>
<td>47.87</td>
<td>47.87 CR</td>
<td>95.74</td>
</tr>
<tr>
<td>131012 A/B Real 2012</td>
<td>1101.29</td>
<td>1160.59 CR</td>
<td>2261.88 CR</td>
</tr>
<tr>
<td>131013 A/B Real 2013</td>
<td>5901.38</td>
<td>5542.35 CR</td>
<td>1145.33</td>
</tr>
<tr>
<td>131014 A/B Real 2014</td>
<td>0.00</td>
<td>140036.25 CR</td>
<td>140036.25 CR</td>
</tr>
<tr>
<td>131015 A/B Personal 2015</td>
<td>4011.90</td>
<td>4817.94 CR</td>
<td>8829.84 CR</td>
</tr>
<tr>
<td>140010 A/B Protested 2010</td>
<td>0.00</td>
<td>1.51</td>
<td>1.51</td>
</tr>
<tr>
<td>140011 A/B Protested 2011</td>
<td>6092.26</td>
<td>6092.26 CR</td>
<td>0.00</td>
</tr>
<tr>
<td>140012 A/B Protested 2012</td>
<td>3222.40</td>
<td>0.00</td>
<td>3222.40</td>
</tr>
<tr>
<td>140013 A/B Protested 2013</td>
<td>1098.85</td>
<td>0.00</td>
<td>1098.85</td>
</tr>
<tr>
<td>140014 A/B Protested 2014</td>
<td>636.83</td>
<td>636.83</td>
<td>1273.66</td>
</tr>
<tr>
<td>Total Assets:</td>
<td>524922.17</td>
<td>33273.24 CR</td>
<td>456488.93</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account</th>
<th>Opening Balance</th>
<th>Current Year Changes</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>202110 Accounts Payable</td>
<td>5.00</td>
<td>15.00</td>
<td>20.00</td>
</tr>
<tr>
<td>223000 Deferred inflows - taxes</td>
<td>245056.41</td>
<td>154203.15 DB</td>
<td>129897.24 DB</td>
</tr>
<tr>
<td>271000 Unassigned Fund Balance - (Governments Funds)</td>
<td>800411.56</td>
<td>120014.91</td>
<td>822426.47</td>
</tr>
<tr>
<td>Total Liabilities:</td>
<td>524922.17</td>
<td>33273.24 DB</td>
<td>456488.93</td>
</tr>
</tbody>
</table>
General Review: Agency Funds & Audit Findings

Agency Funds 7100 - 7999

Should be reviewed for fund balance or net position.

Total Assets = Total Liabilities

Clearing funds should equal outstanding payroll and claims items and due to others.

Audit Findings

Review last year’s audit:

Are there any findings to be addressed for the current fiscal year?

Ensure related entries are posted.

Cash Reconciliation

Reconcile June 30 accounting software cash balances to June 30 bank statements.

Reconcile by fund and total cash.

Don’t forget petty cash accounts.

Don’t forget investment accounts.

Transfer cash to cover negative balances.
Cash Reconciliation

Pledged Securities

Review balances at financial institutions and determine amounts not covered by FDIC.
- 7-6-201(3) and 7-6-207 MCA

This information comes in handy for AFR note disclosure.

Investment Accounts

- Do you need to do an adjustment for fair value?
- Collect information for GASB 72 (Fair Value Measurement and Application) requirements and AFR note disclosure.

Receivables

Reconcile the following receivables:

- Taxes and Assessments
- Other Accounts Receivable
- Due from Other Govt’s
- Due to/Due from Other Funds
- Prepaid Expenses

- Tax reconciliation worksheet is available on our website.
- PDF format of past presentations are also available.
Receivables: Taxes & Assessments

City/Town taxes receivables
• should equal the County report; and
• should be reconciled by funds, individual years and tax types.

From our website in the training area:
Reconciling Taxes and Assessments Receivable with County Records

Session 1 - The Basics
Session 2 - Mill Levy Budgeted in Only the General Fund
Session 3 - Mill Levy Allocated Among Multiple Funds
Reconciliation Worksheet Template

The template should be used to determine if any adjustments are needed.

In addition, the template allows for reconciling:
1. Mobile Home (account # beginning 111);
2. Personal (account # beginning 115); and
3. Assessments Rec (account # beginning 118).
Receivables: Taxes & Assessments

• Template also includes tabs for reconciliation if mill levy is split among different funds.

• This sample shows how an adjustment would be split between various funds by percentage.

• Template includes all tax types.

• Also journal voucher sample entries are included.

Receivables: Deferred Special Assessments

Deferred Special Assessments Receivable

This is the amount of unbilled special assessments and SID’s.

Reconcile to the amortization schedule of assessment payers.

Compare balance to the Deferred Inflow of Resources – Deferred Special Assessments balance.
Receivables: Accounts Receivable: UTB & Prepays

Don’t forget to reconcile Utility Billing to subsidiary records of individual balances or customer detail reports.

• Review delinquent account balances and determine if an adjustment for Allowance for Uncollectible Accounts is necessary.

Prepaid Accounts Receivable for payments made on services to be provided in the future should be reconciled.

• If material, should be shown as a liability and not as a reduction in accounts receivable.

Due to/from Other Funds

Due from Other Funds = Due to Other Funds

Due from = asset
Due to = liability

The amount should not be the same as prior year.

If payables between funds are not expected within 12 months, use Advances To/Advances From accounts in the long-term liability section.

Receivables: Prepaid Expense & Due from Other Governments

Prepaid Expenses

• Expenses paid in advance of receiving goods or services.
• Common items are insurance and maintenance agreements.

Due from Other Governments

• Should an adjustment be done for revenues, i.e. grant reimbursement, not received by fiscal year end?

Recap

Reconcile the following:

• taxes receivable;
• deferred special assessments;
• utility billing;
• due to/due from accounts; and
• prepaid expense

Prepare and enter adjusting entries if necessary.
Inventory

• Inventory is reported as an asset.

• Amount on hand should be material to be reported.

• A physical inventory should be done at year end.

• Adjust balance to actual or physical inventory amounts as of June 30.

Capital Assets – The Basics

Capital assets are used in operations and usually have a useful life greater than 1 year.

Does not include assets acquired for the purpose of sale or investment
• regardless of form; and
• not used in operations.

Don’t capitalize an asset that does not meet your designated threshold.

Capitalization Policy

Review your capital asset policy annually.

GFOA recommendations:
• More than one-year useful life
• Apply threshold to individual items rather than a group of similar items, an exception may be a library
• Should not be less than $5,000
• Can establish one threshold or different thresholds for different classes of assets

This information is used in the AFR notes.
Capital Assets – Costs to Capitalize

The cost of the asset plus ancillary charges necessary to place the asset into its intended location and condition for use are capitalized.

Includes:
- Acquisition cost
- Legal and title fees
- Closing costs
- Appraisal negotiation fees
- Surveying fees
- Land preparation costs
- Demolition costs
- Audit & Accounting Fees
- Transportation Charges
- Interest incurred during acquisition

Does not include:
- Preliminary study or engineering costs;
- Training employees to use the capital asset; and
- General or administrative costs.

Additional information may be found in GASB 34, paragraph 18.

Capital Assets – Additions

Additions to Capital Assets
Run software report using object code 900-999 to determine additions.
- Don’t forget donations or inter-fund transfer of assets.

Governmental Funds
- Funds 1000 – 4999 and 8000 – 8999
- Use expenditure account and object code 900-999

Capital assets are not reported in governmental funds – fund 9000 if used.

Proprietary Funds 5000 – 5999
Capital asset account can be increased at time of acquisition.

If you used an expense account and capital outlay object code, a reversing entry should be done as part of year-end close.

Capital assets are reported in the proprietary funds.
**Capital Asset – Additions – Governmental Fund**

**Addition to Capital Assets – General Fund**

Example: truck purchase for $44,500 and $500 transportation cost

GF entry:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000-430200-940</td>
<td>Capital Outlay</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>1000-101000</td>
<td>Cash (per claim process)</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

Year-end adjustment:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>9000-186000</td>
<td>Machinery &amp; Equipment</td>
<td></td>
<td>$45,000</td>
</tr>
<tr>
<td>9000-280000</td>
<td>Investment in Capital Assets</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

- Capital outlay remains in the General Fund
- Add the truck to Fund 9000 Capital Assets

**Capital Asset – Additions – Proprietary Fund**

**Addition to Capital Assets – Water Fund**

Example: truck purchase for $44,500 and $500 transportation cost

**Option 1 GAAP compliant**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5210-186000</td>
<td>Machinery &amp; Equipment</td>
<td></td>
<td>$45,000</td>
</tr>
<tr>
<td>5210-101000</td>
<td>Cash (per claim process)</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

- No adjustment is necessary at year-end for this entry.

**Option 2 non-GAAP compliant**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5210-430500-940</td>
<td>Capital Outlay</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>5210-101000</td>
<td>Cash (per claim process)</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

**Option 2 Year-end adjusting entry**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5210-186000</td>
<td>Machinery &amp; Equipment</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>5210-430500-940</td>
<td>Capital Outlay</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

- If using option 2, both entries need to be processed.
Capital Asset – Deletions

Did you dispose of assets?

Did you sell an asset?
Did you trade-in an asset?
Did you retire an asset?
Did you transfer an asset from one fund to another?

Determine the carrying value of the asset.
• Original cost less accumulated depreciation
• Determine gain or loss

Year-end Adjustments

Original purchase price = $45,000, not fully depreciated and no cash was received

Governmental Fund entries

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>9000-280000</td>
<td>Investment in Capital Assets</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>9000-186100</td>
<td>Allowance for Depreciation</td>
<td>$40,000</td>
<td></td>
</tr>
<tr>
<td>9000-186000</td>
<td>Machinery &amp; Equipment</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>

• The $5,000 remaining “book value” for which no cash is received represents a loss on the disposal of the asset and is shown on the Government-wide Statements – adjusted in the GASB 34 conversion worksheet of the AFR.

Water Fund entries

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5210-186100</td>
<td>Allowance for Depreciation</td>
<td>$40,000</td>
<td></td>
</tr>
<tr>
<td>5210-510360-810</td>
<td>Loss on Sale/Disposal of Cap Asset</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>5210-186000</td>
<td>Machinery &amp; Equipment</td>
<td></td>
<td>$45,000</td>
</tr>
</tbody>
</table>
Capital Asset – Depreciation

Depreciation

• It is the allocation of the cost of capital assets over multiple periods.

• The cost is equitably allocated to the future benefitting periods.

Types of Assets

Tangible assets have a physical form, i.e. vehicles.

Intangible assets do not have a physical form, i.e. software.

Inexhaustible assets are not depreciated, i.e. land.

Depreciation Calculation

The most common method of depreciation is the straight-line method which allocates an equal amount of depreciation each period.

Truck cost = $45,000

Useful Life = 10 years

\[
\frac{45,000}{10} = 4,500 \text{ annual depreciation}
\]

Capital Asset – Depreciation Schedules

Depreciation Schedules

Highly recommend keeping your depreciation schedules current.

Most schedules contain

• Cost

• Description

• Acquisition date

• Estimated useful life

The number of depreciation schedules depends upon the number proprietary funds reported.

Maintain a depreciation schedule for each proprietary fund.

You can maintain one schedule for all Governmental Fund capital assets.

The AFR in Excel on our website has all of these schedules available for use. They even help complete the Capital Asset note in the AFR.
Short-term Payables

These are liabilities for goods or services received for which an expenditure/expense has not been paid at year end.

Examples
- Accounts payable
- Accrued payroll payable
- Accrued interest payable

Long-term Obligations

These are obligations due in more than one year.

Examples
- Long-term debt: loans, notes, bonds, leases
- Compensated absences
- Pension liabilities
- Other-Post Employment Benefits (OPEB)

Training and templates are available on our website.
Long-term Obligations - Debt - Governmental Funds

Long-term Debt

Long-term debt are not reported in the fund-level statements.

Proceeds from new debt is receipted into the fund level statements.

Long-term debt payments are shown in the funds using:
  • Expenditure account & object code 610-619 for principal
  • Expenditure account & object code 620-629 for interest

If you are using fund 9500 – Long-term Obligations; you can use the GLTDAG form in the AFR in Excel from our website.

This form tracks the obligations for fund 1000 – 4999 and 8000-8999.

It is not used for proprietary funds.

Long-term Obligations - Debt - Proprietary Funds

Long-term Debt

Long-term debt are reported in the fund-level statements.

Proceeds from new debt is increased in the outstanding loan/note/bond balances not the debt account number.

Long-term debt payments are shown in the funds using:
  • The outstanding balance accounts (listed above) & object code 610-619 for principal
  • Expenditure account & object code 620-629 for interest

If debt proceeds are receipted/coded as proceeds, a journal entry should be done to reverse the proceeds and increase the outstanding balance.

If you have coded principal payments as an expense, a journal voucher is prepared at year-end to reverse the expense and reduce the outstanding principal balance.

Interest payments are treated as expense.
Compensated Absences

Start by running a payroll report showing sick and vacation leave balances at June 30.

Vacation leave is calculated using 100% of the balance and sick leave is calculated using 25% of the balance.

Allocations should be based on payroll allocations.

And, we have a spreadsheet for this calculation in the AFR in Excel on our website.

Long-term Obligations – Compensated Absences

Sample calculation of compensated absences.

Update name, hours of annual & sick leave, rate of pay, and percentages as necessary.

The difference is the amount of the adjustment.
Long-term Obligations – Net Pension Liability

Net Pension Liability (NPL)

Local governments participating in MPERA report their share of pension liabilities and expense at year-end in accordance with GASB 68.

Annual adjustments are required for the NPL, deferred outflows and inflows of resources, pension expense and on-behalf revenues.

Our spreadsheet includes a tab for the on-behalf calculation for GASB 85 reporting and includes tabs for all of the retirement plans.

MPERA provides note and NPL information on their website: http://mpera.mt.gov/EMPLOYERS/GASBInfo

Ensure you download all applicable retirement plan notes, i.e. SRS, MPORS if necessary.

Teachers Retirement System information can be found at: https://trs.mt.gov/trs-info/NewsAnnualReports

Under the GASB 68 Reports (for use by TRS employers) link

And we have a spreadsheet on our website to assist with the calculation.

http://sfsd.mt.gov/LGSB/GASB68

Long-term Obligations – Net Pension Liability

TAB = PERS-Deferred Schedules, Steps 2a and 2b
Update prior year and current information.

Schedule of Deferred Outflows and Inflows

<table>
<thead>
<tr>
<th>Entity:</th>
<th>Input From Prior Year Plan Note Disclosure</th>
<th>Input From Current Year Plan Note Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>System:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year Ending</td>
<td>Prior Fiscal Year</td>
<td>Current Fiscal Year</td>
</tr>
<tr>
<td>June 30, 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer's Deferred Outflows and Deferred Inflows</td>
<td>Deferred Outflows</td>
<td>Deferred Inflows</td>
</tr>
<tr>
<td>Differences between actual and expected experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual vs Expected Investment Earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in proportion and differences between employer contributions and proportionate share of contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions made to the plan from 7/1/2018 to 6/30/2019 for Prior Year, current year will auto fill from Stampia Journal Entries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

DEPARTMENT OF ADMINISTRATION | STATE FINANCIAL SERVICES DIVISION/LGSB

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Long-term Obligations – Net Pension Liability

TAB = PERS-Sample-JV-Tab, Step 3

Long-term Obligations – Net Pension Liability

TAB = Payroll Allocation – Input Tab, Step 4
Long-term Obligations – Net Pension Liability

**TAB = Recap Page, Step 5**

**COMPLETE THIS SCHEDULE:**

<table>
<thead>
<tr>
<th>Prior Fiscal Year Ending Balances:</th>
<th>Current Fiscal Year - After Adjustments</th>
<th>Current Year: Adjustments Necessary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Pension Liability</strong></td>
<td><strong>Deferred Outflows</strong></td>
<td><strong>Deferred Inflows</strong></td>
</tr>
<tr>
<td>Governmental Funds</td>
<td>$X</td>
<td>$Y</td>
</tr>
<tr>
<td>Individual Proprietary Funds</td>
<td>$G</td>
<td>$H</td>
</tr>
<tr>
<td>Total of Proprietary Funds</td>
<td>$P</td>
<td>$Q</td>
</tr>
<tr>
<td>Total of All Funds</td>
<td>$Y</td>
<td>$Z</td>
</tr>
</tbody>
</table>

**Long-term Obligations – Net Pension Liability**

**TAB = Governmental Fund Adjustments, Step 6**

**Adjustments:**

- **Annual Financial Report Form - Governmental Long Term Debt Account Group F (and KSA)**
  - 237694 Net Pension Liability
- **Annual Financial Report Form - GS Conversion:**
  - 222204, Deferred Inflows of Resources
- **Annual Financial Report Form - OP Conversion:**
  - 200228 Nonvot - On behalf payment
  - 222204, Deferred Inflows of Resources

**Use to assist with the OP Conversion of the Annual Report:**

- **Pension Expense by Function for OP Conversion Worksheet:**
  - General Government: A0001
  - Public Safety: A0002
  - Public Health: A0003
  - Social & Economic Services: A0004
  - Housing & Community Development: A0005
  - Natural Resources: A0006
  - Other: A0009

- **Use to assist with the Revenue Analysis Worksheet of the Annual Report:**
  - Intergovernmental Revenue by Function:
    - General Government: A0021
    - Public Safety: A0022
    - Public Health: A0023
    - Social & Economic Services: A0024
    - Housing & Community Development: A0025
    - Natural Resources: A0026
    - Other: A0029

**Input entries in GL/TDAF of AFR:**

- Adjustments: $A, $B, $C, $D, $E, $F
- Expense account: $G, $H, $I, $J, $K, $L
- Revenue account: $M, $N, $O, $P, $Q, $R

**Input entries in GS Conversion of AFR:**

- Expense account: $Y, $Z, $A, $B, $C, $D
- Revenue account: $E, $F, $G, $H, $I, $J

**Input entries in OP Conversion of AFR:**

- Adjustments: $K, $L, $M, $N, $O, $P
- Expense account: $Q, $R, $S, $T, $U, $V
- Revenue account: $W, $X, $Y, $Z, $A, $B

**See Instructions 1 & 2 if using on-line tab for reconciliation.**
Long-term Obligations – Net Pension Liability

TAB = Proprietary Fund Adjustments, Step 7

<table>
<thead>
<tr>
<th>Journal Voucher Adjustments by Proprietary Fund Type:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
</tr>
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</tbody>
</table>

Long-term Obligations – Net Pension Liability

AFR in Excel TAB = RSI-PERS (61-A), Step 8

Tabs included for all retirement plans plus RSI notes.

CITY OF ____, TOWN OF ____, COUNTY
FISCAL YEAR ENDING JUNE 30, 2020
Public Employees Retirement Plans (PERS)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Last Ten Fiscal Years

Employee's portion of the Net Pension Liability (percent): 100% 100% 100% 100% 100%
Employee's portion of the Net Pension Liability (amount): $1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000
Total: $1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000

Roadway's Current Payroll: $1,000,000

Note: The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
**Long-term Obligations – GASB 73 Pensions**

**GASB 73 Reporting**

GASB 73 is applicable to pensions and related assets not within the scope of GASB 68.

GASB 73 applies to most Fire Department Relief Associations because:
- Assets are not held in trust or an equivalent arrangement;
- Pension liabilities/expense are reported similar to GASB 68; and
- An Actuarial Valuation is required every 2 years.

The liability may or may not be material – check with your auditor annually.

19-18-503 MCA (soundly funding the FDRA) is related but not the same as GASB 73.

Compliance with the MCA does not constitute compliance with GASB 73 reporting.

IF the FDRA does not provide benefits, GASB 73 likely will not apply.

**Long-term Obligations – OPEB**

**OPEB Reporting**

OPEB reporting applies to benefits other than pensions such as group health benefits.

OPEB reporting may apply if:
- Healthcare benefits are offered to retirees;
- A single or blended premium is used for both active and retired employees (an Implied Rate Subsidy)

The change in the proportionate share of the OPEB liability is adjusted annually.

The information may come from your insurance carrier, the Alternative Measurement Method or an Actuarial Valuation.

Adjustments are done in each Proprietary Fund and the GLTDAG for the Governmental Funds.

FAQ’s on our website and GASB 45 & 75
Other Considerations

Transfers between funds
- Transfers in = Transfers out
- Due to other funds = Due from other funds

Revenues
- Review receipts of intergovernmental revenues
- Should have 12 Gas Tax payments
- Should have 4 state entitlement payments

Review fund balance classifications for GASB 54 reporting of restricted, committed, assigned and unassigned

Review net position for any restrictions (i.e. bond covenants) and does this equal the restricted cash account?

Other Considerations

Review budget to actual reports to determine if a budget amendment is necessary.

Also look at significant variances in your budget to actual reports to ensure proper coding of transactions.

Do your beginning fund balances and net position match to last year’s AFR or audit?

Do you need to do any prior period adjustments?

Do you need to have an audit?
- Revenues greater than $750,000
- Expended more than $750,000 in federal funds

(Ensure this prior to contracting an audit.)
LGSB CONTACT INFORMATION

Phone: 406-444-9101
Email: LGSPortalRegistration@mt.gov
Website: http://sfsd.mt.gov/LGSB

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