

LOCAL GOVERNMENT SERVICES BUREAU
STATE FINANCIAL SERVICES DIVISION



YEAR-END CLOSING

Presented by:
Tami Gunlock and Kari Powles

406-444-9101
LGSPortalRegistration@mt.gov
<http://sfsd.mt.gov/LGSB>

1

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



2

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:

<http://sfsd.mt.gov/LGSB/Training/Training-Videos>

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.



General Review

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

Account	Opening Balance	Current Year Changes	Ending Balance
101000 Cash	492360.78	113617.96	605978.74
101001 Pool Cash	2802.28	1786.92	4589.20
101002 Memorial Park	5153.50	5525.03	10678.53
103000 Petty Cash	100.00	0.00	100.00
111013 A / R Mobile Homes 2013	54.90	109.80 CR	54.90 CR
111014 A / R Mobile Homes 2014	447.65	785.75 CR	338.10 CR
111015 A/R Mobile Home 2015	0.00	1191.93	1191.93
113011 A/R Real 2011	47.87	47.87 CR	0.00
113012 A/R Real 2012	1901.29	1160.59 CR	740.70
113013 A/R Real 2013	5901.38	5542.35 CR	359.03
113014 A/R Real 2014	0.00	140036.25 CR	140036.25 CR
115014 A/R Personal 2014	4811.98	4817.94 CR	5.96 CR
115015 A / R Personal 2015	0.00	1.51	1.51
116010 A/R Protested 2010	6092.26	6092.26 CR	0.00
116011 A/R Protested 2011	3222.60	0.00	3222.60
116012 A/R Protested 2012	1388.85	0.00	1388.85
116013 A/R Protested 2013	636.83	636.83	1273.66
116014 A/R Protested 2014	0.00	2559.39	2559.39
Total Assets:	524922.17	33273.24 CR	491648.93
202100 Accounts Payable	5.00	15.00	20.00
223000 Deferred inflows - taxes	24505.61	154203.15 DB	129697.54 DB
271000 Unassigned Fund Balance - (Government Funds)	500411.56	120914.91	621326.47
Total Liabilities:	524922.17	33273.24 DB	491648.93



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.



7

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.



8

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.

Compare total receivables to the corresponding Deferred Inflows of Revenues - Tax account.

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](#)



Receivables: Taxes & Assessments

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).

City/Town of _____						
Taxes and Assessments Receivable Reconciliation Form						
Date of Reconciliation: _____						
Account #	Tax Type:	Year:	City/Town Software	County	Difference	Rev Acct #311010 Real
113011	Real Estate	2011			0.00	
113012	Real Estate	2012			0.00	*verify the revenue account the
113013	Real Estate	2013			0.00	City/Town is using in their software
113014	Real Estate	2014			0.00	
113015	Real Estate	2015			0.00	
113016	Real Estate	2016			0.00	
113017	Real Estate	2017			0.00	
113018	Real Estate	2018			0.00	
113019	Real Estate	2019			0.00	
113020	Real Estate	2020			0.00	
					0.00	
		Total:	0.00	0.00	0.00	
223100	Deferred Inflow - Real Estate					
*Total Real Taxes Rec should equal Def Inflow (or if using only one deferred account the total of all tax receivables should equal the deferred inflows of taxes. Use the calculation below to reconcile deferred in total.)						



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.

Fund #	Total Dollar Amount:	Number of Mills:	Percentage:	\$ Amount - Split Per Fund:	
	Year:				(1)
Amt of Adjustment:	\$0.00				(2)
1000	General Fund		#DIV/0!	#DIV/0!	(3)
Fund #	Name		#DIV/0!	#DIV/0!	(4)
Fund #	Name		#DIV/0!	#DIV/0!	
Fund #	Name		#DIV/0!	#DIV/0!	
Fund #	Name		#DIV/0!	#DIV/0!	
Fund #	Name		#DIV/0!	#DIV/0!	
	Total:	0	#DIV/0!	#DIV/0!	(5)



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 & Prepaids

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

- 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:	<u>Debit</u>	<u>Credit</u>
1000-430200-940 Capital Outlay	\$45,000	
1000-101000 Cash (per claim process)		\$45,000

Year-end adjustment:

9000-186000 Machinery & Equipment	\$45,000	
9000-280000 Investment in Capital Assets		\$45,000

- 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	<u>Debit</u>	<u>Credit</u>
5210-186000 Machinery & Equipment	\$45,000	
5210-101000 Cash (per claim process)		\$45,000

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

Option 2 non-GAAP compliant

5210-430500-940 Capital Outlay	\$45,000	
5210-101000 Cash (per claim process)		\$45,000

Option 2 Year-end adjusting entry

5210-186000 Machinery & Equipment	\$45,000	
5210-430500-940 Capital Outlay		\$45,000

- 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



Capital Asset – Deletions: Year-end Entries

Year-end Adjustments

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

Governmental Fund entries

	<u>Debit</u>	<u>Credit</u>
9000-280000 Investment in Capital Assets	\$ 5,000	
9000-186100 Allowance for Depreciation	\$40,000	
9000-186000 Machinery & Equipment		\$45,000

- 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

5210-186100 Allowance for Depreciation	\$40,000	
5210-510360-810 Loss on Sale/Disposal of Cap Asset	\$ 5,000	
5210-186000 Machinery & Equipment		\$45,000



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

$\$45,000/10 = \$4,500$ 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

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

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.



Long-term Obligations – Compensated Absences

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.

Town of Anywhere											
COMPENSATED ABSENCES PAYABLE											
FISCAL YEAR ENDING JUNE 30, 20XX											
NAME	HOURS ANNUAL LEAVE	HOURS SICK LEAVE	1/4 SICK LEAVE	TOTAL LEAVE HOURS	CURR. RATE OF PAY	COMP. DOLLAR LIAB.	ADD 20% for BENEFITS	TOTAL DOLLAR LIAB.	<i>(adjust percentages in formulas as necessary)</i>		
									% TO GENERAL/GOV	% TO WATER	TOTAL
Jane Doe	120.00	150.00	37.50	157.50	\$ 15.00	\$ 2,362.50	\$ 472.50	\$ 2,835.00	\$ 1,417.50	\$ 1,417.50	\$ 2,835.00
Jim Smith	55.00	24.00	6.00	61.00	15.00	915.00	183.00	1,098.00	549.00	549.00	1,098.00
						\$ 3,277.50	\$ 655.50	\$ 3,933.00	\$ 1,966.50	\$ 1,966.50	\$ 3,933.00
						=====	=====	=====	=====	=====	=====
								Prior year:	1,600.00	1,750.00	3,350.00
								Difference:	(366.50)	(216.50)	(583.00)



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				
Step 2: See instructions tab for assistance				
Entity:				
System:	PERS			
Fiscal Year Ending	June 30, 2020			
		Input From Prior Year Plan Note Disclosure		Input From Current Year Plan Note Disclosure
		Prior Fiscal Year		Current Fiscal Year
Employer's Deferred Outflows and Deferred Inflows		Deferred Outflows	Deferred Inflows	Deferred Outflows
Differences between actual and expected experience				
Changes in assumptions				
Actual vs Expected Investment Earnings				
Changes in proportion and differences between employer contributions and proportionate share of contributions				
Employer contributions made to the plan from 7/1/2018 to 6/30/2019 for Prior Year; current Year will auto-fill from Sample Journal Entries				\$ -
Total	\$ -	\$ -	\$ -	\$ -



Long-term Obligations – Net Pension Liability

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

Input the information as provided on the "Sample Journal Entries" page provided by MPERA.			
If a deferred outflows/inflows of resources entry is a debit enter as a Deferred Outflow of Resources in the yellow-shaded cells.			
If a deferred outflows/inflows of resources entry is a credit enter as a Deferred Inflow of Resources in the yellow-shaded cells.			
#1	Input current year activity	Debit	Credit
	Proportionate share of beginning collective Net Pension Liability		
	Proportionate share of ending collective Net Pension Liability		
	Pension Expense		
	Deferred outflows of resources - Differences between actual and expected experience (if debit)		
	Deferred inflows of resources - Differences between actual and expected experience (if credit)		
	Deferred outflows of resources - Changes in assumptions (if debit)		
	Deferred inflows of resources - Changes in assumptions (if credit)		
	Deferred outflows of resources - Net difference between projected and actual earnings on pension plan investments (if debit)		
	Deferred inflows of resources - Net difference between projected and actual earnings on pension plan investments (if credit)		
	Deferred outflows of resources - Changes in proportion and differences between employer contributions and proportionate share of contributions (if debit)		
	Deferred inflows of resources - Changes in proportion and differences between employer contributions and proportionate share of contributions (if credit)		
	Pension Expense Difference: The prior year employer's contributions subsequent to measurement date autofills from the prior year's Deferred Schedule. The difference between the amount used in the prior year and the amount reported by MPERA on Sample Journal Entries will auto-fill if the amount used for prior year's employer's contributions is different.		
	Deferred outflows of resources - employer contributions 7/1/2018 - 6/30/2019**		
	Total:	\$	\$
	Difference:	\$	\$
#2	Input the State (non-employer contributing entity) contributions to Pension Plan (or leave this blank if you have already entered them as part of year-end closing.)	On-behalf Revenue as of the Measurement Date	
	Pension Expense - Non-employer Contributing Entity		
	On-behalf Revenue - State payments to retirement system		
	*Note: There is not Coal Board on-behalf payments for FY2020		
#3	Input the employer contributions subsequent to the measurement date - from MPERA ERIC System, employer's records or MPERA website		
	Deferred outflow of resources - employer contributions - 7/1/2019 to 6/30/2020		
	Pension expense		

Adjustment: calculated as the difference between amount input on Deferred Schedules Tab in Cell H4 and amount appearing on MPERA JV

ON-BEHALF REVENUE: The Current Year On-Behalf Revenue should be Reversed to Produce the Government-wide Statements of the Annual Report. Reverse as it was allocated among funds. Next follow the allocation per the Measurement Period. Refer to On-Behalf Revenue Page

See instructions tab & New! On-behalf tab

Difference in On-behalf recognized in CY compared to Measurement Date



35

Long-term Obligations – Net Pension Liability

TAB = Payroll Allocation – Input Tab, Step 4

Instructions:

Step 1: Input gross payroll totals or PERS employer-contributions for **only** employees participating in the PERS Plan by the **total** amount paid from all governmental funds and **separately** for each Proprietary Fund to determine the allocation by Fund Type.

Step 2: Complete the Governmental Funds Payroll Allocation by Major Function for PERS only - Enter the PERS payroll or employer contributions of governmental funds by major function (example: public works, public safety, etc.)

Step 3: Review the Payroll Allocation by Major Purpose or Function for employee wages or employer contributions for Retirement Plans other than PERS. The default is public safety for MPORS, FURS and SRS. TRS defaults to general government. Change the allocation percentage if necessary.

Current Fiscal Year

Step 1: Payroll Allocation by Total Payroll or Employer Contributions for PERS-Covered Employees:

Fund type:	Payroll or Contributions of Employees Participating in PERS Pension by fund type:	Percentage of "PERS payroll"
Total of Governmental Funds:		#DIV/0!
Individual Proprietary Funds:		#DIV/0!
5210 Water		#DIV/0!
5310 Sewer		#DIV/0!
5410 Solid Waste		#DIV/0!
XXXX		#DIV/0!
XXXX		#DIV/0!
XXXX		#DIV/0!
Total of All Fund Types:	0	#DIV/0!

Step 2: Input breakdown of Governmental Funds PERS Payroll or Employer Contributions by Major Purpose or Function (To assist with the Annual Financial Report - Operating Conversion (OP) Worksheet)

PERS ONLY	PERS BY MAJOR FUNCTION	General Government	Public Safety	Public Works	Public Health	Social & Economic	Culture & Recreation	Housing & Com Dev	Cons of Natural Resources	Misc. - Unallocated	Total:
		Input the amount paid in all governmental funds for PERS by major purpose in yellow cells:	41	42	43	44	45	46	47	48	51
Total Governmental Funds:	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0

Step 3: Review the Allocation by Major Purpose or Function for FURS, MPORS, SRS and TRS - if applicable

Other Pension Plan Types	Update the percentage of payroll allocated by Major Purpose for the Plan Types reported if different	Plan Types:	41	42	43	44	45	46	47	48	51	Total:
		FURS		100%								1
		MPORS		100%								1
		SRS		100%								1
		TRS	100%									1



36

Long-term Obligations – Net Pension Liability

TAB = Recap Page, Step 5

COMPLETE THIS SCHEDULE:			Auto-Calculates			Auto-Calculates						
Prior Fiscal Year Ending Balances:			Current Fiscal Year - After Adjustments			Current Year - Adjustments Necessary						
Input the Ending Balances per Trial Balance and/or AFR for total of Governmental Funds & Each Proprietary Fund in the yellow-shaded cells:			Ending Balances per Trial Balance and/or AFR for total of Governmental Funds & Each Proprietary Fund:			Adjustments Differences between prior year & current year						
	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Pension Liability	Deferred Outflows	Deferred Inflows	On Behalf	Pension Expense	Difference:
Governmental Funds				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Individual Proprietary Funds:												
5210				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
5310				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
5410				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
XXXX				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
XXXX				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
XXXX				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total of Proprietary Funds:	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total - all Funds	\$ -	\$ -	\$ -	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!



DEPARTMENT OF ADMINISTRATION | STATE FINANCIAL SERVICES DIVISION/LGSB

37

37

Long-term Obligations – Net Pension Liability

TAB = Governmental Fund Adjustments, Step 6

Adjustments:				Debit:		Credit:		Input Entries #1 on GLTDAG of AFR	
Annual Financial Report Form - Governmental Long-Term Debt Account Group (Fund 9500)								for Governmental Funds and input as a JV in your Software if updating Fund 9500 - Long-Term Debt Acct	
#1	174900 Amount to be Provided - Other	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
	237000 Net Pension Liability	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Annual Financial Report Form - BS Conversion:								Input Entries #2 on BS Conversion of AFR:	
#2	1999XX Deferred Outflows of Resources	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			Deferred Inflows & Outflows Adjustment on BS Conversion Page of AFR.	
	2238XX Deferred Inflows of Resources	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Annual Financial Report Form - OP Conversion								Input Entries #3 on OP Conversion of AFR - varies, if done as part of closing:	
#3	336020 Revenue - On-behalf payment***	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			Input On-behalf payment Column F Row 13 Intergovernmental Revenue if not done as part of closing	
	4XXXXX Pension Expense	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			Input Pension Expense by Function as listed below in Column F if not part of closing	
	4XXXXX Pension Expense	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			Rows 23-37 if this wasn't done as part of the closing adjustments per GASB 85	
	Prior Period Adjustment	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			***Refer to the On-Behalf Revenue Page for detailed instructions	
	Total:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			If rounding adjustment is minimal, adjust to pension expense or prior period adjustment if the adjustment is positive enter a debit if the adjustment is negative enter as a credit	
Governmental Funds Differences:				#DIV/0!	#DIV/0!				
Use to assist with the OP Conversion of the Annual Report:				Adjustment for On-Behalf & Pension Expense recorded:				See Illustrations 1 & 2 of the New On-Behalf Tab for instructions.	
Pension Expense by Function for OP Conversion Worksheet:								Entries #3 - Pension Expense Breakdown	
General Government #41				#DIV/0!	Reduce by the amount and purpose of the pension expense that offset the on-behalf revenue input in software on AFR worksheet			This information will be used to input the Pension Expense by major purpose on the OP (Operating) Conversion Page of the Annual Report if the current year on-behalf revenue was input into the accounting software - an adjustment will be necessary	
Public Safety #42				#DIV/0!					
Public Works #43				#DIV/0!					
Public Health #44				#DIV/0!					
Social & Economic Services #45				#DIV/0!					
Culture & Recreation #46				#DIV/0!					
Housing & Community Development #47				#DIV/0!					
Conservation of Natural Resources #48				#DIV/0!					
Misc - Unallocated #51				#DIV/0!					
Input breakdown by Function on OP Conversion:				#DIV/0!					
Use to assist with the Revenue Analysis Worksheet of the Annual Report:				Adjustment for On-Behalf & Pension Expense recorded:				Entries #3 - On-Behalf Revenue	
Intergovernmental Revenue by Function:								This information will be used to input the On-Behalf (intergovernmental revenue) on the OP Conversion & Revenue Analysis Pages of the Annual Report	
General Government #41				#DIV/0!	Reduce by the amount and purpose of the on-behalf revenue that was recorded in the accounting software when inputting on AFR worksheet				
Public Safety #42				#DIV/0!					
Public Works #43				#DIV/0!					
Public Health #44				#DIV/0!					
Social & Economic Services #45				#DIV/0!					
Culture & Recreation #46				#DIV/0!					
Housing & Community Development #47				#DIV/0!					
Conservation of Natural Resources #48				#DIV/0!					
Misc - Unallocated #51				#DIV/0!					
Input total on OP conversion of AFR:				#DIV/0!					



DEPARTMENT OF ADMINISTRATION | STATE FINANCIAL SERVICES DIVISION/LGSB

38

38

Long-term Obligations – Net Pension Liability

TAB = Proprietary Fund Adjustments, Step 7

Journal Voucher Adjustments by Proprietary Fund Type:						
0						
Fund	Account	Description	Debit	Credit	Allocation & Rounding Adj:	
5210	237000	Difference in Net Pension Liability	#DIV/0!	#DIV/0!		
5210	1999XX	Deferred Outflows of Resources	#DIV/0!	#DIV/0!		
5210	2238XX	Deferred Inflows of Resources	#DIV/0!	#DIV/0!		
5210	4XXXXX	Pension Expense	#DIV/0!	#DIV/0!		
5210	336020	Revenue - On-behalf payment	#DIV/0!	#DIV/0!		
5210	4XXXXX	Pension Expense - rounding				
5210	271500	Prior Period Adjustment				
			#DIV/0!	#DIV/0!		#DIV/0!
Fund	Account	Description	Debit	Credit		
5310	237000	Difference in Net Pension Liability	#DIV/0!	#DIV/0!		
5310	1999XX	Deferred Outflows of Resources	#DIV/0!	#DIV/0!		
5310	2238XX	Deferred Inflows of Resources	#DIV/0!	#DIV/0!		
5310	4XXXXX	Pension Expense	#DIV/0!	#DIV/0!		
5310	336020	Revenue - On-behalf payment	#DIV/0!	#DIV/0!		
5310	4XXXXX	Pension Expense - rounding				
5310	271500	Prior Period Adjustment				
			#DIV/0!	#DIV/0!		#DIV/0!
Fund	Account	Description	Debit	Credit		
5410	237000	Difference in Net Pension Liability	#DIV/0!	#DIV/0!		
5410	1999XX	Deferred Outflows of Resources	#DIV/0!	#DIV/0!		
5410	2238XX	Deferred Inflows of Resources	#DIV/0!	#DIV/0!		
5410	4XXXXX	Pension Expense	#DIV/0!	#DIV/0!		
5410	336020	Revenue - On-behalf payment	#DIV/0!	#DIV/0!		
5410	4XXXXX	Pension Expense - rounding				
5410	271500	Prior Period Adjustment				
			#DIV/0!	#DIV/0!		#DIV/0!



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 Plan (PERS)						
Required Supplementary Information						
Schedule of Proportionate Share of the Net Pension Liability						
For the Last Ten Fiscal Years*						
Reporting Date:	2020	2019	2018	2017	2016	2015
As of Measurement Date:	2019	2018	2017	2016	2015	2014
Employer's proportion of the Net Pension Liability (percentage)						
Employer's Net Pension Liability (amount)						
State of Montana's Net Pension Liability (amount)						
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll						
Employer's proportionate share as a percent of Covered Payroll						
Plan Fiduciary Net Position as a percent of the Total Pension Liability						
*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.						
CITY OF __, TOWN OF __, COUNTY						
Required Supplementary Information						
Schedule of Contributions						
For the Last Ten Fiscal Years*						
As of most recent FYE - (reporting date)	2020	2019	2018	2017	2016	2015
Contractually Required DB Contributions						
Plan Choice Rate Required Contributions						
Contributions in Relation to the Contractually Required Contributions						
Contribution Deficiency (Excess)						
Employer's Covered Payroll						
Contributions as a percentage of Covered P						
*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

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

Revenues

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

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.

Do you need to do any prior period adjustments?

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

Do you need to have an audit?

- Revenues greater than \$750,000

Does it need to be a federal audit?

- Expended more than \$750,000 in federal funds

(Check this prior to contracting an audit.)

Do your beginning fund balances and net position match to last year's AFR or 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



DEPARTMENT OF ADMINISTRATION | STATE FINANCIAL SERVICES DIVISION/LGSB

45