



Reconciling Taxes and Assessments Receivable with the County Records

#2 – Mill Levy budgeted in only the General Fund



Training provided by:

Local Government Services Bureau
State Financial Services Division
Department of Administration
State of Montana
(406) 444-9101

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

#2 – Reconciling Taxes/Assessments Receivable

Session #1 covered the basics of taxes/assessments receivable; deferred inflow of tax revenues and the BARS Chart of Accounts numbers for receivables

Learning Outcomes for Session #2:

- The total of Taxes Receivable reported per the City's or Town's accounting system in the General Fund should agree to the County Treasurer's Report
 - Receivables by receivable type and year reconcile to the County

Example:

2015 Real Taxes Receivable = County 2015 Real Taxes Receivable

2016 Personal Property (PP) Taxes = County 2016 Personal Property Taxes

AND

- Total of Taxes & Assessments Receivable reconciles to the corresponding Deferred Inflow of Tax Revenues in the accounting software (some exceptions may apply)





#2 – Reconciling Taxes/Assessments Receivable

Recap from Session #1

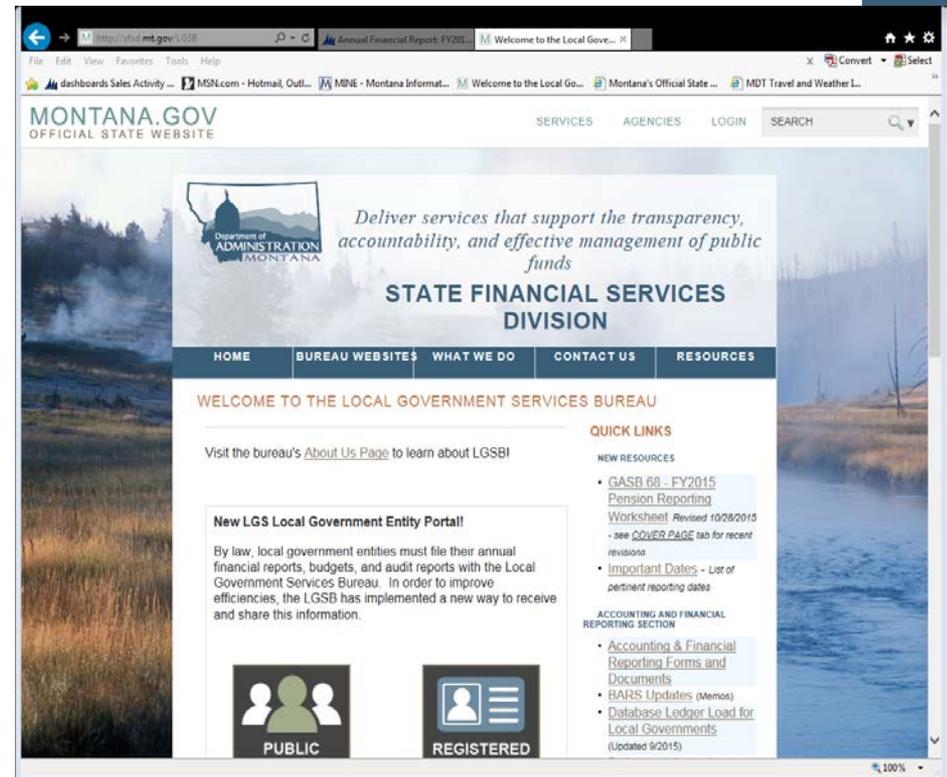
- Use a consistent time-frame to compare the County's report to your Receivable numbers
 - The County May Report = City/Town June
 - Or
 - The County June Report = City/Town June
- **Have you reviewed the County report for recent tax billing; prepared and posted the adjusting entries in your software?**
 - Have you set up the account numbers for any new tax types – real, personal, mobile home and protested taxes in the City/Town Software?
- **Do you know the normal balance of the account numbers you have created in your software?**

If you are unsure of any of these items please review Session #1



#2 – Reconciling Taxes/Assessments Receivable

- Determine the type of tools you will use to reconcile taxes and assessments receivable with the County information.
- The Local Government Services Bureau has a template you may choose to reconcile your taxes receivable
- The ***Taxes-Receivable-Template*** is available on the website: <http://sfsd.mt.gov/LGSB>
- Run a Trial Balance of the General Fund in your Software



#2 – Reconciling Taxes/Assessments Receivable

Example from the LGSB Template:

City/Town of _____						
Taxes Receivable Reconciliation Form						
Account #	Tax Type:	Year:	City/Town Software	County	Difference	Rev Acct #311010 Real
113005	Real Estate	2005			0.00	*verify the revenue account the
113006	Real Estate	2006			0.00	City/Town is using in their software
113007	Real Estate	2007			0.00	
113008	Real Estate	2008			0.00	
113009	Real Estate	2009			0.00	
113010	Real Estate	2010			0.00	
113011	Real Estate	2011			0.00	
113012	Real Estate	2012			0.00	
113013	Real Estate	2013			0.00	
113014	Real Estate	2014			0.00	
113015	Real Estate	2015			0.00	
113016	Real Estate	2016			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.)						

#2- Reconciling Taxes/Assessments Receivable

Example of a Black Mountain Software County Trial Balance:

06/12/15
12:40:49

MONTANA COUNTY
Trial Balance
For the Accounting Period: 5 / 15

Page: 1 of 2
Report ID: L120

7850 TOWN OF SOMEWHERE

Account	Beginning	Debit	Credit	Net Change	Ending Balance
ASSETS					
101000 CASH	1,063.86	3,966.76	1,063.86	2,902.90	3,966.76
113000 TAXES RECEIVABLE - REAL 2000	161.30	0.00	0.00	0.00	161.30
113010 TAXES RECEIVABLE - REAL 2001	160.25	0.00	0.00	0.00	160.25
113020 TAXES RECEIVABLE - REAL 2002	275.82	0.00	0.00	0.00	275.82
113030 TAXES RECEIVABLE - REAL 2003	120.78	0.00	0.01 (	0.01)	120.77
113040 TAXES RECEIVABLE REAL 2004	120.88	0.00	0.00	0.00	120.88
113050 TAXES RECEIVABLE REAL - 2005	118.63	0.01	0.00	0.01	118.64
113060 TAXES RECEIVABLE REAL-2006	46.99	0.00	0.00	0.00	46.99
113070 TAXES RECEIVABLE REAL	51.60	0.00	0.00	0.00	51.60
113080 TAXES RECEIVABLE REAL 2008	49.22	0.00	0.01 (	0.01)	49.21
113090 REAL PROPERTY TAXES 2009	30.26	0.00	0.00	0.00	30.26
113100 REAL PROPERTY TAXES 2010	16.99	0.00	0.02 (	0.02)	16.97
113110 REAL PROPERTY TAXES 2011	19.62	0.00	0.03 (	0.03)	19.59
113120 REAL PROPERTY TAXES 2012	21.57	0.01	0.00	0.01	21.58
113130 REAL PROPERTY TAXES 2013	23.67	0.00	0.00	0.00	23.67
113140 REAL PROPERTY TAXES 2014	6,371.27	0.01	3,597.61 (	3,597.60)	2,773.67
113930 TAXES RECEIVABLE - REAL 1993	91.66	0.00	0.00	0.00	91.66
113940 TAXES RECEIVABLE - REAL 1994	91.71	0.00	0.00	0.00	91.71
113950 TAXES RECEIVABLE - REAL 1995	92.20	0.00	0.00	0.00	92.20
113960 TAXES RECEIVABLE - REAL 1996	319.41	0.00	0.00	0.00	319.41
113970 TAXES RECEIVABLE - REAL 1997	318.62	0.00	0.00	0.00	318.62
113980 TAXES RECEIVABLE - REAL 1998	161.11	0.00	0.00	0.00	161.11
113990 TAXES RECEIVABLE - REAL 1999	153.70	0.00	0.00	0.00	153.70
115010 TAXES RECEIVABLE - PERSONAL 2001	0.00	0.00	0.01 (	0.01)	0.01)
115040 TAXES RECEIBALES - PERSONALS 2004	0.00	0.01	0.00	0.01	0.01
115060 TAXES RECIEVABLE PERSONAL/MOBIL 200	5.25	0.00	0.00	0.00	5.25
115070 TAXES RECIEVABLE MOBILE HOME, PERSO	5.12	0.00	0.00	0.00	5.12
115080 Taxes Receivable Mobile Home, Perso	37.37	0.01	0.00	0.01	37.38
115090 2009 PERSONAL AND MOBILE HOMES	0.00	0.01	0.00	0.01	0.01
115110 MOBILE HOMES PERSONALS FOR 2011	0.00	66.65	0.00	66.65	66.65
115120 MOBILE HOME PERSONALS FOR 2012	15.83	0.01	0.00	0.01	15.84
115140 2014 MOBILE HOME TAXES	44.23	0.00	0.01 (	0.01)	44.22
115150 2015 MOBILE HOME RECEIVABLES	0.00	159.75	0.00	159.75	159.75
172000 REVENUES (CREDIT)	(17,024.20)	0.00	3,966.76 (	3,966.76)	(20,990.96)
Total ASSETS	(7,035.28)	4,193.23	8,628.32 (	4,435.09)	(11,470.37)

#2 – Reconciling Taxes/Assessments Receivable

Example of a Tyler Technologies County Trial Balance:

Another Montana County

Trial Balance - On Demand Report Fiscal Year: 2014-2016 Line Description From Date: 5/1/2015 To Date: 5/31/2015 Print accounts with zero balance

TOWN - 7860 Opening Balance Debits Credits Ending Balance

ASSET

7860.000.000.101000.000 / TOWN OF SOMEWHERE CASH \$7,156.49 \$9,505.79 (\$7,156.49) \$9,505.79

Transaction Detail											
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal
05/31/2015	449	0	0					14 RE TOWN		\$6,004.11	TB
05/31/2015	452	0	0					14 UT TOWN OF APRIL 8 THRU MAY 9		\$3,051.27	TB
05/31/2015	453	0	70008					PAYMENT TOWN LOCAL OPT 15982 RC 15982		\$6.84	CR
05/31/2015	453	0	70853							\$443.57	CR
05/31/2015	455	15982	0							-\$7,156.49	TA

Detail Total \$2,349.30

7860.000.000.111006.000 / TOWN 2006 MH TAXES	\$0.01	\$0.00	\$0.00	\$0.01
7860.000.000.111007.000 / 07 MH TOWN OF	(\$0.01)	\$0.00	\$0.00	(\$0.01)
7860.000.000.111011.000 / 2011 MH RECEIVABLE	\$4.36	\$0.00	\$0.00	\$4.36
7860.000.000.111014.000 / 14 MH TAX REC	\$92.85	\$0.00	\$0.00	\$92.85
7860.000.000.113002.000 / TOWN 2002 RE TAX	(\$0.02)	\$0.00	\$0.00	(\$0.02)
7860.000.000.113003.000 / TOWN 2003 RE TAX	(\$0.02)	\$0.00	\$0.00	(\$0.02)
7860.000.000.113004.000 / TOWN 2004 RE TAX	(\$0.02)	\$0.00	\$0.00	(\$0.02)
7860.000.000.113005.000 / TOWN 2005 RE TAX	(\$0.02)	\$0.00	\$0.00	(\$0.02)
7860.000.000.113006.000 / TOWN 2006 RE TAX	(\$0.01)	\$0.00	\$0.00	(\$0.01)
7860.000.000.113007.000 / 07 RE TOWN	\$0.05	\$0.00	\$0.00	\$0.05
7860.000.000.113014.000 / 14 TOWN RE	\$11,740.57	\$0.00	(\$9,055.38)	\$2,685.19

Transaction Detail											
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal
05/31/2015	449	0	0					14 RE TOWN		-\$6,004.11	TB
05/31/2015	452	0	0					14 UT TOWN		-\$3,051.27	TB

Detail Total: -\$9,055.38

7860.000.000.115007.000 / 07 PP TOWN	\$0.01	\$0.00	\$0.00	\$0.01
7860.000.000.116000.000 / TOWN PROTEST TAX REC	\$0.01	\$0.00	\$0.00	\$0.01

ASSET TOTAL

\$18,994.25 \$9,505.79 (\$16,211.87) \$12,288.17

LIABILITY

7860.000.000.212400.000 / TOWN CITY/TOWN

(\$18,994.25) \$7,156.49 (\$450.41) (\$12,288.17)

Transaction Detail											
Date	Entry	Check Number	Deposit No.	Invoice Number	PO Number	Voucher	Group ID	Memo	Vendor	Amount	Journal
05/31/2015	453	0	70008					APRIL 8 THRU MAY 9 PAYMENT		-\$6.84	CR
05/31/2015	453	0	70853					TOWN OF LOCAL OPT 15982		-\$443.57	CR
05/31/2015	455	15982	0					RC 15982		\$7,156.49	TA

Detail Total: \$6,706.08

LIABILITY TOTAL

(\$18,994.25) \$7,156.49 (\$450.41) (\$12,288.17)

#2 – Reconciling Taxes/Assessments Receivable

- Compare the County report to the report run in your software by using the Taxes Receivable Template or your own format

- Example reconciliation of real taxes receivable:

Account #	Tax Type:	Year:	City/Town Software	County	Difference	Rev Acct #311010 Real
113005	Real Estate	2005	290.00	290.00	0.00	*verify the revenue account the
113006	Real Estate	2006	282.00	282.00	0.00	City/Town is using in their software
113007	Real Estate	2007	279.00	279.00	0.00	
113008	Real Estate	2008	275.00	275.00	0.00	
113009	Real Estate	2009	261.00	261.00	0.00	
113010	Real Estate	2010	300.00	300.00	0.00	
113011	Real Estate	2011	444.00	444.00	0.00	
113012	Real Estate	2012	789.00	625.00	(164.00)	
113013	Real Estate	2013	702.00	624.00	(78.00)	
113014	Real Estate	2014	3500.00	3090.00	(410.00)	
113015	Real Estate	2015	-9959.00	7025.00	16984.00	
113016	Real Estate	2016			0.00	
					0.00	
		Total:	-2837.00	13495.00	16332.00	
223100	Deferred Inflow - Real Estate		-2837.00			
	*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.)					

#2 – Reconciling Taxes/Assessments Receivable

- Identify necessary adjustments by comparing the differences between your ending balances and the County report by receivable type (real, personal, mobile, etc.) for each year
 - In the example below – the differences column is the amount of the adjustment necessary to reconcile the receivable by year

Account #	Tax Type:	Year:	City/Town Software	County	Difference
113011	Real Estate	2011	444.00	444.00	0.00
113012	Real Estate	2012	789.00	625.00	(164.00)
113013	Real Estate	2013	702.00	624.00	(78.00)
113014	Real Estate	2014	3500.00	3090.00	(410.00)
113015	Real Estate	2015	-9959.00	7025.00	16984.00
113016	Real Estate	2016			0.00
					0.00
		Total:	-2837.00	13495.00	16332.00
223100	Deferred Inflow - Real Estate		-2837.00		

Differences

- If the receivable difference is **negative**, reduce the receivable
- If the difference is **positive**, increase the receivable

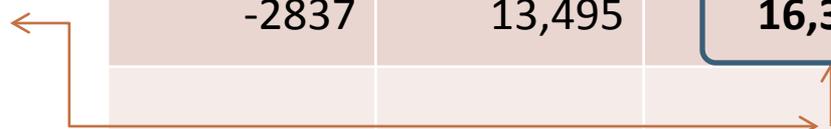
#2 – Reconciling Taxes/Assessments Receivable

Account #	Tax Type:	Year:	City/Town Software	County	Difference
113011	Real Estate	2011	444.00	444.00	0.00
113012	Real Estate	2012	789.00	625.00	-164.00
113013	Real Estate	2013	702.00	624.00	-78.00
113014	Real Estate	2014	3500.00	3090.00	-410.00
113015	Real Estate	2015	-9959.00	7025.00	16984.00
113016	Real Estate	2016			0.00
					0.00
		Total:	-2837.00	13495.00	16332.00
223100	Deferred Inflow - Real Estate		-2837.00		

When reconciling the receivable type by year ensure the necessary adjustment to Taxes Receivable will also reconcile the corresponding Deferred Inflow of Tax Revenue Account (in most cases)

Receivables by Year	Difference
2012 Real	-164
2013 Real	-78
2014 Real	-410
2015 Real	16984
Total:	16,332

Deferred Inflow of Tax Rev - Real	Taxes Receivable by Type – County Total	Difference
-2837	13,495	16,332



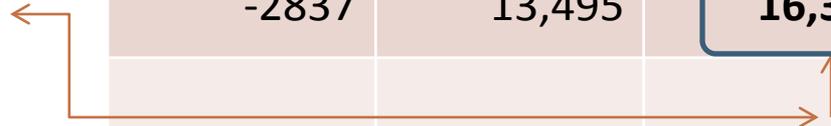
#2 – Reconciling Taxes/Assessments Receivable

Account #	Tax Type:	Year:	City/Town Software	County	Difference
113011	Real Estate	2011	444.00	444.00	0.00
113012	Real Estate	2012	789.00	625.00	-164.00
113013	Real Estate	2013	702.00	624.00	-78.00
113014	Real Estate	2014	3500.00	3090.00	-410.00
113015	Real Estate	2015	-9959.00	7025.00	16984.00
113016	Real Estate	2016			0.00
					0.00
		Total:	-2837.00	13495.00	16332.00
223100	Deferred Inflow - Real Estate		-2837.00		

If the adjustment to the Taxes Receivable does not also reconcile the corresponding Deferred Inflow of Tax Revenue Account research the difference to ensure the entries to the deferred inflow of tax revenue account have been made correctly.

Receivable Year	Difference
2012 Real	-164
2013 Real	-78
2014 Real	-410
2015 Real	16984
Total:	16,332

Deferred Inflow of Tax Rev - Real	Taxes Receivable by Type – County Total	Difference
-2837	13,495	16,332



#2 – Reconciling Taxes/Assessments Receivable

Continue completing the reconciliation of all tax types and assessments by year:

Account #	Tax Type:	Year:	City/Town Software	County	Difference
111012	Mobile Home	2012			0.00
111013	Mobile Home	2013	126.00	126.00	0.00
111014	Mobile Home	2014	129.00	129.00	0.00
111015	Mobile Home	2015	350.00	350.00	0.00
111016	Mobile Home	2016	-959.00	450.00	1409.00
					0.00
		Total:	-354.00	1055.00	1409.00
223700	Deferred Inflow - Mob Homes		-354.00		

Account #	Tax Type:	Year:	City/Town Software	County	Difference
115013	Personal	2013	250.00	250.00	0.00
115014	Personal	2014	400.00	300.00	(100.00)
115015	Personal	2015	450.00	360.00	(90.00)
115016	Personal	2016	-1010.00	425.00	1435.00
					0.00
		Total:	90.00	1335.00	1245.00
223200	Deferred Inflow - Personal		90.00		

Account #	Tax Type:	Year:	City/Town Software	County	Difference
118012	Assessments Rec	2012	200.00	200.00	0.00
118013	Assessments Rec	2013	300.00	290.00	(10.00)
118014	Assessments Rec	2014	400.00	380.00	(20.00)
118015	Assessments Rec	2015	-800.00	380.00	1180.00
118016	Assessments Rec	2016			0.00
					0.00
			100.00	1250.00	1150.00
223300	Deferred Inflow Taxes*		100.00		

#2 – Reconciling Taxes/Assessments Receivable

- **The adjusting entries for the differences can be made several ways depending on your software**
 - A journal voucher for the adjustments can be prepared
 - In Black Mountain Software you can use the Tax Voucher settings used to bill taxes
 - *Please refer to BMS for instructions if choosing this method*

Account #	Tax Type:	Year:	City/Town Software	County	Difference	
113012	Real Estate	2012	789.00	625.00	(164.00)	Decrease the receivable
113013	Real Estate	2013	702.00	624.00	(78.00)	
113014	Real Estate	2014	3500.00	3090.00	(410.00)	
113015	Real Estate	2015	-9959.00	7025.00	16984.00	Increase the receivable
113016	Real Estate	2016			0.00	
					0.00	
		Total:	-2837.00	13495.00	16332.00	
223100	Deferred Inflow - Real Estate		-2837.00			Increase the Deferred Inflow of Tax Revenue - Real

- Use caution when adjusting - note if the differences are an increase or a decrease to the receivable
 - Increase to the receivable is a debit; decrease is a credit
 - Increase to the deferred inflow is a credit; decrease is a debit

#2 – Reconciling Taxes/Assessments Receivable

Continue completing the reconciliation of Assessments by year:

Account #	Tax Type:	Year:	City/Town Software	County	Difference
118012	Assessments Rec	2012	200.00	200.00	0.00
118013	Assessments Rec	2013	300.00	290.00	(10.00)
118014	Assessments Rec	2014	400.00	380.00	(20.00)
118015	Assessments Rec	2015	-800.00	380.00	1180.00
118016	Assessments Rec	2016			0.00
					0.00
			100.00	1250.00	1150.00
223300	Deferred Inflow Taxes*		100.00		



When making adjustment to Assessments:

To **reduce** assessments receive – credit

To **increase** assessments receivable - debit

Governmental Funds (modified accrual):

Adjust the receivable and the deferred inflow of revenue – assessments

Example #1: 2014 Street Lighting Assessments are off by \$20.00



2400 - 223300 – Deferred Inflow of Revenue – Assessments \$20 debit
 2400 – 118014 – 2014 Assessments Receivable \$20 credit

Business-Type Funds (full accrual):

Adjust the receivable and the revenue account (not a deferred inflow)

Example #2: 2014 Garbage Collection Assessments are off by \$20



5410 – 343041 – Garbage Collection Revenue \$20 debit
 5410 – 118014 – 2014 Garbage Assessments \$20 credit

#2 – Reconciling Taxes/Assessments Receivable

Town of Somewhere

GENERAL JOURNAL VOUCHER

Date of Recd					
6/30/2016					
Fund No.	Account No.	Description	Dr.	Cr.	
1000	113015	2015 Real Taxes Receivable	16,984.00		
1000	113014	2014 Real Taxes Receivable		410.00	
1000	113013	2013 Real Taxes Receivable		78.00	
1000	113012	2012 Real Taxes Receivable		164.00	
1000	223100	Deferred Inflow of Tax Revenue - Real		16,332.00	
		<i>To reconcile Real Taxes Receivable</i>			
1000	111016	2016 Mobile Home Taxes Receivable	1,409.00		
1000	223700	Deferred Inflow of Tax Revenue - Mobiles		1,409.00	
		<i>To reconcile Mobile Home Taxes Receivable</i>			
1000	115016	2016 Personal Property Taxes Receivable	1,435.00		
1000	115015	2015 Personal Property Taxes Receivable		90.00	
1000	115014	2014 Personal Property Taxes Receivable		100.00	
1000	223200	Deferred Inflow of Tax Revenue - Personal		1,245.00	
		<i>To reconcile Personal Property Taxes Receivable</i>			
1000	118015	2015 Assessments Receivable	1,180.00		
1000	118014	2014 Assessments Receivable		20.00	
1000	118013	2013 Assessments Receivable		10.00	
1000	223300	Deferred Inflow of Tax Revenue - Assessments		1,150.00	
		<i>To reconcile Assessments Receivable</i>			



#2 – Reconciling Taxes/Assessments Receivable

Protested Taxes

If taxes are paid under protested you will receive notice on the County Trial Balance

The County report will show a protested taxes receivable

At the City/Town level the receivable for the tax type and year of taxes protested will be reduced and a protested taxes receivable account should be established

When the taxes are protested:

- Decrease the original receivable & corresponding deferred inflow of tax revenue accounts
- Increase protested taxes receivable & corresponding deferred inflow of tax revenue accounts

- When the protested taxes are released:

- Decrease protested taxes and deferred inflow of tax revenue; increase cash and revenue through your software tax voucher system or through your cash receipting process

1000 – 101000 -	Cash	debit
1000 – 3110xx -	Tax Revenues	credit
1000 – 223x00 -	Deferred Inflow of Tax Revenue	debit
1000 – 116000 -	Protested Taxes Receivable	credit

#2 – Reconciling Taxes/Assessments Receivable

Adjustments for protested taxes

Account #	Tax Type:	Year:	City/Town Software	County	Difference
113015	Real Estate	2015	7025.00	6625.00	-400.00
					0.00
		Total:	13495.00	13095.00	-400.00
223100	Deferred Inflow - Real Estate		13495.00		
Account #	Tax Type:	Year:	City/Town Software	County	Difference
116000	Protested - 2015 Real		0.00	400.00	400.00
223400	Deferred Inflow*		0.00		

\$400 of 2015 Real Taxes were protested

The 2015 Real Taxes Receivable were reduced and Protested Taxes was increased

The example shows 2015 Real Property Taxes were protested when paid when paid at the County

- **To record the protested taxes:**

#1 - **Increase** protested taxes receivable and the deferred inflow of tax revenue for protested taxes

1000 – 116000 – Protested Taxes Receivable(or 116015) 400 debit

1000 – 223400 – Deferred Inflow of Revenue – Protested 400 credit

#2 - **Decrease** the receivable and deferred inflow of revenue of the tax type that was protested

1000 – 223100 – Deferred Inflow of Tax Revenue – Real 400 debit

1000 – 113015 – 2015 Real Taxes Receivable 400 credit

#2 – Reconciling Taxes/Assessments Receivable

- Once the comparison and adjusting entries have been completed:
 - Run another report in your software and re-reconcile the taxes and assessments receivable and deferred inflow of tax revenues accounts to verify the adjustments were entered correctly
- Reconcile on a monthly basis
 - Quarterly at minimum to reduce the time it takes to track differences



#2 – Reconciling Taxes/Assessments Receivable

- If you have questions after reviewing this presentation contact the Local Government Services Bureau Accountant that covers your area
- <http://sfsd.mt.gov/SFSDContacts#LGSB>

