



State Accounting Bureau Training 2011

Objectives

- To discuss fiscal year-end date/reminders
- To discuss accounting policy issues
- To discuss effect of upcoming policy changes
- To provide update and reminders on other miscellaneous accounting issues

Issues to be discussed -

TOPIC	SPEAKER	TOPIC	SPEAKER
New Policy Format	Ginger	Asset Transfers	Ginger
FYE Dates	Dan	Deferred Revenue	Paul
Unusual Balances	Dan	Fund Balance	Cody
Pro Card at FYE	Heather	SAD Forms	Cody
Funds/Ledgers	Ingrid	IRS Issues	Julie
Electronic Payts	Julie	WWU	Julie
Cash/Treasury	Julie	Vendor Issues	Julie
Accruals	Heather	SABHRS Upgrade	Cheryl
Leases	Ingrid	RMTD Reminders	Charles
CWIP	Ginger	Misc Travel	Charles

Outlining the Outline

I. Heading

A. Subheading

1. Details
2. Details
 - a. Even more details
 - b. Even more details

Because there is has been no policy management system in place for MOM, Janet R. Kelly appointed an 11-member task force to help the DOA identify and transition all enterprise-wide policies that meet certain criteria into a centralized resource that would be accessible to all state employees.

There were four tasks to be completed by this task force:

1. Assist DOA in developing a common MOM organizational structure and policy format;
2. Assist DOA in designing and implementing an effective MOM transition plan and timeline;
3. Identify existing MOM policies that must be included in the transition plan.
4. Identify costs and staff time associated with establishing anew policy management system to support the MOM.

Montana Operations Manual

Category 300

MOM chapters will now be identified as policies. The DOA policies numbers will range from 300 – 399. Here are the ranges of the new numbering system:

<i>300 – 309</i>	<i>Introduction and overviews</i>
<i>310 – 326</i>	<i>Balance sheet and Income statement</i>
<i>330</i>	<i>Warrant Writer Unit / Vendors</i>
<i>335 - 365</i>	<i>Assets, Debt, Interfund transactions, Investments, Employee Benefits, Pollution, and Risk Financing</i>
<i>370 – 389</i>	<i>Financial Statement reporting, FYE, Federal Reporting</i>
<i>390</i>	<i>Miscellaneous</i>
<i>399</i>	<i>The Internal Control Guidebook</i>

New Header

 Montana Operations Manual <i>Policy</i>	Policy Number	320
	Effective Date	07/01/04
	Last Revised	06/26/09
Issuing Authority	Department of Administration	
Revenues, Receivables, and Debt Collection		

Outline Comparison

Level	Old	New	Description
Level one	2-1100	Policy Title	Revenues, receivables, and debt collection
Level two	2-1110.00	I.	Revenue transactions – introduction
Level three	2-1110.10	A.	Characteristics of a revenue transaction
Level four	2-1110.11	1.	Identify the types of resources being exchanged

A reference to this particular level four section would be:

MOM policy 320 Section I.A.1.

Other Subsections - Bullets

2-1120.10 Exchange and exchange-like transactions - modified accrual funds

In modified accrual funds, exchange and exchange-like revenues are recognized when they meet all four of the following criteria in the order shown:

1. The revenue is realizable. Revenue is considered realizable when it is probable the amount will be collected.
2. The revenue is measurable. Revenue is considered measurable and realizable if:
 - 2.1. The precise amount is known because the transaction is completed, or
 - 2.2. There is enough information to provide a reasonable, although not necessarily precise, estimate of the net realizable revenue to be received. Experience often provides a basis for determining a reasonable estimate.

Other Subsections – Bullets

IV. Exchange and exchange-like transactions - modified accrual funds
In modified accrual funds, exchange and exchange-like revenues are recognized when they meet all four of the following criteria in the order shown:

- The revenue is realizable. Revenue is considered realizable when it is probable the amount will be collected.
- The revenue is measurable. Revenue is considered measurable and realizable if:
 - The precise amount is known because the transaction is completed, or
 - There is enough information to provide a reasonable, although not necessarily precise, estimate of the net realizable revenue to be received. Experience often provides a basis for determining a reasonable estimate.

<http://accounting.mt.gov/forms/default.mcp>

FYE Dates/Reminders

MOM 375



FYE Dates

June 28 (Noon)	Last Day to Submit warrant cancellations/rejected EFT's
June 30	Last day to deposit FY11 money – Treasury open until 5:00
July 1	Begin submitting FY12 entries

FYE Dates (cont.)

July 13 (noon)	Last day for FY11 vendors
July 15	Last day for AP, AR & AM
July 18	"A" Accrual Carryforward letters due
July 18	Mid-month org reports available

FYE Dates (cont.)

July 19 (noon)	Final day for regular processing of 2011 BCD's by OBPP
July 21	Last day to submit adjusting / correcting entries for FY11
July 22	Correction of errors / Closing to run

FYE Default Dates

Module	Period	Default Accounting Date
Accounts Payable	July 1 st – July 15 th	June 30 th
General Ledger	July 1 st – July 21 nd	June 30 th

SABHRS Finance Hours

- Monday – Friday
 - 6:00 am – 8:00pm
- Saturday
 - 11:00 am – 9:00 pm
- Sunday
 - 7:00 am – 9:00 pm

FYE AM Dates

- Transaction date must be changed to reflect the in-service date of the asset
- Accounting date will be June 30th until 7/15/11
- Do not enter FYE12 assets until after closing is complete
- Modification of status fields on existing assets cannot be done until after 7/15
 - Ex. Location

Budget Journals

- Agencies need to ensure that fiscal year matches budget period
- SABHRS has created a new edit to monitor this process
 - You will receive an error message if you try to enter a budget journal that has a fiscal year with a budget period that does not match.

Budget Journal Example

Budget Period	Fiscal Year (Defaults Based on Journal Date)	Journal Date (Defaults to Current Date)
2011	2012	7/1/2011

Budget vs. Actual Expenditures

- Agencies are responsible for ensuring all budgeted expenditures have properly processed through commitment control.
- Queries to ensure budgets are accurately reflected:
 - MTGL_KK_V_ACTUALS_EXP
 - MTGL_KK_V_ACTUALS_REV

FYE A/R Dates

A/R will not have a default date

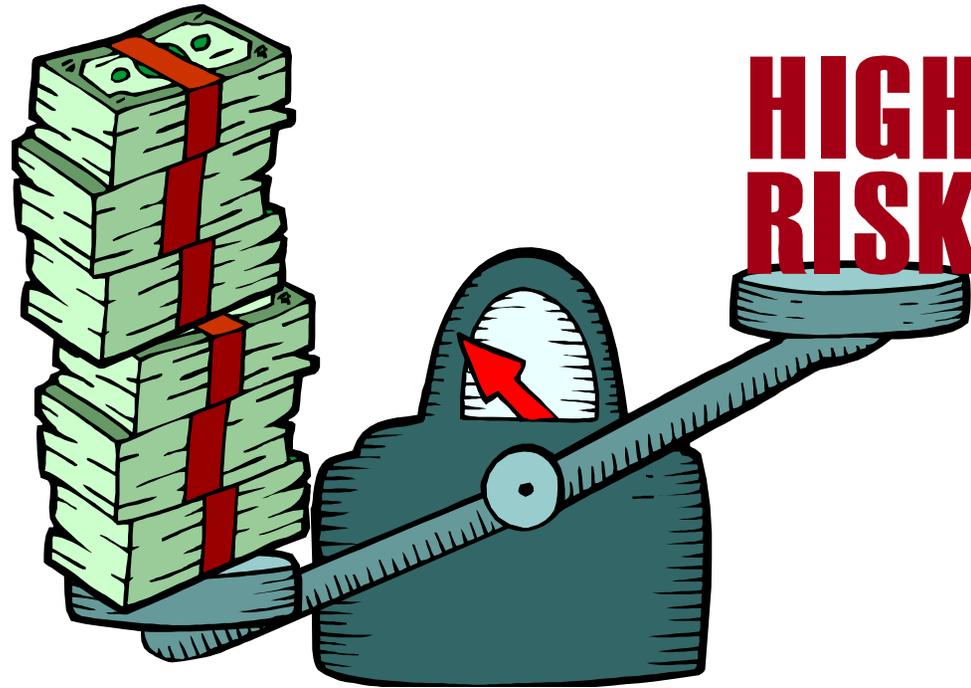
Accounting Date on Totals Page

MUST MATCH

Accounting Date on Payments Page

DOA Accounting Mail Box

- DOA State Accounting in the Outlook Address Book or saccounting@mt.gov.
- Fax (444-2812).
- List of contacts in Fiscal Year-End Procedures and at end of presentation



Accounts to be Reviewed (Review of Internal Controls)

Unusual Balances

- **May be OK upon review**
 - **Does not mean an agency has to fix all balances on queries/reports**
- Administering Business Unit responsible for fund
 - Error may be on sub-agency level
- May be unusual in one ledger but OK when combined for CAFR reporting purposes

Unusual Balances Reviewed

- Account balances that are not normal
 - Balance Sheet
 - Assets with Credit Balance
 - Liabilities with Debit Balance
 - Fund Balance with Debit Balance
 - Operating Statement
 - Revenues with a Debit Balance
 - Expenses with a Credit Balance

Example of OK Unusuals

- Assets – w/ Credit Balance
 - 1212 Allowance for Doubtful Accounts
 - Used to offset A/R account balances
- Liabilities – w/Debit Balance
 - 2605 – Comp Abs Payable Non-Current
 - May be negative if the current year (2625) balance is greater than the liability in total for that fund
 - Negative will be taken care of by SAD during the CAFR, but will continue to remain on the trial balance until next year's comp ab entries are generated

Ex – OK Unusuals (cont.)

- Fund Balance/Net Assets – w/ Debit Balance
 - May be negative depending on the fund
 - May be negative depending on the ledger
 - Level of fund being reviewed
 - Sub-agency Report vs. All Agencies
 - Internal Service Funds
 - Based on reporting OPEB Liabilities/Expenses

Ex – OK Unusuals (cont.)

- Revenues – w/ Debit Balances
 - One account used to primarily record revenue
 - Another account to record refunds of revenue
 - Within the same range as primary revenue account
 - Will have negative balance
 - Revenue positive in total

Ex – OK Unusuals (cont.)

- Expenses/Expenditures – w/ Credit Balance
 - It may be negative if the expense was recorded last year and this year you recorded a correction to that expense that is more than current year's recorded expense
 - Logic could also apply to revenue accounts

Ex – OK Unusuals in Entitywide Ledger

- Accounts when combined with Actuals Ledgers must be zero
 - EW debit 583300 – Inception of Lease NB
 - This account when combined with the credit in the Actuals Ledger must be zero
 - See Policy 375 – FYE Procedures for a complete list

Other things to look at

- Compare the balance from this year to last
 - What is the variance? Is it reasonable?
- Did the balance remain the same as last year?
- Is it a new account/fund and should it have been used?
- Is it a fund or account that was normally used in the past and not used this year? Why?

Unusual Balance Queries

- MTGLAFSD_1306_2106B_BALANCES
- MTGLAFSD_BAD_BAL_NRML_BAL
- MTGLAFSD_FYE_BAD_BAL_1104
- MTGLAFSD_FYE_BAD_BAL_4101
- MTGLAFSD_FYE_BAD_BAL_BALSHEET
- MTGLAFSD_FYE_BAD_BAL_OPSTMT

Procards

Procard

- On July 6th SABHRS will create a Procard journal for June and July transactions that have a July 21st billing date.
 - Transactions are from June 22nd through July 6th
 - This journal will only use account 2101A instead of 1104 (Cash)
- The remaining transactions created in July will be selected, but not journal generated at this time. They will stay on record until July 28th. All June and July transactions selected will be updated with a status of “closed”.

Procard

- On July 28th SABHRS will create a Procard journal that will select all the remaining transactions with a July 21st billing date
- This journal contains the July transactions posted to the Procard record on July 6th
- Agencies will need to review the Procard journal generated on July 6th in order to complete the journal generated on July 28th
- The following slides illustrate an example of how to complete this process

Procard

- Reminder, if you have significant accounting transactions for your agency they must be accrued (do not use account 2403 as that requires marking the encumbrance on the header tab – see Accrual presentation)
- In the next slide, the information was downloaded using Query Viewer in SABHRS
 - Financials > Main Menu > Reporting Tools > Query > Query Viewer
 - Query name **MTGL_IU_JRNL_ID**

Journal ID	Date	Unit	Source	Posted	Account	Fund	Amount	Ref	Descr
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	01100	(12,574.11)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	02030	(5,028.41)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	02077	(5,185.39)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	02211	(569.57)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	02594	(182.60)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	02779	(485.51)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06001	(3,852.47)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06042	(65.85)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06066	(250.39)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06511	(518.00)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06522	(12,446.68)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06525	(963.62)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06528	(5,779.68)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06530	(13,554.25)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06531	(48,082.25)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06532	(9,760.94)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06534	(1,493.38)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06559	(1,450.06)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06563	(831.70)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06564	(103.98)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	06575	(350.00)	2010-07-07	Procard Billing Date 07/21/10
PRO2033597	6/30/2010	61010	PRO	7/8/2010	2101A	08180	(244.50)	2010-07-07	Procard Billing Date 07/21/10

Journal ID	Date	Unit	Source	Posted	Account	Fund	Amount	Ref	Descr
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	01100	12,574.11	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	02030	5,028.41	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	02077	5,185.39	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	02211	569.57	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	02594	182.60	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	02779	485.51	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06001	3,852.47	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06042	65.85	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06066	250.39	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06511	518.00	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06522	12,446.68	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06525	963.62	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06528	5,779.68	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06530	13,554.25	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06531	48,082.25	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06532	9,760.94	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06534	1,493.38	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06559	1,450.06	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06563	831.70	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06564	103.98	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	06575	350.00	2010-07-29	Procard Billing Date 07/21/10
PRO2060606	7/29/2010	61010	PRO	7/29/2010	2101A	08180	244.50	2010-07-29	Procard Billing Date 07/21/10

Funds and Ledgers

3 Fund Classification

- Governmental Funds
 - MFBA: current financial resources, **modified accrual**
- Proprietary Funds
 - MFBA: total economic resources, **full accrual**
- Fiduciary Funds
 - MFBA: total economic resources*, **full accrual**
 - *Agency funds use full accrual accounting, but have no measurement focus because it reports only assets and liabilities in a statement of net assets

Governmental Funds: 5 Fund Types

- Modified accrual, use Actuals and Entitywide Ledgers
- General Fund: 01100 only
- Special Revenue
 - State: 588 and 183
 - Federal: 625
- Debt Service: 64
- Capital Projects: 44
- Permanent: 69

General Fund

- MCA 17-2-102(1)(a): “accounts for all financial resources except those required to be accounted for in another fund”
- Fund 01100

Special Revenue Fund

- MCA 17-2-102(1)(b): “accounts for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditure for specified purposes”

Special Revenue (cont)

- State: (i) “proceeds from state and other nonfederal sources...that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and...proceeds from other nonstate or nonfederal sources that is restricted by law or by the terms of an agreement”
- Funds 02xxx – Budgeted
- 08xxx-08499 – Nonbudgeted

Special Revenue (cont)

- Federal: (ii) “money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government”
- Funds 03xxx

Debt Service Fund

- MCA 17-2-102(1)(d): “accounts for the accumulation of resources for and the payment of general long-term debt principal and interest”
- Funds 04xxx

Capital Projects Fund

- MCA 17-2-102(1)(c): “accounts for financial resources to be used for the acquisition or construction of major **capital facilities**, other than those financed by proprietary funds or trust funds”
 - GASB 54 replaced the term **capital facilities** with “capital outlays, including the acquisition or construction of capital facilities and other capital assets”
- Funds 05xxx

Permanent Fund

- MCA 17-2-102(1)(e): “accounts for financial resources that are legally restricted to the extent that only earnings, but not principal, may be used”
- Funds 09xxx-09499

Proprietary Funds: 2 Fund Types

- Full accrual, **use Actuals Ledger only**
- Enterprise Funds: 51
 - Also referred to as business-type activities
- Internal Service Funds: 36

Enterprise Fund

- MCA 17-2-102(2)(a): “accounts for operations:
 - (i) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs...of providing goods or services to the general public...are to be financed or recovered primarily through user charges; or
 - (ii) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes”
- Funds 06xxx-06499

Internal Service Fund

- MCA 17-2-102(2)(b): “accounts for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursed basis”
- Funds 065xx-06599

Fiduciary Funds

- Full accrual, **use Actuals Ledger only**
- MCA 17-2-102(3): “includes trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds

Fiduciary Funds: 4 Fund Types

- Agency Fund: 60
- Investment Trust Fund: 2
- Private-Purpose Trust Fund: 18
- Pension Trust Fund: 18

Agency Fund

- MCA 17-2-102(3)(d)
- MOM 302 VI 3: “account for activity when the State’s role is purely custodial such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments”
- Cannot include state resources as of FYE
- Funds 07xxx

Investment Trust Fund

- MCA 17-2-102(3)(b)
- MOM 302 VI 3: “account for situations where legally separate governments commingle their investments in a pool for the benefit of all participants”
- Funds 085xx

Private Purpose Trust Fund

- MCA 17-2-102(3)(a)
- MOM 302 VI 3: “report any trust arrangement not properly reported in a pension fund or an investment trust fund where the principal and income benefit individuals, private organizations, or other governments”
- Funds 086xx

Pension Trust Fund

- MCA 17-2-102(3)(c)
- MOM 302 VI 3: “ used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit and contribution pension plans, other post employment benefit plans or other employee benefit plans”
- Funds 095xx-09599

Fund Summary

Modified Accrual Funds (Current Financial Resources)	Full Accrual Funds (Total Economic Resources)
Five Governmental Funds:	Two Proprietary Funds:
1. General Fund (01100)	1. Enterprise (06xxx-06499)
2. Special Revenue	2. Internal Service (065xx-06599)
State (02xxx or 08xxx-08499)	Four Fiduciary Funds:
Federal (03xxx)	1. Agency (07xxx)
3. Debt Service (04xxx)	2. Investment Trust (085xx)
4. Capital Projects (05xxx)	3. Private Purpose Trust (086xx)
5. Permanent (09xxx-09499)	4. Pension Trust (095xx-09599)

2 Ledgers

- Actuals
 - Full accrual funds (proprietary and fiduciary)
 - Accounts for all activity
 - Modified accrual funds (governmental)
 - Accounts for fund financial statement activity only
- Entitywide
 - Full accrual funds (proprietary and fiduciary)
 - Not used
 - Modified accrual funds (governmental)
 - Accounts for adjustments to convert modified accrual activity to full accrual for the government-wide statements
 - Should never use budgeted expenditures or cash

2 Bases of Accounting

- Full accrual
 - Measurement Focus: inflows/outflows of total economic resources
 - Objective: match revenues with expenditures
 - Revenue is recognized when delivery has occurred or services have been rendered
 - Expenses are recognized when goods or services have been received

2 Bases of Accounting (cont)

- Modified accrual
 - Measurement Focus: inflows/outflows of current financial resources
 - Objective: determine whether expendable resources are sufficient to cover expenditures of a given period
 - Revenue is recognized when it is measurable and available
 - Expenditures are generally recognized when the liability is incurred, with several exceptions

2 Bases of Accounting (cont)

- Expenditure recognition exceptions:
 - Debt service payments
 - Inventories
 - Prepaid items
 - Capital leases
 - Debt-financed capital grants
 - Accrued liabilities normally financed in future periods
 - Unfunded pension/OPEB contributions
 - Operating leases with scheduled rent increases
 - Trade-ins involving capital assets associated with governmental funds

Why 2 Ledgers?

- Proprietary and Fiduciary funds only issue full accrual financial statements
 - Required for CAFR (Comprehensive Annual Financial Report) preparation
 - Fund financial statements are reported using the same basis of accounting as the government-wide statements (full accrual)
 - One type of financial statement = only need one ledger (Actuals)

Why 2 Ledgers? (cont)

- Governmental funds issue modified accrual and full accrual financial statements
 - Fund financial statements are reported using the **modified accrual** basis of accounting
 - Government-wide statements are reported using the **full accrual** basis of accounting
- Two types of financial statements = need two ledgers

How it Works

- Governmental funds only
- Actuals Ledger
 - Records transactions on a modified accrual basis
 - Used to prepare the modified accrual financial statements
- Entitywide Ledger
 - Records the entry necessary to convert the modified accrual entries to a full accrual basis
- Government-wide financial statements = Actuals Ledger + Entitywide Ledger

Case Study 1

- Scenario:
 - Governmental funds only
 - Agency earns \$10,000 revenue in June 2011
 - Agency will receive payment in October 2011
- Entry recorded in Actuals Ledger (modified accrual basis):
 - Debit 1203 – Accounts Receivable \$10,000
 - Credit 2505 – Deferred Revenue \$10,000
 - Because the cash is not available within 60 days of year-end, it cannot be recorded as revenue

Case Study 1 (cont)

- Fund financial statement (modified accrual):

Balance Sheet	
Assets	
Accounts Receivable	10,000
Total Assets	<u>10,000</u>
Liabilities and Fund Balance	
Deferred Revenue	10,000
Total Liabilities	10,000
Total Liabilities and Fund Balance	<u>10,000</u>

- No effect on the operating statement

Case Study 1 (cont)

- Entry recorded in Entitywide Ledger:
 - Debit 2505 – Deferred Revenue \$10,000
 - Credit 520320 – Special Fees \$10,000
- Because the revenue has been earned, it must be recorded on a full accrual basis

Case Study 1 (cont)

- Actuals Ledger + Entitywide Ledger:

- Debit 1203 – Accounts Receivable \$10,000
- ~~Credit 2505 – Deferred Revenue \$10,000*~~
- ~~Debit 2505 – Deferred Revenue \$10,000*~~
- Credit 520320 – Special Fees \$10,000

*Strikethrough indicates offset

– Remaining lines

- Debit 1203 – Accounts Receivable \$10,000
- Credit 520320 – Special Fees \$10,000

Case Study 1 (cont)

- Government-wide financial statements (full accrual)

Statement of Net Assets		Statement of Activities	
Assets		Revenue	
Accounts Receivable	10,000	Special Fees	10,000
Total Assets	<u>10,000</u>	Total Revenue	10,000
Liabilities		Expenses	
Total Liabilities	0	Total Expenses	0
Net Assets	10,000	Net Revenue	10,000
Total Net Assets	<u>10,000</u>	Total Net Assets	<u>10,000</u>

Case Study 2

- Scenario:
 - Governmental funds only
 - Agency purchases an asset for \$25,000

Case Study 2 (cont)

- Fund financial statement (modified accrual):

Balance Sheet		Operating Statement	
Assets	(25,000)	Revenues	
Total Assets	<u>(25,000)</u>	Total Revenues	0
Liabilities and Fund Balance	0	Expenditures	
Liabilities	0	Capital Outlay	25,000
Fund Balance	(25,000)	Net Change in Fund Balance	(25,000)
Total Liabilities and Fund Balance	<u>(25,000)</u>	Fund Balance	<u>(25,000)</u>

Case Study 2 (cont)

- Entry recorded in the Entitywide Ledger automatically when the asset is added to AM
 - Debit 17xx – Asset \$25,000
 - Credit 63xxx/64xxx – Asset Offset \$25,000
- In the government-wide statements (full accrual), asset purchases are recorded as assets

Case Study 2 (cont)

- Actuals Ledger + Entitywide Ledger

• Debit	63xxx/64xxx – Asset/Outlay	\$25,000*
• Credit	1104 – Cash	\$25,000
• Debit	17xx – Asset	\$25,000
• Credit	63xxx/64xxx – Asset Offset	\$25,000*

– Strikethrough indicates offset

- Netted lines

• Debit	17xx – Asset	\$25,000
• Credit	1104 – Cash	\$25,000

Case Study 2 (cont)

- Government-wide financial statements (full accrual)

Statement of Net Assets	
Assets	
Cash	(25,000)
Capital Assets	25,000
Total Assets	<u>0</u>
Liabilities	0
Net Assets	0
Total Net Assets	<u>0</u>

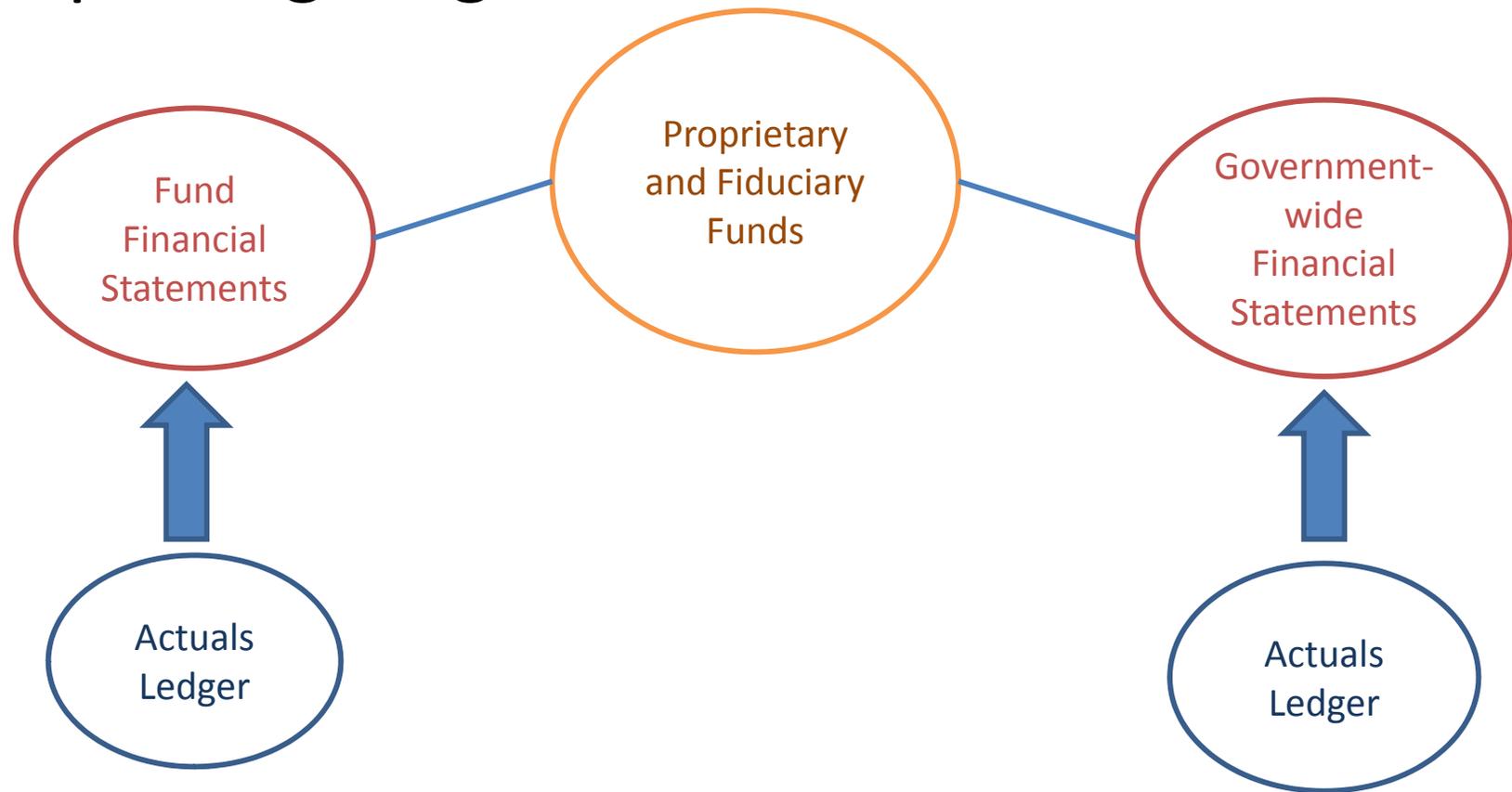
Statement of Activities	
Revenue	
Total Revenue	0
Expenses	
Comp Abs	0
Net Revenue	0
Total Net Assets	<u>0</u>

Ledger Summary

- Proprietary and Fiduciary funds use only the Actuals Ledger
 - All financial statements use full accrual basis of accounting
- Governmental funds use the Actuals Ledger and the Entitywide Ledger
 - Actuals Ledger creates modified accrual basis fund financial statements
 - Actuals Ledger + Entitywide Ledger create full accrual government-wide financial statements

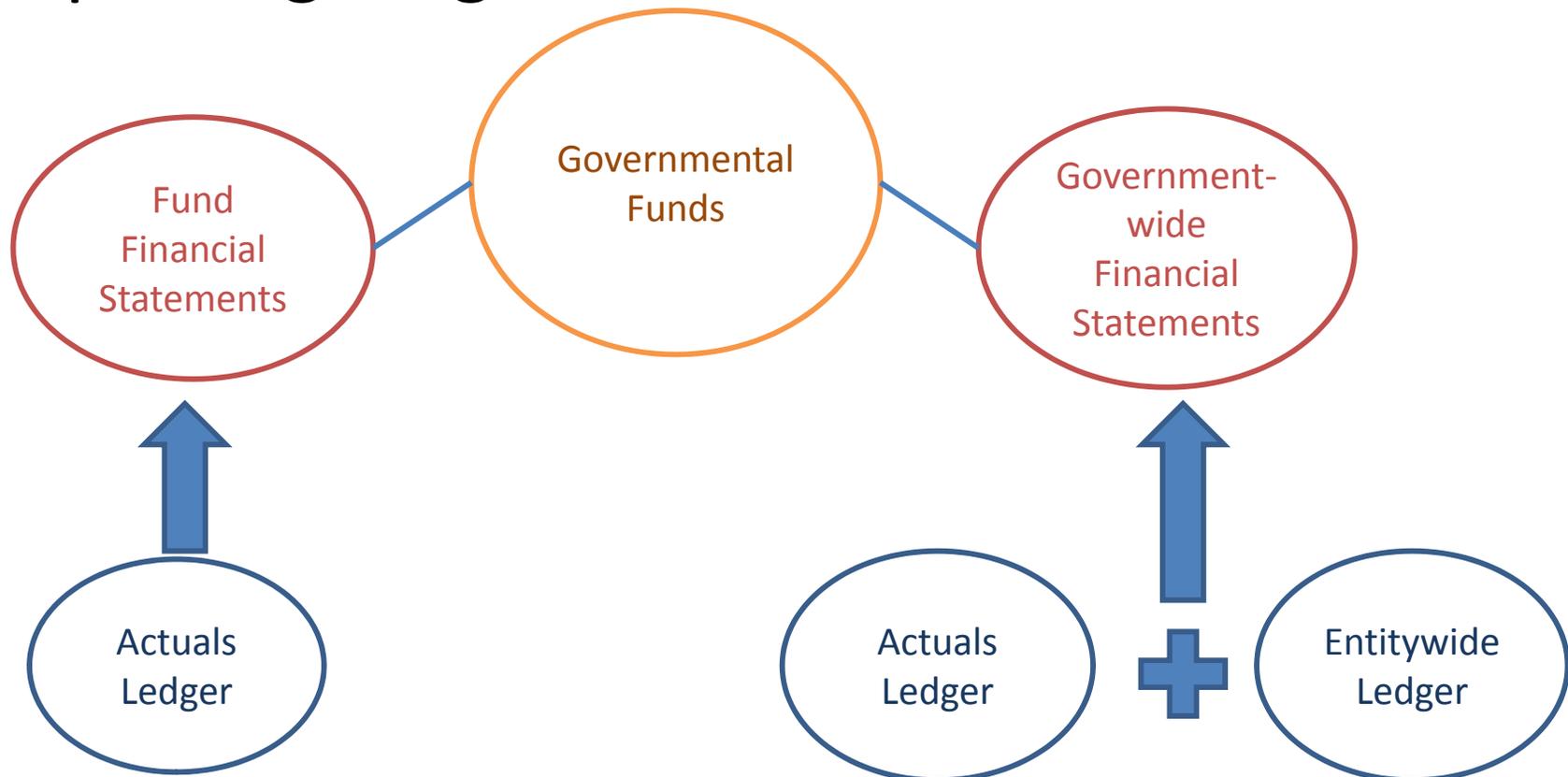
Proprietary and Fiduciary Funds

- Reporting diagram:



Governmental Funds

- Reporting diagram:





Benefits of using Electric Payments

aka Cost Savings

SJ 26 - 2011

- Will require DOA to provide interim monitoring by the DOA in regard to the:

Efforts to reduce postage, printing, and warrant costs by encouraging vendors and state employees to use electronic funds transfers and advices

Wires

- Should be very limited in use
- Approx \$4.00/transaction
- Require Treasury Approval
- Initiated/Completed same day
- Cannot be 1099-MISC applicable
- SABHRS AR Module

Preferred Electronic Payment Methods

- ACH (w/o advice or w/ email advice)
 - Can be 1099-MISC applicable
 - SABHRS AP Module
 - Initiated today settled 2 days later
- Card Programs (ex – EBT or ReliCard)
- P Card

ACH Payments

- Can be included on interface files
- Reduces stale-date review/reissue work
- Vendor can have money in bank sooner
- Less chance of fraud (as reported by banking industry)
- **SAVES AGENCIES MONEY**
 - If no advice is mailed, Or
 - An email Advice is used

ACH Email vs. Mailer Advices

- Email Advices –
 - Field on vendor form
 - Attached to payment location
 - Can be used w/ voucher interface files
 - See SABHRS Payments/AP Interface Doc
 - Receipt of emails can be tracked
 - SAVE AGENCIES MONEY
 - No cost to agencies for email advices



ACH Email Advice

From: PeopleSoft@peoplesoft.com

Sent: Tue 5/26/2009 9:27 AM

To: Nason, Berta

Cc:

Subject: Direct Deposit Information-Test

 Message

 MTAP6654_1157785.PDF (41 KB)

The State of Montana has sent \$171.22 by direct deposit to your account. Detailed information regarding this deposit is in the attached PDF. PLEASE DO NOT REPLY TO THIS EMAIL.

ACH Advice Information

MTAP6654_1157786 (2).pdf - Adobe Reader

File Edit View Document Tools Window Help

1 / 1 100% Find



State of Montana
Department of Administration
Notice of Direct Deposit

Date	Reference Number
05/26/2009	0001745593

KIRBY CONLEY

Agency	Agency Name
3401Z	Insure Montana

Bank ID	Bank Account Number	Vendor Id	Settlement Date	Total Paid Amount
			04/19/2007	\$171.22

Invoice Number	Invoice Date	Voucher Id	Voucher Paid Amount
MAR07 1_800_332_6148 INSURE MONTANA	04/01/2007	00000327	\$171.22

PAYMENT

INSURE MONTANA PROGRAM

Start 4 Micros... MINE - Mo... AesWithM... tlkpDL_Fn... MTAP665... MTAP665... Microsoft ... SnagIt Cat... SnagIt Edit... 10:03 AM

ACH Addendum Records

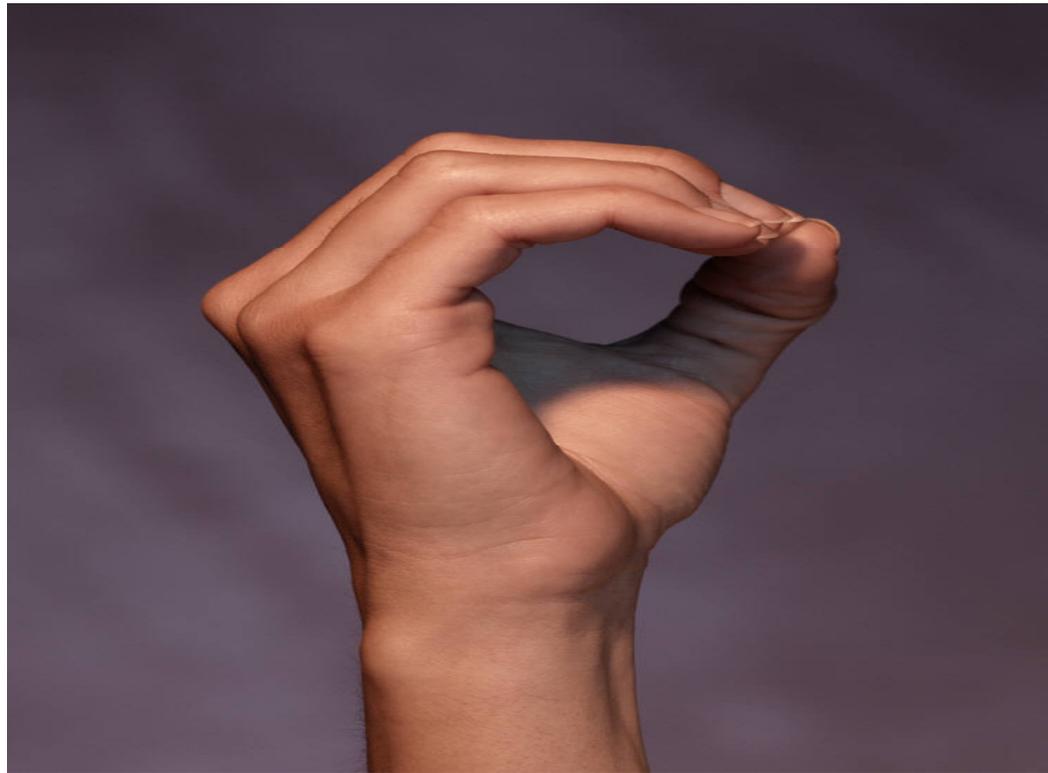
- **No cost to agency to use per transaction**
- Included in Interface Payment Files
- Limited to 80 characters
- Provides recipient additional payment information (Payment w/o addendum is identified by MT30999)
 - Invoice number
 - Agency who made payment
- Info not available to all recipients

WWU Rates for FY11/12/13

RATE	FY2011	FY2012	FY2013
ACH – eMail advice or NO advice	.11531	.13859	.13907
ACH – Mailer Advice	.77531	.79859	.80907
Warrant - Mailer	.72446	.72392	.72464



Agency Cost Per PCard Transaction



In Summary Electronic Payments...

- Save Agencies Money
- Save Agencies Time
- Let us know of your efforts

Cash/Treasury Issues



Deposit must remain intact

- State Treasury as depository for all state money (MCA 17-6-105)
- Deposits must remain intact
 - Change not to be received back
 - Cash not used to replenish NTCA's

Non-Treasury Cash Accounts (NTCA)

- Custodian Cash Account (1106)
 - Used to record money held in trust
- Cash Change Account (1101)
 - Used for cashiering operations
- Imprest Cash Account (1102)
 - Used for relatively small cash purchases
- Revolving Cash Account (1103)
 - Used for local checking accts for state purchases

NTCA General Reminders

- Complete Form DA-105
- Need approval from DOA prior to creation/increase
- Signature card requirements
 - Review on regular basis
- Ensure proper internal controls are in place
 - Security and Balance them on regular basis

NTCA General Reminders (cont.)

- Analyze your business needs
 - Do you still need the account?
 - Could you use a PCard instead?
 - Do you still need the same amount?
 - Can the amount be reduced?
 - Banking practices have significantly changed
 - Speed of alternative payments
- Maintain physical security on money

Cash Account 1107

- Represents cash on hand as of June 30th
- Not deposited into state treasury with a June 30th deposit date
- Not received on July 5th
- To be used only during FYE
- Should be zero by July 31st

1107 – FY 2011 Entry

- General Ledger Entry
- Actual Ledger
- Accounting Date 6/30/11
 - Debit 1107 – Cash on hand at FYE
 - Credit Revenue w/ FY11 program year
 - Could also be balance sheet account
 - Such as 2504 – Property Held in Trust

1107 – FY12 Entry

- AR Deposit – Date of Bank Deposit
 - Debit 1104 – Cash in Bank
 - Credit 1107 – Cash on hand at FYE

1104 at FYE

- 1345/2345 will not be used during FYE
- If you have positive 1104, then use it during FYE vs. 1306/2106B
- If you are required to make a distribution/transfer and no 1104, then you must get an I/E loan to make the entry with 1104
- If you making the payt for goods/services and no 1104, then use 1306/2106B

STIP

- **Need to sell STIP before a loan is approved**
- STIP deadline is 2 p.m. on June 28th
 - See BOI memo for further information

Paying other State Agencies

- Do not use warrants or electronic payments
- Use IU or SWI journal
 - Except for Payments dealing with UI
- Per old MOM Volume 2 policy dated 1/10/1980

Paying Local/County Govt's

- Pursuant to MCA 17-8-311 –
 - (2)(a) All payments made by a state agency or the state treasurer to any city, town, county or local government entity must be payable to the finance officer of the appropriate city, town, or county
 - (1)(a) “Finance Officer” means the county treasurer, city treasurer, town clerk, or the equivalent provided for in Title 7, chapter 3

Timeliness of Bank Deposit

- Daily when –
 - Accumulated coin/currency > \$200
 - Total collections > \$750
- At a minimum, weekly deposits required
 - Unless modified deposit schedule approved by DOA
- Even if agency computer system or SABHRS is non-operational

SABHRS AR Entry

- SABHRS AR entry should be entered and approved the same day bank deposit is made whenever possible
 - Must be made within 5 days
- Must correspond to one and only one intact bank deposit

Deposit Ticket Requirements

- The title “Treasury Deposit Ticket”
- The name of the agency making the deposit
- The five character business unit number
- The bank code the AR journal is entered under
- The date of the deposit
- The total of coin and currency
- The total of the checks
- The total amount of the deposit

Deposit Ticket Reminders

- Must itemize total coin and currency
- Tape of previously endorsed checks, subtotal, total cash, final total, and date
- Agency business unit and AR doc # noted in the total area of tape

Correction of Deposit

- In 028 or outside bank (w/in Treasury System)–
 - All deposit corrections will be done by Treasury
 - With notice sent to agency
 - Agencies must record SABHRS AR entry with exact amount

Items to Treasury

- Deposit tickets with cash / checks must be delivered directly to Treasury
- Other forms can be emailed, faxed or hand delivered

Notification of Large Dollar Items

- Agencies need to notify Treasury before 3:00 pm on working day prior to:
 - AR Transaction > \$100,000
 - Incoming/outgoing EFT
 - AP Transaction > \$10,000,000
 - Outgoing ACH/Warrant
- Treasury will then notify BOI

New Bank Contract

- New banking contract takes effect 7/1/11
- US Bank retained contract
- Only change seen by for agencies –
 - w/ International Fed Wire thru Treasury
 - Fee will now be \$13 not \$23
 - Added to A/R direct journal entered by agency

Accruals

“A” Accruals

- Definition
 - Items/Services received After June 30th
- Valid Obligation Criteria
 - Materials, supplies and equipment
 - If PO was issued
 - Services
 - If valid agreement
 - Contracts or MOU
 - If signed
- Must first consider legislative intent
 - Meets Valid Obligation Criteria however,
 - Cannot be contrary to intent of original approp when enacted

Examples of “A” Accruals

VALID

- Signed contract to receive legal services, but services will not be completed until July 2011 (FY12).
 - DR 62108 CR 2403
- Signed PO for Dell to purchase computers, but will not be delivered until July 2011 (FY12)
 - DR 62245 CR 2403

INVALID

- 2012 remodel project, no contract or memo of understanding signed by June 30, 2011
- Management Intent – even if in written format cannot be encumbered as a valid “A” accrual.

Creating An “A” Accrual

Commitment Control

Commitment Control Amount Type

Actuals and Recognized

Encumbrance

Pre-Encumbrance

Collected Revenue

Actuals, Recognize and Collect

Planned

Bypass Budget Checking

Override Override User ID:

Override Date:

OK

Cancel

Refresh

- Click on the [Commitment Control](#) link from the Header Tab on your Journal Entry to get to this screen.
- By marking your journal as an Encumbrance it will post to the A-Accrual Ledger

Creating “A” Accrual - Example

- Remember you must first reverse the accrual entry before you pay for the item or service

Program Year 2011 , Journal entered in FY2011	
Debit	Expenditure
Credit	2403 Accrual
Program Year 2011, Reversal of Original Journal in FY2012	
Debit	2403 Accrual
Credit	Original Expenditure Acct (Whole amount or amt of Vchr)
Program Year 2011, Voucher paid in FY2012	
Debit	Expenditure
Credit	Cash

New A-Accruals

- Account 2403 is for “A” Accruals and MUST have an Open Item Key. Please note the following:
 - It must be unique
 - Don’t use as a revolving account
 - Use the year it was appropriated in the name, example.
 - Don’t increase prior year accruals. Set up a new accrual.
- DOA is required to show the Legislature a report on how old these accruals are, so when the open item key is not unique and/or recycled, there is no way to determine the age of these accruals.
- The ACTUALS ledger should never have a balance in the 2403 account

New Accruals continued...

- To bring forward an accrual from the previous year, a \$0 ORG and Approp budget needs to be brought forward into fiscal year 2012.
- This is done automatically, IF
 - The program, subclass, and org associated with your 2403 accruals are all included.
 - A G/L journal reversing the original 2403 entry and a new G/L journal adding these fields must be done in order to correct the accrual
- If this is not done, the budget will not be carried forward and a manual request will have to be made through OBPP.

“B” Accruals

- Definition
 - Items/Services received before June 30th, but not paid until Fiscal Year 2012
 - Valid Obligation Criteria
 - Contracts – performance completed or virtually complete
- Use Account 2301B for B Accruals

“B” Accrual Examples

- Recording Grant Expenditures for services performed when an invoice has not been received as of June 30, 2011.
 - DR 66XXX CR 2301B
- Purchase Order for computers completed via delivery on June 30, 2011, but not paid for as of this date
 - DR 62245 CR 2301B

“B” Accruals Continued

- Be careful to watch your budgets when posting B Accruals. Unlike A Accruals, there is no encumbrance to mark or org/subclass/program designation to carry-forward the B Accrual to the next fiscal year.
 - It is recommended leaving a minimum of \$1 in your budget
 - Note, this process only applies to reverted budgets. In a continuing appropriation you must use the current fiscal year program code.

Accrual Reminders



- Problems with “A” Accrual Journals
 - Applies to journals that establish, adjust or reverse “A” Accruals.
 - Need to watch for the system adding cash lines and make sure all journals are cleaned up before FYE.
- Documentation
 - Approver is responsible for criteria verification
 - Refer to the FYE MOM Policy 375 Section XI D.2

Accrual Reminders

- Account 2106B is for Accruals between Agencies
- Old Accrual Clean-up
 - Close old Accruals that will not be continued
 - Establish proper budget authority
 - Continue to use account 4101 only
- Refer to the FYE MOM Policy 375 Section XI B.1 and 2 for journal examples

Information on Continuing Appropriations

- On continuing appropriations, if your org budget goes negative, you must fix before end of FYE
- Prior year activity on a continuing approp is not carried forward to the new year, so adjustments to these approps must be made against the current year budget. The program year must be the current year.
- In a continuing appropriation the entire unspent balance is carried forward into the next fiscal year. When the actual expenditure occurs it just gets recorded against the current year appropriation.

Information on Continuing Appropriations

- Due to implementation of GASB 54, “A” Accruals are required to be recorded on continuing appropriations **ONLY IF** they are significant in nature (ex. Large dollar contracts).
- Applies to Governmental Funds Only
- Because of this change, you will still need to record them with the current year program code, but unlike reverted appropriations and “A” Accruals you **MUST** reverse them in the current fiscal year. (ex. Accrual recorded in FY11 must be reversed against FY12 expenditures)

Information on Continuing Appropriations

- If your “A” Accrual is determined not to be significant for GASB 54 purposes (ex. A contract to purchase an office chair) then refer to previous guidance where “A” Accruals should not be allowed on continuing approps.
- “A” Accruals cannot be used for continuing approps (with the exceptions noted) because there would not be a reverted budget in the next year to record your actual expenditures against.
- You do not need to contact the budget office to set-up \$0 budget journals.

Information on Continuing Appropriations

Continuing Approp invoices for 2011 CANNOT be paid in the normal fashion during this period



Continuing Approp invoices for 2012 CANNOT be paid in the normal fashion during this period



Leases

2 Types of Leases

- Covered in MOM 335 and 340
- Operating Lease
 - Lessee uses property then returns it
 - Benefits/drawbacks of ownership remain with lessor
- Capital Lease
 - Lessee uses all or nearly all of the property's useful life
 - Benefits/drawbacks of ownership transfer to lessee

Determination of Lease Type

- Bright-line standard for determination
- If any of the four are met, then the lease must be accounted for as a capital lease:
 1. Title transfers to lessee by the end of the lease
 2. Lease contains a bargain purchase option for lessee
 3. Lease term $>$ 75% of property's useful life
 4. Present value of payments $>$ 90% FMV of property (use Excel template in MOM 335)

Installment Purchases

- Property which is paid for over time
- Title transfers to lessee at the inception of the agreement
- Transaction is accounted for as a capital lease

Operating Lease Types

- Standard lease: normal expense payment entry
- Scheduled rent increases—rent holiday (using the straight-line basis):
 - Full accrual funds – recognize expense equally over the lease term
 - Modified accrual funds
 - Actuals Ledger – recognize expenditure as it becomes payable with current financial resources
 - Entitywide Ledger – book adjustment to recognize expense equally over the lease term

Operating Lease Example

- Scenario:
 - Agency enters into a 5 year operating lease
 - Payment Schedule (resulting in a rent holiday):
 - Year 1: \$10,000
 - Years 2-5: \$30,000
 - Average annual payment: \$26,000 ($\$10,000 + \$30,000 \times 4$)/5
 - Total accrued liability: \$16,000 ($\$26,000 - \$10,000/4$)
 - (Same as detailed in MOM 335 XIV A)

Capital Lease

- Should be added to AM in the month of inception
- If the lease was not added, the asset should be added to AM
 - Requires more manual entries
- Entry detail can be found in MOM 335 and 340
- Interest is included in capital lease payments

Capital Lease (cont)

- Required entries
 1. Inception of the lease agreement (governmental funds only)
 2. Add lease to AM
 3. Annual depreciation
 4. Lease principal and interest payment
 5. Reduce lease obligation by principal payments
 6. Adjust liability amount to be paid in following fiscal year (principal portion only, reverse next FY)
 7. Accrue interest payable at FYE (reverse next FY)

Capital Lease Example

- Scenario
 - Agency enters into a 10 year lease in a governmental fund (modified accrual)
 - Annual payments of \$3,500 are made at the beginning of each year of the contract: 5/1
 - No interest rate is listed in contract
 - Use BOI's average STIP yield for the fiscal year in which the lease was incepted (3.416% for FY 2010)
 - Lease was not added to AM during the month of inception

Capital Lease Example (cont)

Macro from MOM 335 XIV C 5

State of Montana						
Capital Lease Amortization Schedule						
Enter Values		Print Schedule				
Number of Total Payments	10.0	Clear Input				
Interest Rate (x.xx%)	3.42%					
Payment Amount (enter as a negative because payment is going out; if a portion of your payment is for executory costs such as maintenance, taxes, or insurance, then exclude that portion from the amount you input here.)	\$ (3,500.00)					
Future Value - Leave as 0	\$ -	Present Value				
		\$ 30,230.31				
Executory Costs (enter as a positive number; input 0 if no part of your payment goes towards executory costs.)	\$ -					
Date of First Payment (m/d/yyyy)	5/1/2010					
Number of Payments per Year	1					
Enter 1 if payment is up front, or 0 if payment is at the end of the service period.	1					
Date of Payment	Payment #	Maintenance Fee	Payment Amount	Interest	Principal	Balance
5/1/2010	1	\$ -	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 26,730.31
5/1/2011	2	\$ -	\$ 3,500.00	\$ 913.11	\$ 2,586.89	\$ 24,143.41
5/1/2012	3	\$ -	\$ 3,500.00	\$ 824.74	\$ 2,675.26	\$ 21,468.15
5/1/2013	4	\$ -	\$ 3,500.00	\$ 733.35	\$ 2,766.65	\$ 18,701.50
5/1/2014	5	\$ -	\$ 3,500.00	\$ 638.84	\$ 2,861.16	\$ 15,840.35
5/1/2015	6	\$ -	\$ 3,500.00	\$ 541.11	\$ 2,958.89	\$ 12,881.45
5/1/2016	7	\$ -	\$ 3,500.00	\$ 440.03	\$ 3,059.97	\$ 9,821.48
5/1/2017	8	\$ -	\$ 3,500.00	\$ 335.50	\$ 3,164.50	\$ 6,656.99
5/1/2018	9	\$ -	\$ 3,500.00	\$ 227.40	\$ 3,272.60	\$ 3,384.39
5/1/2019	10	\$ -	\$ 3,500.00	\$ 115.61	\$ 3,384.39	\$ 0.00

Capital Lease Example (cont)

- Use Macro contained in MOM 335
- Entry 1: Inception of lease (manual entries)
 - Actuals Ledger
 - Debit 63xxx – Expenditure—Non Bgtd \$30,230
 - Credit 583300 – Inception of Lease—Non Bgtd \$30,230
 - Entitywide Ledger
 - Debit 583300 – Inception of Lease—Non Bgtd \$30,230
 - Credit 63xxx – Expenditure—Non Bgtd \$30,230

Capital Lease Example (cont)

- Entry 2: Add lease to AM
 - Lease can only be done in month of inception
 - If missed, asset must be added to AM separately:
 - Entitywide Ledger (generated automatically by AM when asset is added)
 - Debit 17xx – Fixed Asset account \$30,230
 - Credit 63xxx or 64xxx – Capital Exp \$30,230
 - Entitywide Ledger (manual entry)
 - Debit 63xxx or 64xxx – Capital Exp \$30,230
 - Credit 2104 – Lease Obligation \$30,230

Capital Lease Example (cont)

- Entry 3: Record depreciation, monthly
 - Automatically generated by AM whether the lease, or just the asset, was added to AM
 - Entitywide Ledger
 - Debit 62805 – NB Depreciation Exp \$252
 - Credit 17xx – Accumulated Depreciation \$252

Capital Lease Example (cont)

- Entry 4: Lease principal and interest payment
 - Manual entry is always required
 - Actuals Ledger

- Year 1:

– Debit	69301 – Lease Principal	\$3,500
– Credit	1104 – Cash	\$3,500

- Year 2:

– Debit	69301 – Lease Principal	\$2,587
– Debit	6930x – Lease Interest	\$913*
– Credit	1104x – Cash	\$3,500

*Taken from Macro

Capital Lease Example (cont)

- Entry 5: Reduce lease obligation by principal payments
 - Since the lease was not added to AM (only the asset), must be a manual entry
 - Entitywide Ledger

- Year 1:

– Debit	2104 – Lease Obligation	\$3,500
– Credit	69301A – Principal Lease—Non Bgtd	\$3,500

- Year 2:

– Debit	2104 – Lease Obligation	\$2,587
– Credit	69301A – Principal Lease—Non Bgtd	\$2,587*

*Taken from Macro

Capital Lease Example (cont)

- Entry 6: Adjust liability amount to be paid in following fiscal year (principal only)
 - Must be reversed next fiscal year
 - Entitywide Ledger
 - Year 1:

– Debit	2104 – Lease Obligation	\$2,587
– Credit	2124 – Lease Payable—Due within 1 yr	\$2,587
 - Year 2:

– Debit	2104 – Lease Obligation	\$2,675
– Credit	2124 – Lease Payable—Due within 1 yr	\$2,675*
- *Taken from Macro

Capital Lease Example (cont)

- Entry 7: Accrue interest payable

- Must be reversed next fiscal year

- Entitywide Ledger

- Year 1:

– Debit	6930x – Interest Expense	\$152
– Credit	2116 – Accrued Interest Payable	\$152*

*Taken from Macro = $\$913/12*2$

- Year 2:

– Debit	6930x – Interest Expense	\$137
– Credit	2116 – Accrued Interest Payable	\$137

Capital Lease Disclosures

- All leases must be added to lease template sent to DOA – SAD (Ingrid for FY11)
- All assets acquired through capital lease that are still in use must be listed beneath leases
 - Even if the asset is fully depreciated
- Before sending, check that:
 1. Certain SABHRS accounts net to zero
 2. Capital lease schedule agrees to SABHRS

Capital Lease Disclosures (cont)

- Check 1: SABHRS accounts net to zero when the Actuals and Entitywide Ledgers are combined
 - Query: MTGL_TRIALBALANCE_TB_FUND_ACT_ENTWIDE_COMBO
 - Inception: 583300 (for governmental funds only)
 - Lease principal:
 - 69301/69301A
 - 69303/69303A
 - 69401/69401A
 - 69403/69404

Capital Lease Disclosures (cont)

- Check 2: Capital lease schedule agrees to SABHRS
 - Account 2124 = principal balance for year 2012
 - Account 2104 = principal balance for years 2013 and beyond
 - Account 583300 = principal balance for all years (FY 2011 thru end of lease)

Lease Questions

- Please review this year's lease memo and use lease templates on our website
- Please review MOMs 335 and 340
- Use Macro in MOM 335 for capital leases
- Capital lease interest
 - BOI's average STIP yield, found here:
<http://www.investmentmt.com> by using the STIP link.
- Still have questions, call me: x3975

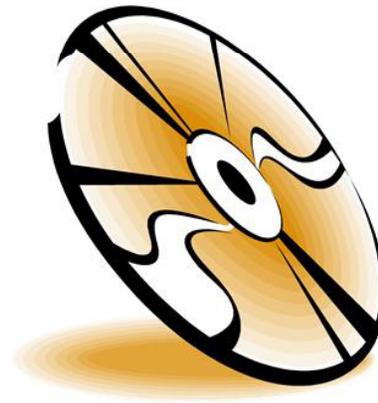
Construction Work In Progress



CWIP

Definition of CWIP

- Any project where a capital asset is being built.



- Capital projects not completed by FYE – record on AM
- MOM policy 335, section XII.I

Scenario

- We have a building that is being constructed during 2011 but will not be completed until 2012.
- Cost during 2011:

– Building costs	\$500,000
– Architect Plans	50,000
– Legal Fees	<u>10,000</u>
Total	\$560,000

Agency Entries

- During 2011 the following entries would be made as expenditures are incurred:

Acct	Description	Debit	Credit
64200	Building	500,000	
1104	Cash in Bank		500,000
64231	Architects & Engineers - Misc	50,000	
1104	Cash in Bank		50,000
64106	Legal Fees	10,000	
1104	Cash in Bank		10,000

Actuals Ledger

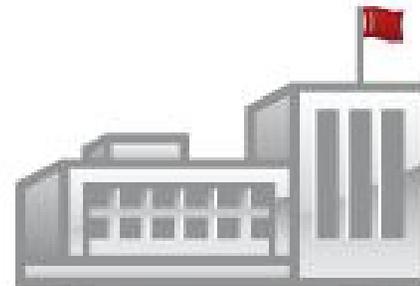
Year-End AM Entry

- Total cost \$560,000 – FY 2011

Acct	Description	Debit	Credit
1706	Construction Work in Progress	560,000	
1811	Capital Asset Clearing		560,000

Asset Management

Problem



The building is now on the books twice!

- 1706 (AM entry) \$560,000
- 64XXX accounts \$560,000

Agencies Responsibility

- Account 1811 needs to be zero at FYE
- Analyze the related expenditures
- Generate ONL journal reversing 1811 against the appropriate non-budgeted capital asset offset account to have the asset only recorded once.
- List of non-budgeted accounts listed in

MOM policy 335, section XI.C

Adjusting Entry

- To clear the clearing account and remove the second record of the asset, the following entry would be made:

Acct	Description	Debit	Credit
1811	Construction work in progress	560,000	
64298	NB full accr building offset		560,000

Actuals or Entitywide

Agency Entries

- When using accounts other than 63XXX/64XXX accounts:

Acct	Description	Debit	Credit
62XXX	NB Capitalized costs	500,000	
1104	Cash in Bank		500,000
61XXX	NB Capitalized costs	60,000	
1104	Cash in Bank		60,000

Actuals Ledger

Year-End AM Entry

- Total cost \$560,000 – FY 2011

Acct	Description	Debit	Credit
1706	Construction Work in Progress	560,000	
1811	Capital Asset Clearing		560,000

Asset Management

Adjusting Entry

- Once again the agency needs to clear out the 1811 account:

Acct	Description	Debit	Credit
1811	Construction work in progress	560,000	
64298	NB full accr building offset		560,000

Actuals or Entitywide

Another Adjustment

Acct	Description	Debit	Credit
64298	NB full accr building offset	560,000	
62XXX	NB Capitalized costs		500,000
61XXX	NB Capitalized cost		60,000

Actuals Ledger

FY 2012

- Building not completed as of FYE 2012
 - Adjust CWIP for additional costs expended in FY 2012
 - Zero out 1811 at FYE
- Building is completed
 - Retire the CWIP from AM
 - Add the completed building to AM

FYE entries – Year Completed

- Asset Management entries:

Acct	Description	Debit	Credit
1811	Capital asset clearing	560,000	
1706	Construction work in progress		560,000
1702	Buildings	560,000	
64298	NB full accr building offset		560,000

Actuals or Entitywide

Adjusting Entry

Agency clears out the 1811 account:

Acct	Description	Debit	Credit
1811	Construction work in progress	560,000	
64298	NB full accr building offset		560,000

Actuals or Entitywide

Final

- If the completed building takes longer than two years, you would use fund balance for your 1811 reversal for prior prior adjustments.
- Keep making entries for as long as it takes.

Complete

Transfer of Capital Assets



Governmental Fund to Governmental Fund

Depreciation



Salvage Value

Fully Depreciated With No Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$50,000

Transferor entitywide Asset Management (AM) entry:

Acct	Description	Debit	Credit
1707	Accum depr – building	50,000	
1702	Building		50,000

Fully Depreciated With No Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$50,000

Receiving agency entitywide adjusting entry:

Acct	Description	Debit	Credit
1702	Buildings	50,000	
64298	NB full accrual build offset		50,000
62805	NB depreciation expense	50,000	
1707	Accum Depr – buildings		50,000

Fully Depreciated With No Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$50,000

Receiving agency entitywide adjusting entry:

Acct	Description	Debit	Credit
64298	NB full accrual building offset	50,000	
62805	NB depreciation expense		50,000

Complications



Depreciation



Salvage Value

Maybe not so much...

Transfer Asset with Depreciation or Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$45,000

Transferor entitywide AM entry:

Acct	Description	Debit	Credit
1707	Accum Depr – Building	45,000	
62808	NB loss on sale expense	5,000	
1702	Buildings		50,000

Transfer Asset with Depreciation or Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$45,000

Receiving agency entitywide AM entry:

Acct	Description	Debit	Credit
1702	Buildings	50,000	
64298	NB full accrual build offset		50,000
62805	NB depreciation expense	45,000	
1707	Accum Depr – buildings		45,000

Transfer Asset with Depreciation or Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$45,000

Transferor entitywide adjusting entry:

Acct	Description	Debit	Credit
628A3	NB fixed asset capital contribution	5,000	
62808	NB loss on sale expense		5,000

1st half of IU journal...

Transfer Asset with Depreciation or Salvage Value

Scenario:

Building (historical cost)	\$50,000
Accumulated depreciation	\$45,000

Receiving agency adjusting entry:

Acct	Description	Debit	Credit
64298	NB full accrual offset	50,000	
62805	NB depreciation expense		45,000
549001	Capital contribution		5,000

2nd half of IU journal...

Everything is properly accounted for!

The screenshot shows the MINE software interface for creating a journal entry. The breadcrumb trail is: Favorites > Main Menu > General Ledger > Journals > Journal Entry > Create/Update Journal Entries. The interface has tabs for Header, Lines, Totals, Errors, Approval, and InterUnit. The Header tab is active, showing the following fields:

- Unit: 61010
- Journal ID: ADD1726852
- Date: 07/31/2008
- Long Description: Asset Additions
- *Ledger Group: ACTUALS
- Ledger: (empty)
- *Source: AM
- Reference Number: (empty)
- SJE Type: (dropdown menu)
- Journal Class: (empty)
- Transaction Code: (empty)
- Auto Generate Lines:
- Adjusting Entry: Non-Adjusting Entry (dropdown menu)
- Fiscal Year: 2009
- Period: 1
- ADB Date: 07/31/2008
- Save Journal Incomplete Status:
- Currency Defaults: USD // \$
- Receiving Business Unit: (input field with search icon)
- Reversal: Do Not Generate Reversal
- Commitment Control

At the bottom, there is a toolbar with buttons: Save, Return to Search, Previous in List, Next in List, Notify, Refresh, Add, and Update/Display. Below the toolbar, the breadcrumb trail is repeated: Header | Lines | Totals | Errors | Approval | InterUnit.

Fully Depreciated With No Salvage Value with Monetary Compensation

Scenario:

Asset's historical cost	\$50,000
Less: Accum depr	<u>(40,000)</u>
Net book value	10,000
Monetary proceeds	<u>(5,000)</u>

Acct	Description	Debit	Credit
1104	Cash	5,000	
549001	NB fixed asset capital contribution		5,000
628A3	NB fixed asset capital contribution	5,000	
1104	Cash		5,000

Fully Depreciated With No Salvage Value with Monetary Compensation

Scenario:

Asset's historical cost	\$50,000
Less: Accum depr	<u>(40,000)</u>
Net book value	10,000
Monetary proceeds	<u>(5,000)</u>

*Transferring
Agency*

Acct	Description	Debit	Credit
1707	Accum depr – building	45,000	
62808	NB loss on sale expense	5,000	
1702	Buildings		50,000

Entitywide AM entry

Fully Depreciated With No Salvage Value with Monetary Compensation

Scenario:

Asset's historical cost	\$50,000
Less: Accum depr	(40,000)
Net book value	<u>10,000</u>
Monetary proceeds	<u>(5,000)</u>

*Transferring
Agency*

Acct	Description	Debit	Credit
628A3	NB fixed asset capital contribution	5,000	
62808	NB loss on sale expense		5,000

Entitywide adjusting entry

Fully Depreciated With No Salvage Value with Monetary Compensation

**Receiving
Agency**

Scenario:

Asset's historical cost	\$50,000
Less: Accum depr	(40,000)
Net book value	<u>10,000</u>
Monetary proceeds	<u>(5,000)</u>

Acct	Description	Debit	Credit
1702	Building	50,000	
64298	NB full accrual build offset		50,000
62805	NB depreciation expense	45,000	
1707	Accum depr – buildings		45,000

Entitywide AM entry

Fully Depreciated With No Salvage Value with Monetary Compensation

**Receiving
Agency**

Scenario:

Asset's historical cost	\$50,000
Less: Accum depr	(40,000)
Net book value	<u>10,000</u>
Monetary proceeds	<u>(5,000)</u>

Acct	Description	Debit	Credit
64298	NB full accrual offset	50,000	
62805	NB depreciation expense		45,000
549001	Capital contributions		5,000

Entitywide Adjusting Entry

Proprietary Fund to Proprietary Fund

**MIRRORS THE PREVIOUS
ENTRIES**

Simply do the same entries as shown for a governmental to governmental transfer, but do the entries in the **ACTUALS** ledger.

Enterprise to Governmental

- When transferring assets from an Enterprise fund to a Governmental fund, things are a bit more complicated.
- GASB guidance:
 - When a capital asset is reassigned from an enterprise fund to governmental activities, the disposal of the capital asset would be reported by the enterprise fund as a nonoperating expense.¹

¹ *GASB Implementation guide 7.74.4*

Governmental to Enterprise

- When transferring assets from a Governmental fund to an Enterprise fund, there are some differences too.
- GASB guidance:
 - If the assets reassigned from governmental activities to an enterprise fund, are capital assets,... the enterprise fund would report the receipt of the capital assets as a capital contribution from governmental activities¹

¹ GASB Implementation guide 7-74-4

Governmental to Enterprise

Scenario:

Asset's historical cost	\$50,000
Accumulated depreciation	\$45,000

Entitywide AM retirement entry:

Acct	Description	Debit	Credit
1707	Accum Depr – Building	45,000	
62808	NB loss on sale expense	5,000	
1702	Buildings		50,000

Governmental Fund

Governmental to Enterprise

Scenario:

Asset's historical cost	\$50,000
Accumulated depreciation	\$45,000

Actuals AM receiving fund entry :

Acct	Description	Debit	Credit
1702	Buildings	50,000	
64298	NB full accrual build offset		50,000
62805	NB depreciation expense	45,000	
1707	Accum Depr – buildings		45,000

Enterprise Fund

Governmental to Enterprise

Scenario:

Asset's historical cost	\$50,000
Accumulated depreciation	\$45,000

Entitywide adjusting entry:

Acct	Description	Debit	Credit
628A3	NB fixed asset capital contribution	5,000	
62808	NB loss on sale expense		5,000

Governmental Fund

Governmental to Enterprise

Scenario:

Asset's historical cost	\$50,000
Accumulated depreciation	\$45,000

Actuals adjusting entry:

Acct	Description	Debit	Credit
64298	NB full accrual building	5,000	
549001	Capital contributions		5,000

Enterprise Fund

Good News



The CAFR staff is always there to help and make sure things roll the way they should.

SAD Training June, 2011

Revenue and Revenue Deferrals

Topics to be Covered

- Revenue Recognition
- Deferred Revenue
- Examples of entries
- Multi-Year Revenue Example

Revenue Recognition

- Revenue – Modified Accrual or Governmental Funds
 - Revenue must be:
 - Realizable
 - Measurable
 - Earned
 - Available

Revenue Recognition

- Revenue – Proprietary Funds and other Full Accrual Funds
 - Revenue must be:
 - Realizable
 - Measurable
 - Earned

Revenue Recognition

- Revenue is Realizable when...
 - It is probable that the amount will be collected

Revenue Recognition

- Revenue is Measurable when...
 - The precise amount is known because the transaction is complete, or
 - Enough information is known to provide a reasonable, although not necessarily precise, estimate of the net realizable revenue to be received

Revenue Recognition

- Revenue is Earned when...
 - Services are rendered

OR

- Goods are sold and delivered

Revenue Recognition

- Revenue is available when...

Revenue Recognition

- Collected within the current period or soon enough thereafter to be used to pay liabilities of the current period
- The State uses 60 days as the length of time to determine availability
- Federal reimbursable grants and a legal commitment from the feds exist to pay expenses incurred
- Related Refunds must be accrued!

Deferred Revenue

Revenue is deferred when...

- In Governmental (Modified Accrual) Funds:
 - Earned and not available, or
 - Must be revenue in Entitywide Ledger
 - Received but not earned
- In Full Accrual Funds:
 - Received but not earned
- MOM Policy 320 Revenue, Receivables and Debt Collection Section VII

Deferred Revenue Gov. Fund

- Revenue Earned and not available
 - State Special Revenue fund has received a judgment of \$8,000,000 but the related party later appeals the decision. It is believed (probable) the State will ultimately prevail.
 - To record Revenue and A/R: (Actuals Ledger)

Debit	1203	A/R – External	8,000,000
Credit	5XXXXX	Revenue	8,000,000
 - To Defer Revenue

Debit	5XXXXX	Revenue	8,000,000
Credit	2505(A)	Deferred Revenue	8,000,000

Deferred Revenue Gov. Fund

- Entry needed to convert previous entry to full accrual accounting in the Entitywide Ledger.

– Entitywide Ledger:

Debit	2505(A) Deferred Revenue	8,000,000
Credit	5XXXXX Misc Receipts	8,000,000

Deferred Revenue Gov. Fund

- The agency believes the appeal process will be exhausted within 60 days of June 30th – (Reverse revenue deferral)

- Actuals Ledger

Debit	2505(A)	Deferred Revenue	8,000,000
Credit	5XXXXX	Revenue	8,000,000

- Entitywide Ledger

Debit	5XXXXX	Revenue	8,000,000
Credit	2505(A)	Deferred Revenue	8,000,000

Deferred Revenue Gov. Fund

- Entry to record the receipt of the cash

- Actuals Ledger

Debit	1104	Cash	8,000,000
Credit	1203	Accounts Receivable	8,000,000

Deferred Revenue – Cash Rec'd / Rev. not earned

- A fund is paid \$1,500 by an entity outside the State for services that have not been provided

– Actuals Ledger (All funds)

Debit	1104	Cash	1,500
Credit	2505(A)	Deferred Revenue	1,500

Cash Rec'd / Rev. not earned

- When the revenue is earned:
- Actuals Ledger – All Funds

Debit	2505(A)	Deferred Revenue	1,500
Credit	5XXXXX	Revenue	1,500

Full Accrual Fund – Earned, not Received

- Revenue is earned:
 - An enterprise fund is owed for services but will not receive the money for 95 days. (Not deferred revenue.)

– Actuals Ledger fund 06099

Debit	1203	Accts Receivable	1,000
Credit	5XXXXX	Revenue	1,000

Full Accrual Fund – Earned, not Received

- Entry to record the receipt of the cash in next FY

– Actuals Ledger fund 06099

Debit	1104	Cash		1,000
Credit	1203	Accounts Receivable	1,000	

Deferred Revenue – Bill in advance

- A customer is billed in advance of the good or service being provided for \$2,500
 - Not recorded as Revenue in any Fund type
 - Not recorded as Deferred Revenue

Multi-year Revenue

Definition: Any license or permit issued for a period greater than one year with periodic renewals.

- Electrical Board which issues licenses with a three year renewal cycle.
- Board of Realty Regulation which issues licenses with a two year renewal cycle.

Current policy is in MOM Policy 320

Section IV.A.1

Multi-year Revenue

Revenue Recognition Methods

1. When license/permit issued

- Not materially different from year to year
- No Entry Required
- The revenue receivables and deferral entries would offset each other

Multi-year Revenue

Example

- License/permits due every 3 years
- Fees collected
 - 2007 - \$60,000
 - 2008 - \$59,000
 - 2009 - \$62,000
- Average = \$60,000
- Earned each year when licenses/permits issued – No Deferral required

Multi-year Revenue

2. Revenue Deferral

- Materially different from year to year
- Deferred revenue recognized
- Recognized equally over the time period covered

Multi-year Revenue

Example

- License/permits due on a 3 year cycle
- Fees collected
 - 2007 - \$60,000
 - 2008 - \$30,000
 - 2009 - \$15,000
- Earned each year over the term of the license/permit

Deferred Revenue

- Assuming on 1/3/2011 a state agency collected licenses/permit fees
- Amount: \$40,000
- From: entities outside of the state
- The licenses/permit fees are for a period of two calendar years
- The fees were initially credited to the General Fund
- Per MCA, 10% of the fees are to be transferred to the State Special Revenue Fund.
- Fiscal year end is June 30, 2011.

Assume that the following entries were made on 1/3/2011 when the fees were collected.

Actuals Ledger fund 01100

Debit	1104	Cash	\$40,000
Credit	5xxxxx	Revenue	\$40,000

Deferred Revenue (cont)

On June 30, 2011, revenue would be overstated by \$30, 000 (40,000-10,000) therefore the following correcting entries will be made to correctly state the revenue, as it was not 100% earned by 6/30/11.

Actuals Ledger fund 01100

Debit	5xxxxx	Revenue	\$30,000
Credit	2505A	Deferred Revenue	\$30,000

Entitywide Ledger fund 01100

Debit	2505A	Deferred Revenue	\$30,000
Credit	5xxxxx	Revenue	\$30,000

Deferred Revenue (cont)

To transfer 10% of the revenue earned above from the General Fund to the State Special Revenue fund.

Actuals ledger fund 01100

Debit 6xxxx	Transfer Out	\$1,000
Credit 1104	Cash	\$1,000

To record the transfer in the State Special Revenue Fund.

Actuals ledger fund 02999

Debit 1104	Cash	\$1,000
Credit 5xxxxx	Transfer In	\$1,000

Deferred Revenue (cont)

On 6/30/2012 the following entries will be made to record the revenue earned during FY 2012.

Actuals ledger fund 01100

Debit	2505A	Deferred Revenue	\$20,000
Credit	5xxxxx	Revenue	\$20,000

Entitywide ledger fund 01100

Debit	5xxxxx	Revenue	\$20,000
Credit	2505A	Deferred Revenue	\$20,000

To transfer 10% of the revenue earned above from the General Fund to the State Special Revenue fund

Actuals ledger fund 01100

Debit	6xxxx	Transfer Out	\$2,000
Credit	1104	Cash	\$2,000

Deferred Revenue (cont)

To record the transfer in the State Special Revenue fund (FY 2012)

Actuals ledger fund 02999

Debit	1104	Cash	\$2,000
Credit	5xxxxx	Transfer In	\$2,000

On 12/31/2013 the following entries will be made to record the remaining revenue earned during FY 2013.

Actuals ledger fund 01100

Debit	2505A	Deferred Revenue	\$10,000
Credit	5xxxxx	Revenue	\$10,000

Entitywide ledger fund 01100

Debit	5xxxxx	Revenue	\$10,000
Credit	2505A	Deferred Revenue	\$10,000

Deferred Revenue

To transfer 10% of the revenue earned above from the General Fund to the State Special Revenue fund.

Actuals ledger fund 01100

Debit 6xxxx	Transfer Out	\$1,000
Credit 1104	Cash	\$1,000

To record the transfer in the State Special Revenue Fund.

Actuals ledger fund 02999

Debit 1104	Cash	\$1,000
Credit 5xxxxx	Transfer In	\$1,000

Fund Balance & Net Assets

Montana Operations Manual

Policy 311 - posted on SAD website:

<http://accounting.mt.gov/forms/chapters>

Fund Balance Definition

- The net difference between assets and liabilities
- Applies to funds that report using the **current** resources measurement focus and **modified accrual** basis of accounting:



Governmental Fund Financials
Only

Fund Balance Accounts

Governmental Fund Financials

Account Description	Account Number
Nonspendable	4120
Restricted	4125
Committed	4130
Assigned	4135
Unassigned	4140

Nonspendable Fund Balance

Applies to all Governmental Funds

- Not in a spendable form
 - Inventory or prepaid amounts
- Legally required to remain intact
 - Corpus of a permanent fund



Nonspendable Fund Balance Applies to General Fund Only

- Long-term amounts of loans and notes receivable
- Property acquired for resale



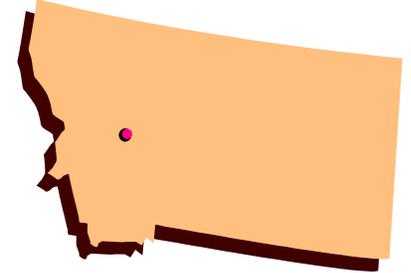
Restricted Fund Balance

- Amounts can only be spent/used for specific purposes *and*
- Constraints placed on resources are either imposed:
 - Externally
 - By constitutional provisions
 - By enabling legislation that is legally enforceable by an external party



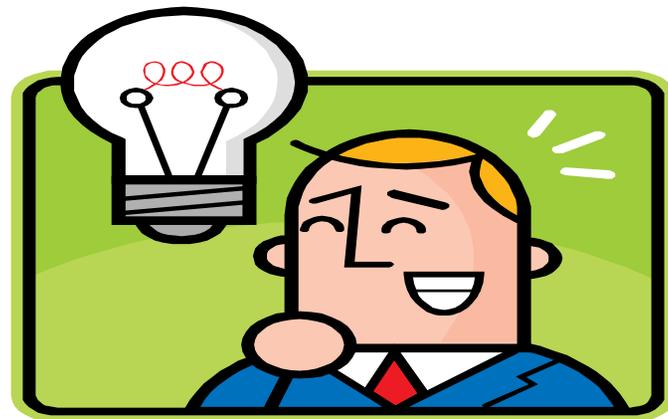
Committed Fund Balance

- Amounts can only be spent/used for specific purposes *and*
- Constraints placed on resources are imposed by formal action of the legislature
 - However, legislature has the ability to redirect the resources or change the constraint by a formal action similar to the action used to initially constrain the resources



Assigned Fund Balance

- Constraints placed on the resources are not Nonspendable, Restricted nor Committed **and**
- Imposed by the government's intent to be used for a specific purpose



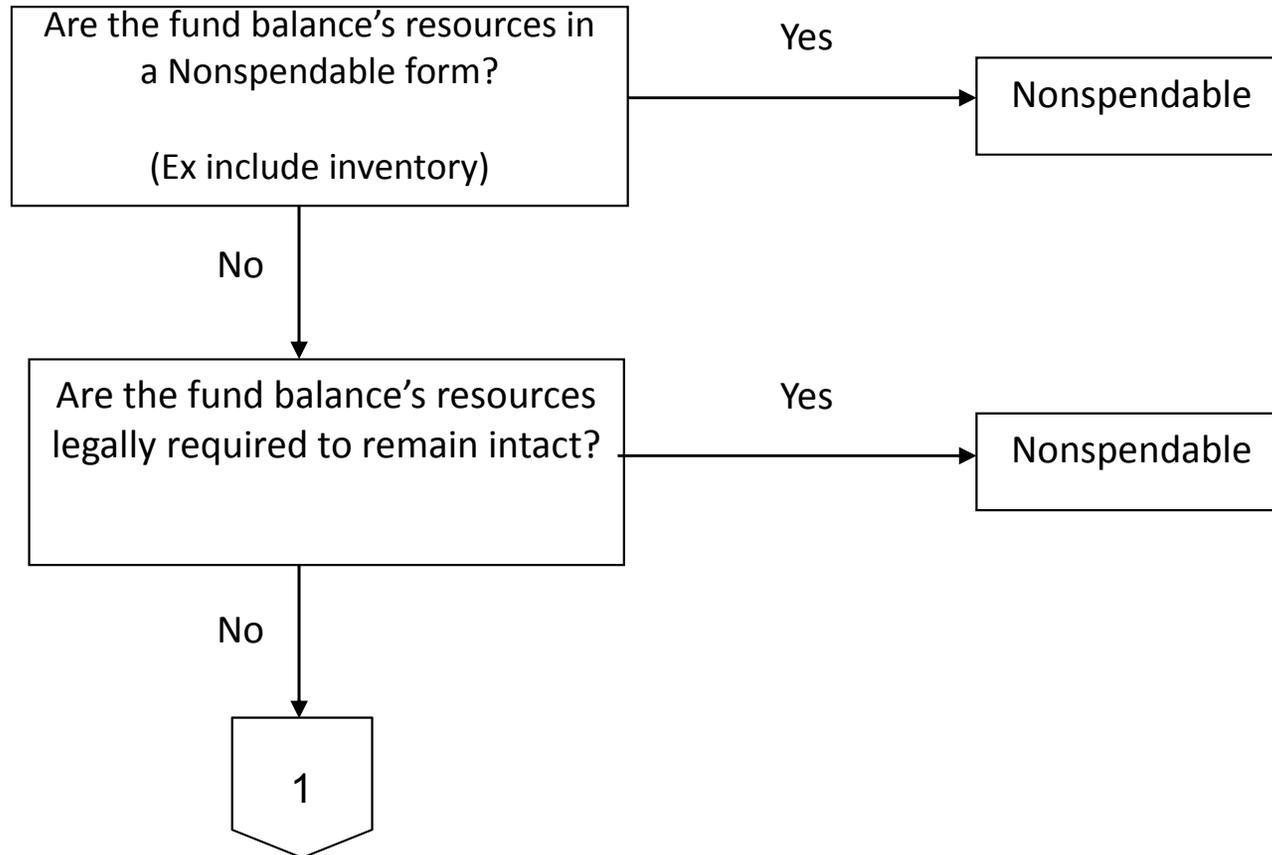
Unassigned Fund Balance

- Constraints placed on the resources are not Nonspendable, Restricted, Committed nor Assigned within the General Fund

General
Fund Only

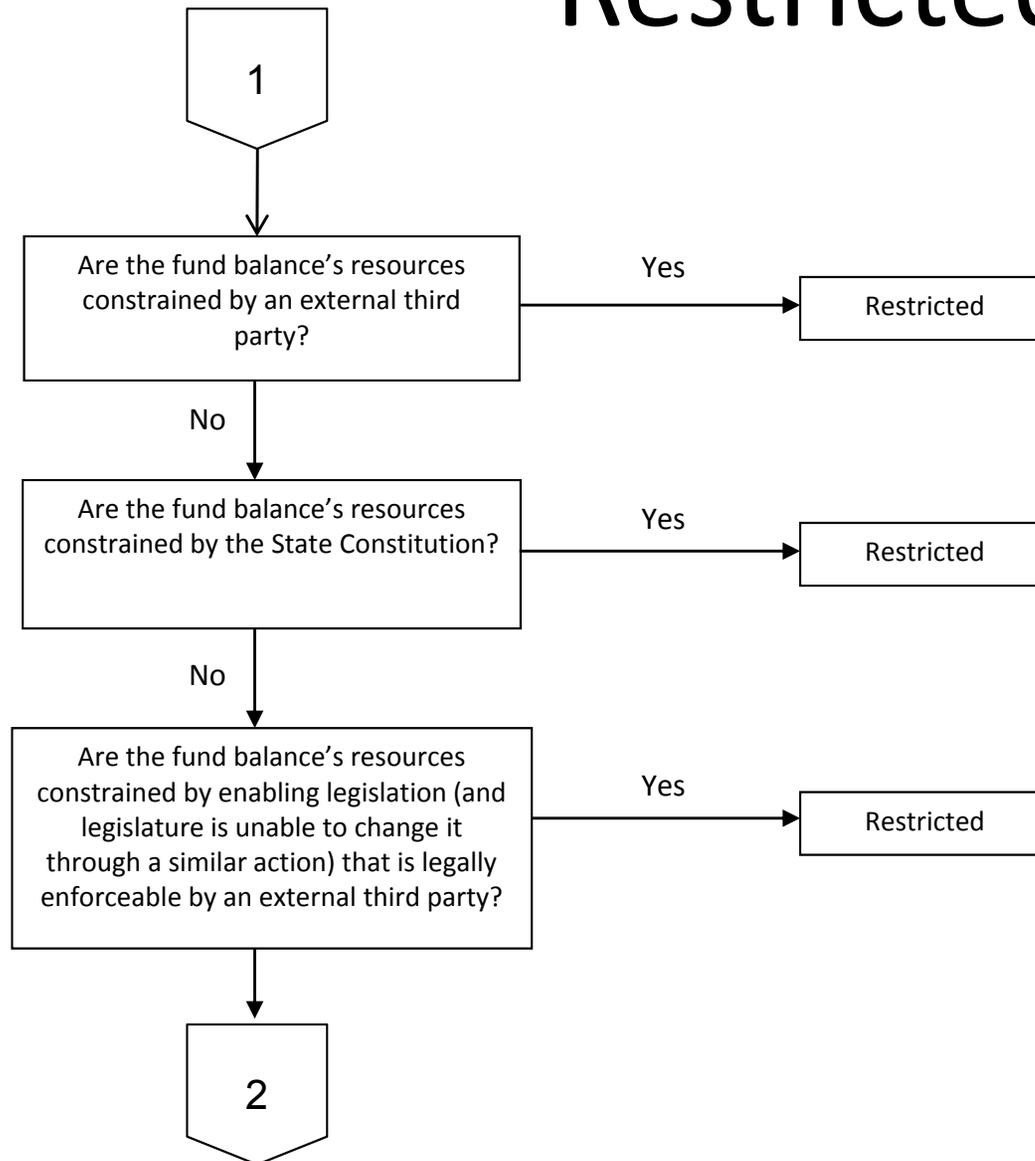


Fund Balance Decision Tree Nonspendable

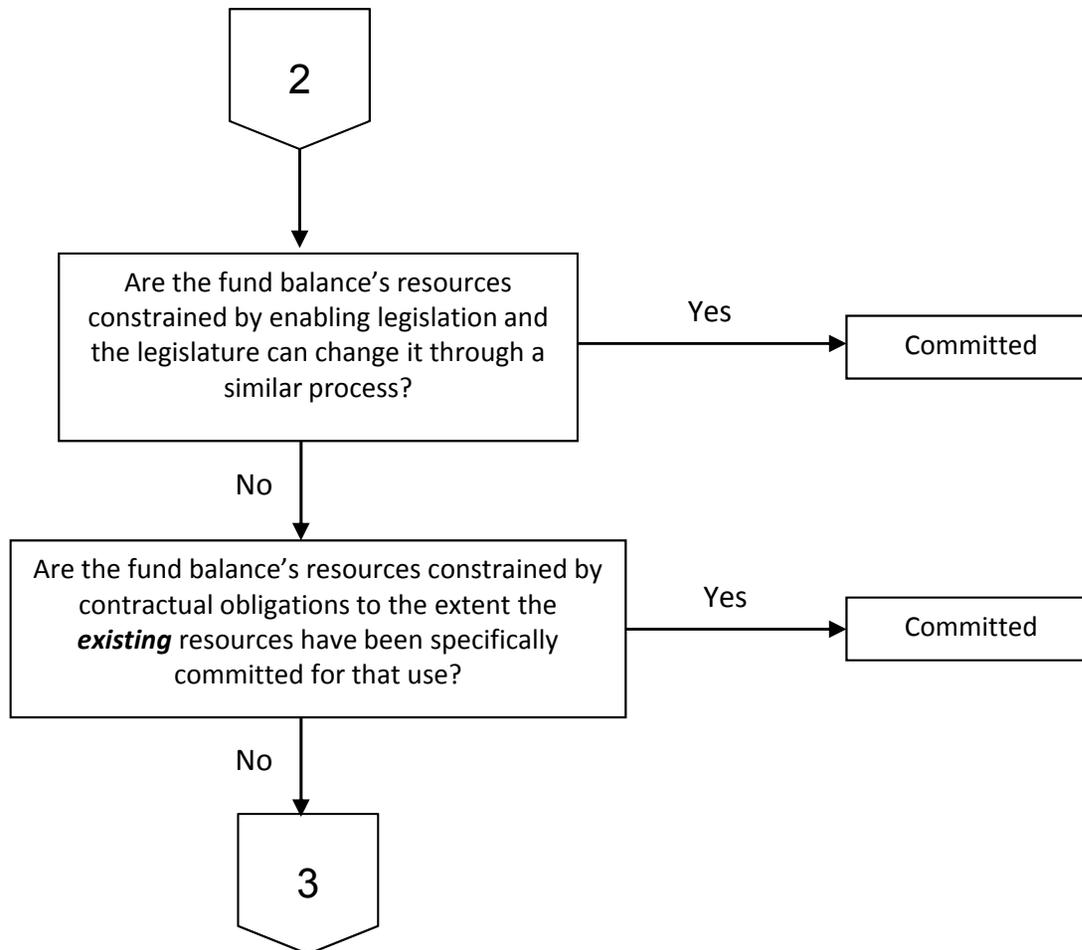


Fund Balance Decision Tree

Restricted

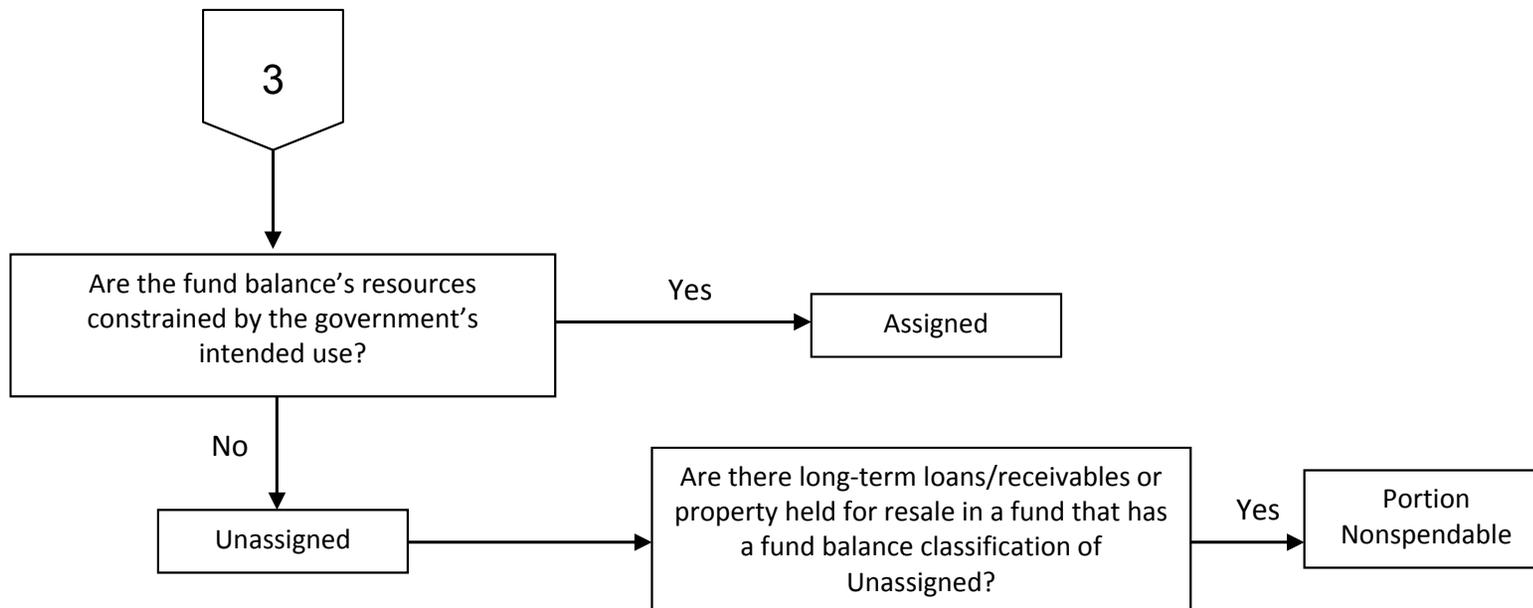


Fund Balance Decision Tree Committed



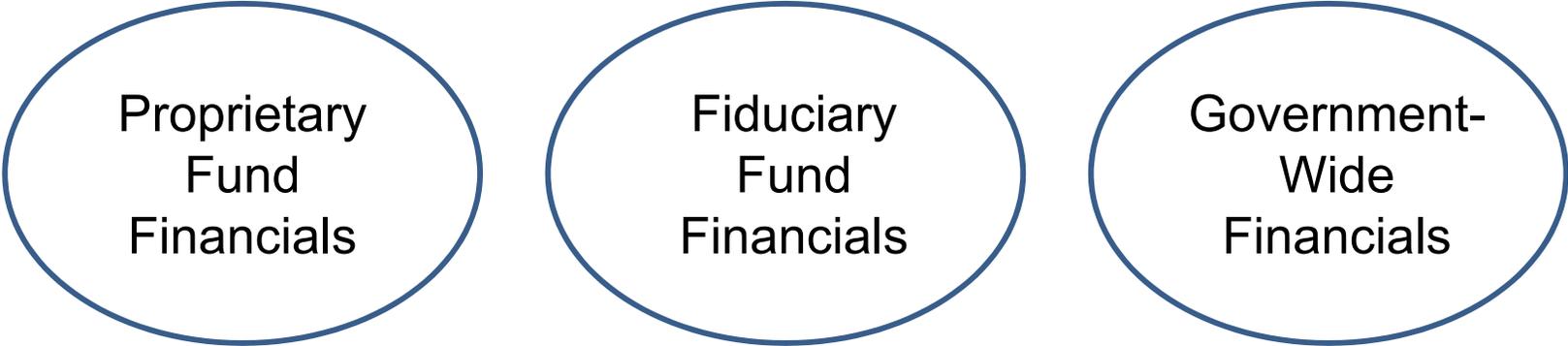
Fund Balance Decision Tree

Assigned, Unassigned and Nonspendable



Net Assets Definition

- The net difference between assets and liabilities
- Applies to funds that report using the ***economic*** resources measurement focus and ***full accrual*** basis of accounting:



Proprietary
Fund
Financials

Fiduciary
Fund
Financials

Government-
Wide
Financials

Net Asset Accounts

Proprietary Fund Financials

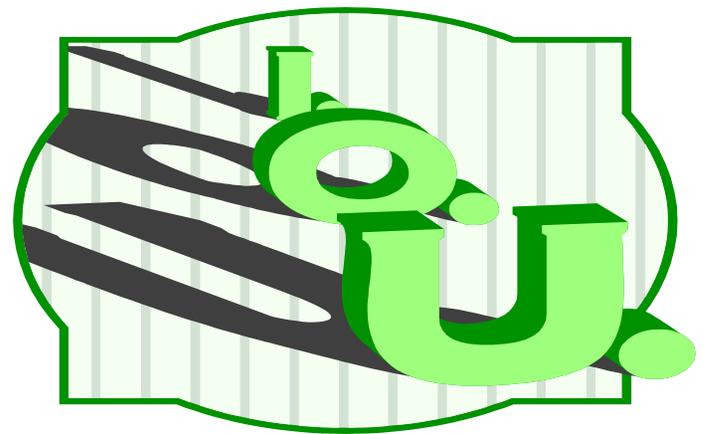
Fiduciary Fund Financials

Government-Wide Financials

Account Description	Account Number
Invested in Capital, Net of Related Debt	Recorded by DOA personnel for CAFR reporting only
Restricted	4201
Unrestricted	4101

Invested in Capital Assets, net of related debt

- Amount determined and recorded as such by DOA personnel for CAFR reporting purposes only



Restricted Net Assets

- Constraints placed on resources are either imposed:
 - Externally
 - By constitutional provisions
 - By enabling legislation that is legislated by an external party



Note – Definition the same for Restricted Fund Balance classification

Unrestricted Net Assets

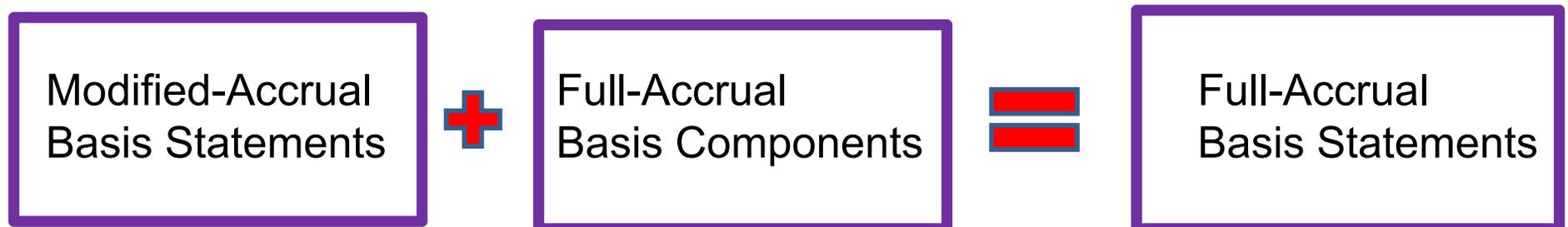
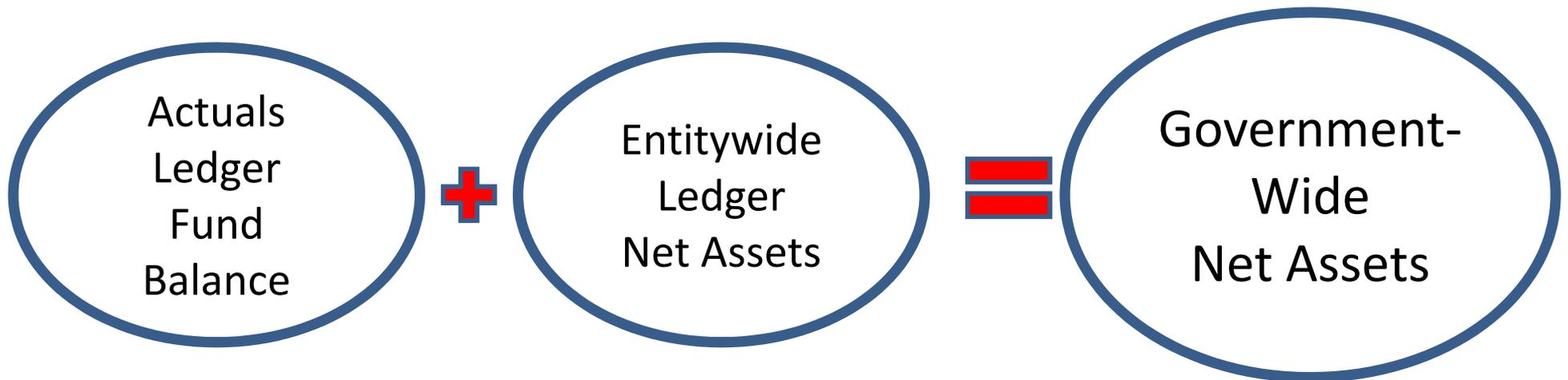
- Net Assets that do not meet the definition of:
 - Invested in Capital Assets, net of related debt or
 - Restricted Net Assets



Where each is Recorded

Actuals Ledger	Entitywide Ledger
Governmental Funds – Fund Balance	Governmental Funds – Net Assets
Proprietary Funds – Net Assets	Proprietary Funds – Not Applicable
Fiduciary Funds – Net Assets	Fiduciary Funds – Not Applicable

Governmental Funds Only



Trial Balance by Fund Report

MINE

Favorites Main Menu > General Ledger > General Reports > Trial Balance - Fund

Trial Balance-Fund

Run Control ID: Trial_Balance_ACTUALS [Process Monitor](#)

Language: English

Report Request Parameters

Unit: Ledger: Fund Code:

Fiscal Year: To Period: Currency Code: USD

Actuals, Entitywide or A-Accrual

Specific or Blank

Save Return to Search Previous in List Next in List Notify Add Update/Display

Trial Balance at 6/30/10

Report ID: MTGL7008
 Bus. Unit: [REDACTED]
 Ledger: [REDACTED]
 Fund: [REDACTED]
 As of Year 2010 and Period 12

PeopleSoft GL
 TRIAL BALANCE BY FUND

Page No. 1
 Run Date 06/01/2011
 Run Time 16:29:47

Account	Description	Debit	Credit
1104	Cash In Bank	10,758.33	0.00
1201	Interest Receivable	11.47	0.00
1501	Inter-Entity Loans Receivable	43,426.26	0.00
1613	Participant'S Stip Investment	40,088.13	0.00
1643	Cash Collateral - Sl	1,544.84	0.00
2543	Liab. Under Securities Lend	0.00	1,544.84
4125	Fund Balance - Restricted	0.00	28,452.30
530025	STIP Participant Earnings	0.00	90.44
531626	STIP Security Lending Expense	4.68	0.00
531644	STIP Security Lending Gross Ea	0.00	13.84
581419	Donations - Individuals	0.00	72,512.16
581420	Donations - MHS Library	0.00	221.96
581423	Donations-Lobby Box	0.00	1,860.59
581426	Donations - Memorial	0.00	4,775.00
62102	Consult & Prof Services	3,913.09	0.00
62190	Printing/Pub & Graphics	5,300.00	0.00
621A7	E-Government Transaction Fees	6.78	0.00
62828	Scholarships & Fellowships	3,400.00	0.00
62851	Credit Card Discount Fees	17.55	0.00
62864	Charitable Contributions	1,000.00	0.00
Total		109,471.13	109,471.13

FY10 Change in Fund Balance

530025	STIP Participant Earnings	0.00	90.44
531626	STIP Security Lending Expense	4.68	0.00
531644	STIP Security Lending Gross Ea	0.00	13.84
581419	Donations - Individuals	0.00	72,512.16
581420	Donations - MHS Library	0.00	221.96
581423	Donations-Lobby Box	0.00	1,860.59
581426	Donations - Memorial	0.00	4,775.00
62102	Consult & Prof Services	3,913.09	0.00
62190	Printing/Pub & Graphics	5,300.00	0.00
621A7	E-Government Transaction Fees	6.78	0.00
62828	Scholarships & Fellowships	3,400.00	0.00
62851	Credit Card Discount Fees	17.55	0.00
62864	Charitable Contributions	1,000.00	0.00

Change in Fund Balance at FYE is the net of your credits and debits among your revenues and expenditures

In this case the net revenues and expenditures for FY10 is a credit of \$65,831.89

During FYE closing processes this fund's fund balance account is credited \$65,831.89 and revenue and expenditure accounts become zero in order to begin the new fiscal year

Trial Balance FY11

As of Year 2011 and Period 12			
Account	Description	Debit	Credit
1104	Cash In Bank	59,059.30	0.00
1613	Participant'S Stip Investment	63,713.46	0.00
4125	Fund Balance - Restricted	0.00	94,284.19
530025	STIP Participant Earnings	0.00	113.86
581419	Donations - Individuals	0.00	40,617.95
581420	Donations - MHS Library	0.00	184.91
581423	Donations-Lobby Box	0.00	1,495.10
581426	Donations - Memorial	0.00	1,080.00
62102	Consult & Prof Services	4,000.00	0.00
62190	Printing/Pub & Graphics	450.15	0.00
62210	Minor Tools, Instrum., & Equip	359.96	0.00
62238	Minor Equipment-Office Equip	100.00	0.00
62245	Minor Equip - Comp Hardware	515.39	0.00
62828	Scholarships & Fellowships	8,537.50	0.00
62851	Credit Card Discount Fees	20.26	0.00
62853	Public Relation Expenses	19.99	0.00
62864	Charitable Contributions	1,000.00	0.00
	Total	137,776.01	137,776.01

FY11 Fund Balance account balance is a credit balance of \$94,284.19:

FY10 Ending Fund Balance
Credit balance of \$28,452.30

+

FY10 Net Revenue/Expenditures
Credit balance of \$65,831.89

Prior Period Adjustments

Correction of an error from a previous period that occurred at least 2 fiscal years prior to the current fiscal year:

- Correction of a FY09 error made in FY11
- SABHRS entry to directly debit/credit fund balance/net asset account
- May need to complete Fund Balance/Net Asset Transaction Form
- May need DOA personal approving/posting

Correction of an error from a previous period that occurred 1 fiscal year prior to the current fiscal year:

- Correction of a FY10 error made in FY11
- SABHRS entry to debit/credit respective revenue/expenditure account, using applicable program year
- Not a fund balance/net asset prior period adjustment

Fund Balance/Net Assets Transaction

1. Document number:

2. Completed by:

3. Narrative description of the error:

4. Accounting description of the error:
(Example: Revenue and receivables are overstated.)

5. Original document (if known):

6. What state fiscal year did the error occur?

7. Why was the error not noticed sooner?

8. What controls are in place to ensure it does not occur again?

9. Is there another fund that the transaction can be recorded in?

10. Was there general fund authority remaining to cover the transaction (if an expenditure correction)?

Fund Balance Manual Entries required by FYE

All Governmental Funds

- Nonspendable portion due to inventory
 - Balance in accounts 1802, 1804, 1807
 - Credit Nonspendable Fund Balance (4120)

Unassigned General Fund Only

- Nonspendable portion of long-term loans and/or receivables
 - Balance in accounts 1207 (net of 1217), 1903, 1913
 - Credit Nonspendable Fund Balance (4120)

Inventory/Nonspendable

Account	Description	Debit	Credit
1101	Cash Change Funds	5,055.00	0.00
1103	Revolving Cash Funds	1,500.00	0.00
1104	Cash In Bank	128,423,948.73	0.00
1203	Accounts Receivable-External	5,524.50	0.00
1804	Supplies Inventory	334,289.12	0.00
1901	Expense Advance	29,614.28	0.00
1904	Other Advances	51,911.64	0.00
1905	Prepaid Expense	13,686.38	0.00
2101	Accounts Payable	0.00	1,092.05
2107	Vouchers Payable	4,319.74	0.00
2201	Accountability For Advances	0.00	224,372.20
2301B	Accrued Liability (B)	0.00	1,907.60
2506	Uncleared Collections	75,842.07	0.00
2506A	Uncleared Coll - Non Open Item	0.00	2,401,636.63
2506D	MI Credit Cards	96,327.25	0.00
2506E	MI Registered User	1,576.98	0.00
2506M	Uncleared Collections - Merlin	419.85	0.00
2553	Dishonored Check Clearing	361.00	0.00
4120	Fund Balance - Nonspendable	0.00	334,289.12
4140	Fund Balance - Unassigned	0.00	19,683,635.43

General Fund Only

Long-term Receivables/Nonspendable

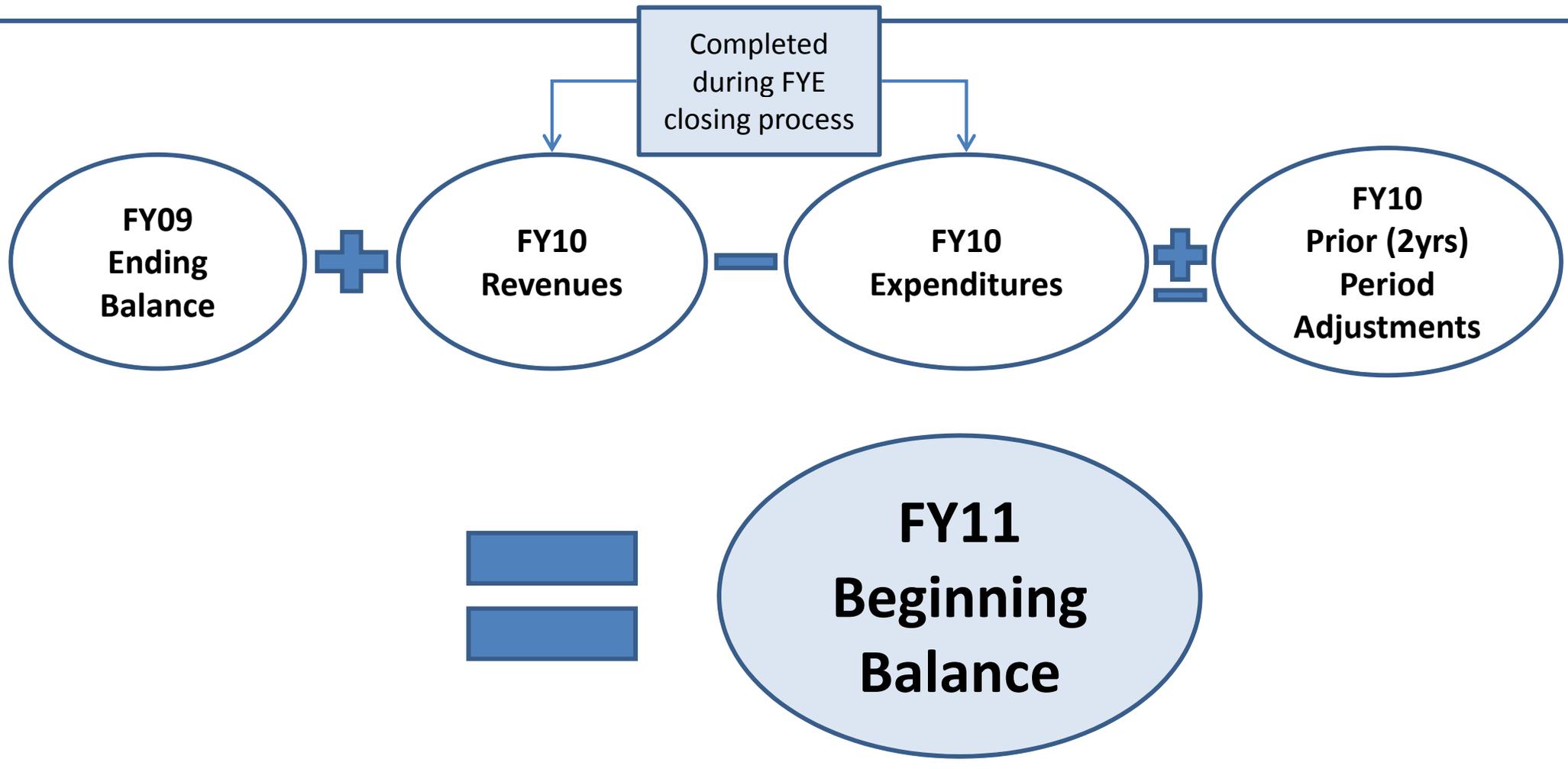
Account	Description	Debit	Credit
1104	Cash In Bank	283,614,203.93	0.00
1201A	Interest Rec. - No Open Item	216,785.92	0.00
1203	Accounts Receivable-External	0.00	11.96
1501	Inter-Entity Loans Receivable	24,865,000.00	0.00
1801	Property Held In Trust	350,000.00	0.00
1823	Due From BU Fund Clearing	69,161.29	0.00
1903	Advances To Other Funds	1,250,000.00	0.00
1905	Prepaid Expense	23,745.32	0.00
2301B	Accrued Liability (B)	0.00	206,570.08
2504	Acct For Prop Held In Trust	0.00	359,225.00
2506	Uncleared Collections	0.00	3,290.50
2551	Credit Card Activity Clearing	754.37	0.00
2552	ACH Returns Clearing Acct	1,518.80	0.00
2559	Treasury Deposit Corrections	0.00	0.90
4120	Fund Balance - Nonspendable	0.00	100,000.00
4140	Fund Balance - Unassigned	0.00	367,132,423.81

SABHRS Journal:

4140	Fund Balance – Unassigned	1,150,000.00	Debit
4120	Fund Balance – Nonspendable	1,150,000.00	Credit

Fund Balance/Net Asset Balance

Note: Government-Wide Net Asset Balance is the sum of fund balance from the Actuals Ledger and net assets from the Entitywide Ledger



Trial Balance Queries

Reporting Tools>Query>Query Viewer

- Queries can be edited in order to combine several funds if you have Query Manager authority

MTGL_TB_FUND_CHOOSE_LEDGER

- This query will report account balances by Fund across Business Units. Results include a Fund Description. User chooses the ledger to report from.

MTGL_TRIALBALANCE_TB_FUND_ACT_ENTWIDE_COMBO

- This query will report account balances by Fund across Business Units. Results include a Fund Description. Reports amounts of Actuals, Entitywide, and a total of both.

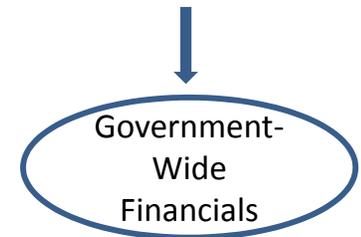
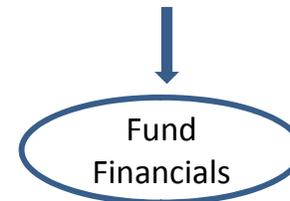
MTGL_TB_FUND_CHOOSE_LEDGER

Fiscal Year	Business Unit	Fund	Fund Descr	Account	Account Descr	Sum Total Amt
2011	61010	02xxx	State Special Revenue Fund	1104	Cash In Bank	59180.760
2011	61010	02xxx	State Special Revenue Fund	1613	Participant'S Stip Investment	63731.930
2011	61010	02xxx	State Special Revenue Fund	4125	Fund Balance - Restricted	-94284.190
2011	61010	02xxx	State Special Revenue Fund	530025	STIP Participant Earnings	-132.330
2011	61010	02xxx	State Special Revenue Fund	581419	Donations - Individuals	-41117.950
2011	61010	02xxx	State Special Revenue Fund	581420	Donations - MHS Library	-184.910
2011	61010	02xxx	State Special Revenue Fund	581423	Donations-Lobby Box	-1682.060
2011	61010	02xxx	State Special Revenue Fund	581426	Donations - Memorial	-1080.000
2011	61010	02xxx	State Special Revenue Fund	62102	Consult & Prof Services	4000.000
2011	61010	02xxx	State Special Revenue Fund	62190	Printing/Pub & Graphics	450.150
2011	61010	02xxx	State Special Revenue Fund	62210	Minor Tools, Instrum., & Equip	359.960
2011	61010	02xxx	State Special Revenue Fund	62238	Minor Equipment-Office Equip	100.000
2011	61010	02xxx	State Special Revenue Fund	62245	Minor Equip - Comp Hardware	515.390
2011	61010	02xxx	State Special Revenue Fund	62828	Scholarships & Fellowships	9103.000
2011	61010	02xxx	State Special Revenue Fund	62851	Credit Card Discount Fees	20.260
2011	61010	02xxx	State Special Revenue Fund	62853	Public Relation Expenses	19.990
2011	61010	02xxx	State Special Revenue Fund	62864	Charitable Contributions	1000.000

MTGL_TRIALBALANCE_TB_FUND_ACT_ENTWIDE_COMBO

Fiscal Year	Business Unit	Fund	Fund Descr	Account	Account Descr	ACTUALS Amt	ENTITYWIDE Amt	Sum of Actuals and Entitywide
2011	61010	02xxx	State Special Revenue Fund	1104	Cash In Bank	59180.760	0.000	59180.760
2011	61010	02xxx	State Special Revenue Fund	1613	Participant'S Stip Investment	63731.930	0.000	63731.930
2011	61010	02xxx	State Special Revenue Fund	1714	Museum and Art	0.000	2939105.560	2939105.560
2011	61010	02xxx	State Special Revenue Fund	1718	Library Collections	0.000	214360.960	214360.960
2011	61010	02xxx	State Special Revenue Fund	4125	Fund Balance - Restricted	-94284.190	0.000	-94284.190
2011	61010	02xxx	State Special Revenue Fund	4201	Net Assets - Restricted	0.000	-3153466.520	-3153466.520
2011	61010	02xxx	State Special Revenue Fund	530025	STIP Participant Earnings	-132.330	0.000	-132.330
2011	61010	02xxx	State Special Revenue Fund	581419	Donations - Individuals	-41117.950	0.000	-41117.950
2011	61010	02xxx	State Special Revenue Fund	581420	Donations - MHS Library	-184.910	0.000	-184.910
2011	61010	02xxx	State Special Revenue Fund	581423	Donations-Lobby Box	-1682.060	0.000	-1682.060
2011	61010	02xxx	State Special Revenue Fund	581426	Donations - Memorial	-1080.000	0.000	-1080.000
2011	61010	02xxx	State Special Revenue Fund	62102	Consult & Prof Services	4000.000	0.000	4000.000
2011	61010	02xxx	State Special Revenue Fund	62190	Printing/Pub & Graphics	450.150	0.000	450.150
2011	61010	02xxx	State Special Revenue Fund	62210	Minor Tools, Instrum., & Equip	359.960	0.000	359.960
2011	61010	02xxx	State Special Revenue Fund	62238	Minor Equipment-Office Equip	100.000	0.000	100.000
2011	61010	02xxx	State Special Revenue Fund	62245	Minor Equip - Comp Hardware	515.390	0.000	515.390
2011	61010	02xxx	State Special Revenue Fund	62828	Scholarships & Fellowships	9103.000	0.000	9103.000
2011	61010	02xxx	State Special Revenue Fund	62851	Credit Card Discount Fees	20.260	0.000	20.260
2011	61010	02xxx	State Special Revenue Fund	62853	Public Relation Expenses	19.990	0.000	19.990
2011	61010	02xxx	State Special Revenue Fund	62864	Charitable Contributions	1000.000	0.000	1000.000

Net Assets



Trial Balance Review

Run Trial Balance for all Ledgers regardless of fund Type

Review Trial Balance for the following:

- Full accrual funds (Proprietary and Fiduciary) should not have activity in the Entitywide Ledger

- Accounts with an abnormal balance, such as an expenditure account with a credit balance – can also run unusual balance queries

MTGLAFSD_FYE_BAD_BAL_BALSHEET

MTGLAFSD_FYE_BAD_BAL_OPSTMT

- Only few accounts should have a balance in the Entitywide Ledger (see MOM Policy 375, Section XII)

- Verify clearing accounts (see MOM Policy 375, Section VIII) should be zero at FYE

- Various accounts for modified accrual funds (Governmental) should net to zero between the Actuals Ledger and the Entitywide Ledger (see MOM Policy 375, Section VII)

General Ledger Activity



[Favorites](#) |
 [Main Menu](#) >
 [Manager Reports](#) >
 General Ledger Activity

Ledger Activity Report

Run Control ID:
 Language:

[Report Manager](#) |
 [Process Monitor](#) |

 Process Instance: 2966632

Report Request Parameters

Unit:
 Ledger:
 Fiscal Year: Currency:
 From Period: To Period:

Adjustment Periods

Adjustment Period			
1	998	+	-

Show Discrepancies Only
 Show Journal Detail
 Display Full Numeric Field

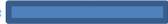
ChartField Selection						Customize Find <input type="button" value="Q"/> <input type="button" value="Q"/>		First	1-11 of 11	Last
Sequence	ChartField Name	Include CF	Summarize	Detail	All Values	Value	To Value			
<input type="text" value="1"/>	Account	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="4130"/> <input type="button" value="Q"/>	<input type="text" value="4130"/> <input type="button" value="Q"/>			
<input type="text" value="2"/>	Fund Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="01100"/> <input type="button" value="Q"/>	<input type="text" value="01100"/> <input type="button" value="Q"/>			
<input type="text" value="3"/>	Organization	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value="4"/>	Program Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value="5"/>	Sub-Classification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	ChartField 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	Affiliate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	Alternate Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	ChartField 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	ChartField 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			
<input type="text" value=""/>	Project	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="button" value="Q"/>	<input type="text" value=""/> <input type="button" value="Q"/>			

|
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General Ledger Activity

PeopleSoft GL
GENERAL LEDGER ACTIVITY

Report ID: GLS7002
 Bus. Unit: 
 Ledger: ACTUALS -- Actuals Ledger
 For Fiscal Year 2011 Period 1 to 12 (incl adj 998)
 Account: 4130 to 4130 Fund:  Currency Code: USD

Page No. 1
 Run Date 06/01/2011
 Run Time 16:23:01

Cur	Journal Date	Journal ID	Seg	Line	Account	Fund	Org	Program	Debit	Credit	Balance
					Sub-Class						
USD	Beginning Balance:										
										<	579,394.04>
	08/25/2010	0002070145	1		4130				5,171.91	0.00	
	08/25/2010	0002070145	5		4130				698.00	0.00	
								Period 2 Total:			5,869.91
	11/10/2010	ACC2099239	2		4130				85,000.00	0.00	
								Period 5 Total:			85,000.00
	12/28/2010	ACC2117410	3		4130				20,000.00	0.00	
	12/28/2010	ACC2117410	4		4130				10,000.00	0.00	
								Period 6 Total:			30,000.00
	05/19/2011	ACC2172848	7		4130				12,500.00	0.00	
								Period 11 Total:			12,500.00
USD	Total Activity:										
	Ending Balance:										
										<	446,024.13>

Ledger Inquiry



Favorites | Main Menu > General Ledger > Review Financial Information > Ledger

Ledger Inquiry

Enter ledger, period, ChartField and rest of the criteria. Click on Search button to execute the query.

Ledger Criteria							
Inquiry Name	*Unit	*Ledger	*Fiscal Year	*From Period	*To Period	Currency	Stat Code
LEDGER	61010	ACTUALS	2011	1	12		
<input checked="" type="checkbox"/> Show YTD Balance	<input checked="" type="checkbox"/> Include Closing Adjustments		<input type="checkbox"/> Only in Base Currency		Max Ledger Rows: 100		
<input type="checkbox"/> Show Transaction Details							

Chartfield Criteria						
ChartField	Value	ChartField Value Set	Update/New	Sum By	Value Required	Order-By
Account	4120		Update/New	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
Organization			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Fund Code	01100		Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Sub-Classification			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Program Code			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Affiliate			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
ChartField 1			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
ChartField 2			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
ChartField 3			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Project			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	
Adjustment Type			Update/New	<input type="checkbox"/>	<input type="checkbox"/>	

Adjustment Periods	
Sel	Period
<input type="checkbox"/>	998

Ledger Inquiry Summary



Favorites | Main Menu > General Ledger > Review Financial Information > Ledger

Ledger Inquiry

Ledger Summary

Before clicking on Detail hyper link, you can click on "Configure Ledger Chartfield Display" to display the chartfields that are pertinent to your inquiry.

Ledger Criteria						
Inquiry Name	Unit	Ledger	Fiscal Year	From Period	To Period	Currency Stat
LEDGER		ACTUALS	2011	1	12	
<input checked="" type="checkbox"/> Show YTD Balance	<input checked="" type="checkbox"/> Include Closing Adjustments					
<input type="checkbox"/> Show Transaction Details	<input type="checkbox"/> Only in Base Currency					
Max Ledger Rows:						100

Go To: [Inquiry Criteria](#)

[Ledger Detail Drill-Down Chartfield Display](#)

Ledger Amount by Currency										
Period	Activity	Detail	Account	Account Description	Period Balance (in Transaction Currency)	YTD Period Balance (in Transaction Currency)	Currency	Period Balance (in Base Currency)	YTD Period Balance (in Base Currency)	Base Currency
0		Detail	4130	Fund Balance - Committed	-579,394.04	-579,394.04	USD	-579,394.04	-579,394.04	USD
2	Activity	Detail	4130	Fund Balance - Committed	5,869.91	-573,524.13	USD	5,869.91	-573,524.13	USD
5	Activity	Detail	4130	Fund Balance - Committed	85,000.00	-488,524.13	USD	85,000.00	-488,524.13	USD
6	Activity	Detail	4130	Fund Balance - Committed	30,000.00	-458,524.13	USD	30,000.00	-458,524.13	USD
11	Activity	Detail	4130	Fund Balance - Committed	12,500.00	-446,024.13	USD	12,500.00	-446,024.13	USD
Currency Totals										
Amount (in Transaction Currency):					-446,024.13	USD	Amount (in Base Currency):		-446,024.13	USD

Save | Return to Search | Notify

Add | Update/Display

Ledger Inquiry Activity



Favorites | Main Menu > General Ledger > Review Financial Information > Ledger

Ledger Inquiry

Transaction Details

Ledger Criteria							
Inquiry Name	Unit	Ledger	Fiscal Year	From Period	To Period	Currency	Stat
LEDGER	41100	ACTUALS	2011	1	12		
<input checked="" type="checkbox"/> Show YTD Balance	<input checked="" type="checkbox"/> Include Closing Adjustments						
<input type="checkbox"/> Show Transaction Details	<input type="checkbox"/> Only in Base Currency						
							Max Ledger Rows: 100

Go To [Inquiry](#) • [Ledger](#) • [Ledger Details](#)
[Criteria](#) [Summary](#)

[Transaction Criteria](#)

Transaction Details													Find	View All	First	1 of 1	Last
Ledger by Period and Chartfields													Customize	Find	1 of 1		
Period	Account	Fund	Org	Program	Sub-Class	Project	Affiliate	ChartField 1	ChartField 2	ChartField 3	Account Description	Adjustment Type	Stat				
2	4130	02016									Fund Balance - Committed						
Amount (in Transaction Currency):				5,869.91 USD				Amount (in Base Currency):				5,869.91 USD					
Journals													Customize	Find	1-2 of 2	Last	
Journal ID	Line Descr	Date	Seq	Stat	Amt	N/R	Amount (in Transaction Currency)	Currency	Amount (in Base Currency)	Base Currency							
0002070145	PRO2060598 correction for 2008	08/25/2010		0.00	N	5,171.91	USD	5,171.91	USD								
0002070145	Fed Offset amount	08/25/2010		0.00	N	698.00	USD	698.00	USD								

[Save](#) [Return to Search](#) [Notify](#)

[Add](#) [Update/Display](#)

SAD Website:

<http://accounting.mt.gov/>



mt.gov
Montana's Official State Website

State Accounting Division

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State Accounting Division

Welcome to the State Accounting Division

The State Accounting Division provides financial and accounting services to State agencies and Local Governments.

We are committed to provide excellence in:

- Financial accounting and reporting, technical reporting assistance, policy and business process development and timely payment processing for the State;
- Effective and timely central treasury services for the State;
- Assistance and expertise in financial accounting, budgeting, and audit review functions for all local governments within the State of Montana;
- Effective maintenance, support and management of the Accounting and Budgeting Systems (SABHRS).

[Paul Christofferson](#), Administrator

- [State Accounting Bureau](#)
- [Local Government Services Bureau](#)
- [SABHRS Finance and Budget Bureau](#)
- [Treasury Unit](#)

Google™ Custom Search

More Information and Important Links

- [Accounting Forms](#)
- [Accounting Policies and Procedures](#)
- [Cash Management Improvement Act \(CMIA\)](#)
- [Comprehensive Annual Financial Reports \(CAFR\)](#)
- [Organization and Contact Information](#)
- [SABHRS Help Desk](#)
- [Goals and Objectives](#)
- [2010 1099-MISC Memo](#)
- [2010 1099-MISC Reminders](#)

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SAD Forms

Note – please access forms for website as modifications are made periodically

Form Number	Form Description	MOM Ref Policy
121	Fund change request	MOM 302
131	Balance Sheet Accounts change request	MOM 310
132	Revenue Accounts change request	MOM 321
133	Expenditure Accounts change request	MOM 315
N/A	Fund Balance/Net Assets Transactions	MOM 311 & 310

Form 121 – Fund Code Request

Only Administering Agency can make fund change requests



Choose correct action from drop down



STATE OF MONTANA STATEWIDE ACCOUNTING SYSTEM <i>Form Must be Submitted by Administering Business Unit</i>		FORM 121 FUND CODE
1) Administering Agency Number/Name		2) Fiscal Year Effective Date (mm/yyyy) Always 7/01/EY
3) Action Establish: complete fields 1 - 11 Modify: complete fields 1 - 11 Inactivate: complete fields 1 - 5, 9, 11		
4) Fund Number	5) Fund Name (limited to 30 characters)	
6) Authority (check appropriate box and fill in associated authority details)		
<input type="checkbox"/> Statutory	Section <input type="text"/>	,M.C.A.
<input type="checkbox"/> Administrative		
7) Use/Purpose of Fund/Modifications (Spell out Acronyms)		
<div style="border: 1px solid black; padding: 5px; background-color: #e0f0ff;"> <p>Establishment of new Governmental Funds must include a Fund Balance classification, including supporting justification if not clear from the MCA</p> </div>		
8) Setup Budget (if nonbudgeted, requires OBPP authorization)		
Expenditures/Expenses		Revenues
<input type="checkbox"/> Yes (Approp & Org Budget required)	Establish Rev Est Budget (optional) <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> No		
9) Do other General Ledger Business Units have access? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, list GL Business Units including Budget status (Budgeted/Nonbudgeted – Revenue/Expenditure)		
10) Activity Accounted for in Existing Fund (if yes is checked, fill-in existing fund number)		
<input type="checkbox"/> Yes Existing Fund Number <input type="text"/>		
<input type="checkbox"/> No		
11) Administering Agency Authorization	Authorized Signature	Date

MCA should be the revenue source that created the funds or establishment of the fund not the expenditure or appropriation bill that gives you the authority to spend the monies



Fund Code Review

MTGL_FUND_BY_RESP_BU - Fund by responsible BU

Responsible BU like: 

Fund Code like: 

Status like (A, I or %):

[View Results](#)

Review Active funds to determine if any funds should be Inactivated -

If so, review all ledger Trial Balances as all accounts must have a zero balance to Inactivate fund

Fund Code	Description	Responsible BU	Agency	Effective Date	Status
02030	Arch & Engin Construction	61010	61010	7/1/1900	A
02030	Arch & Engin Construction	61010	Sub-agency	7/1/1900	A
02046	Records Management Project	61010		7/1/2010	A
02077	Financial Institutions Div	61010	61010	7/1/1900	A
02098	Insurance Proceeds - State Bld	61010	61010	7/1/1900	A
02105	Basic 9-1-1 Emrgncy Phone Prog	61010	58010	7/1/1900	A
02105	Basic 9-1-1 Emrgncy Phone Prog	61010	61010	7/1/1900	A
02133	MT Govt Unit Framework	61010	61010	7/1/2009	A
02194	Capital Restoration Commission	61010	61010	7/1/1900	A
02194	Capital Restoration Commission	61010	61070	7/1/1900	A
02211	Procurement Special Revenue	61010	61010	7/1/2005	A
02279	Geodetic Control Framework	61010	61010	7/1/2010	A
02317	Capital Fin Adv Council Fees	61010	61010	7/1/2008	A
02323	ITSD NAIP State Funds	61010	61010	7/2/2008	A
02397	Enhanced 9-1-1 Emerg Tel Pgm	61010	58010	7/1/1900	A
02397	Enhanced 9-1-1 Emerg Tel Pgm	61010	61010	7/1/1900	A
02518	State Daycare Program	61010	61010	7/1/1900	A
02525	Work Comp Agency Assistance	61010	61010	7/1/2007	A
02525	Work Comp Agency Assistance	61010	61070	7/1/2007	A

Forms 131-133 Account Code Requests

STATE OF MONTANA
STATEWIDE ACCOUNTING SYSTEM

FORM 132
REVENUE
ACCOUNT CODE

1) Agency Number/Name []		2) Effective Date (mm/dd/yyyy) []	
3) Action Establish		<i>Establish: complete fields 1 - 9</i> <i>Modify: complete fields 1 - 9</i> <i>Inactivate: complete fields 1 - 4, 6, 8 - 9</i>	
4) Account Number []	5) New Revenue Class (Digits 2 - 4) <input type="checkbox"/> Yes (requires OBPP approval) <input type="checkbox"/> No	6) Account Name (limited to 30 characters) []	
7) Account to be Used for Nonbudgeted Revenue in a Budgeted Fund <input type="checkbox"/> Yes <input type="checkbox"/> No			
8) Description/Modification []			

← Always 7/01/FY

Drop Down

Before requesting a new account review existing accounts – we are running out of numbers.

Once an account is requested the account is setup in SABHRS for statewide use.

Account modifications cannot always be made as other agencies may also be using account.

Reviewing Account Codes



Favorites Main Menu > Set Up Financials/Supply Chain > Common Definitions > Design ChartFields > Reports > ChartField Reports

Account

Run Control ID: General

[Report Manager](#)

[Process Monitor](#)

Run

Language: English

Report Request Parameters

SetID: STATE

← Always STATE

As of Date: 06/06/2011

Save

Return to Search

Previous in List

Next in List

Notify

Add

Update/Display

Changes in Interfund Activity

MOM 345, Section IX

- Interfund services provided and used (previously referred to as quasi-external transactions) that occur between two accounts within the State Special Revenue Fund or two accounts within the Federal Special Revenue Fund should be accounted for as a transfer rather than a quasi-external transaction
- Effective as of FY11

Changes in Interfund Activity

Fund Type Payer	Fund Type Payee	Interfund Activity	Record as
State Special Revenue	Federal Special Revenue	Pass-through grant	Transfer In / Transfer Out
State Special Revenue	State Special Revenue	Pass-through grant	Transfer In / Transfer Out
Federal Special Revenue	Federal Special Revenue	Pass-through grant	Transfer In / Transfer Out
State Special Revenue	Federal Special Revenue	Quasi-external transaction	Revenue / Expenditures
State Special Revenue	State Special Revenue	Quasi-external transaction	Transfer In / Transfer Out
Federal Special Revenue	Federal Special Revenue	Quasi-external transaction	Transfer In / Transfer Out

IRS 3% Withholding (postponed but not dead - yet)



Effective Dates – As of 5/9/11

- Applies to all applicable payments made after *12/31/2012*
- Except for contract payments for contracts in effect as of 12/31/2012 not materially modified
 - Will be subject for payments made after 12/31/2013
 - Contract Renewals not material modifications

IRS 3% Withholding

- Will require Montana to withhold 3% of applicable vendor payments
 - Payments over \$10,000 (Do not break payments up)
 - Contracts will need to include 3% language
 - Report to IRS

Changes needed for IRS

3% WH

- Will require payment processing changes to:
 - SABHRS
 - Policies
 - Agencies interface files
- If not made, Montana will be liable for WH
 - May also be subject to 28% backup WH penalties

Payments Exempt from 3%...

- Payments otherwise subject to WH (wages)
- Benefits (Retirement, UI, Social Security)
- Payments subject to backup WH (if done)
- Real property purchased or leased
- Payments of interest
- Other govt entities, Indian Tribes, tax-exempt orgs

Exemptions (cont.)

- Public Assistance payment based on need or income
 - Includes payments made to 3rd party payment processors
 - Those based on age (Medicare) are subject to 3%
- Employee reimbursements under an accountable plan
- Grant payments when recipient is to carryout public purpose w/no substantial involvement on behalf of govt

Items not Exempt

- No statutory exception has been granted for:
- Separately stated items
 - Such as Fuel surcharges
- Payments for construction of buildings or other projects including infrastructure
- Grants to acquire property or services for direct benefit/use of government

PCard Payments 3% Exempt

- Payments made using PCard will not be subject to 3% WH requirement at this time
- Many vendors may start to **demand** payments to be made using PCard



1099 - Reminders



Forms Filed by each Agency

- Non 1099-MISC/1042-S or W-2/94X returns
- Agencies are responsible for ensuring compliance for all other IRS returns:
 - Understanding applicable IRS requirements (amounts / due dates)
 - Getting proper supporting documentation
 - Timely filing with Vendor / IRS
 - Maintaining documentation for at least 5 years after vendor becomes inactive

Upcoming Changes – Repealed

- Corporate exemption reinstated
 - Unless for legal or medical services
- Will not apply to goods, just for services
- Landlords that pay more than \$600 in rental property expenses will not be required to report those on a 1099

Change on PCard Reporting

- Beginning 1/1/11 - 1099 reporting on Pcard transactions is the responsibility of the merchant acquiring entities
- Advantage of making 1099 reportable payments by use of PCard
 - Montana will issue fewer 1099's
 - Cost savings to Montana

IRS TIN Matching

- Ensures that correct Name/TIN combination
- Should reduce number of CP2100 items (or B Notices)
- Names of vendors file should follow policy guidelines
 - Sole Proprietors – individual not DBA name
 - Legal name of company/corporation

TIN

- As defined by the IRS –
 - TIN = Taxpayer Identification Number
 - Umbrella term that the IRS used only when generally referring to all types of taxpayer identifying numbers
 - Can be 1 of 5 types

Types of TIN's

- SSN – Social Security Number
 - Assigned to an individual who is a US citizen, US permanent resident or foreign individual who is allowed to work in US
- EIN – Employer Identification Number
 - Assigned to business entities

Co's & Corp's	Govt's	Partnership	LLC
Sole Prop w/ Employees	Nonprofit	Educational Instit	Trust/Estate

Types of TIN's (cont)

- ITIN – Individual Taxpayer Identification Number
 - Files a US tax return but does not qualify for SSN
- ATIN – Adoption Taxpayer Identification Number
 - Assigned to children pending adoption proceedings
- PTIN – Preparer Tax Identification Number
 - Required of all paid tax preparers

W-9/W-8 required on Vendors

- W-9 required – (Per IRS)
 - For US persons, resident aliens or corporations
 - Substitute W-9 must include sign under penalty of perjury
 - Can be faxed or emailed
- W-8 required – (Per IRS)
 - MUST BE ORIGINAL
 - For foreign individuals, nonresident aliens, corp's
 - Cannot be faxed or emailed
- Unless Single Payment Vendor Voucher

W-9/W-8 Records Management

- Now required per policy to be kept for at least 5 yrs after vendor becomes inactive
- Agencies need to keep all W-9/W-8 forms for interface vendors
- WWU will keep them for vendors entered by them
- Can be in electronic format – W-9's

Records Management (cont.)

- In order to be successful in defending MT against proposed IRS penalties the W-9/ W-8 MUST be available, if requested by the IRS
 - The proposed CY08 penalty was just abated
- Applies to any info return documentation

Timely Payment

- Payment is timely if made per applicable contract or agreement
- If no contract or agreement exists, payment is timely within 30 days of: (whichever is later)
 - Receipt of properly completed invoice; or
 - Per legal, when required W-9/W-8 must be received
 - Receipt of supplies or services
- MCA 17-8-242

Backup Withholding...

- Required:
 - When taxpayer fails to furnish TIN
 - When IRS notifies Montana payee TIN is incorrect and fails to respond to B Notice
 - When IRS notifies payer of payee underreporting
 - Payee TIN certification failure

Backup Withholding (cont.)

- 28% of payment – Manual Process
- If Montana fails to report a reportable payment, we are liable for backup withholding requirements for each required 1099 + interest + penalty
 - This penalty will be passed onto each agency that failed to mark the appropriate payments as 1099 applicable
 - Or, made a payment to a vendor w/o valid TIN documentation

Payments made on our behalf

- Montana liable for 1099-MISC reporting when:
 - We have management or oversight:
 - To who payments are made
 - When disbursements are made
 - Who qualifies for disbursements
 - Amount of disbursements
- Payment interface file should be supplied to SABHRS for 1099-MISC Consolidation

Payee does not receive payments

- 1099-MISC is still required to be issued to the payee (Beneficial Owner):
 - SABHRS adjustment required for “Payee”
 - Payment is assigned 3rd party
 - Payment was offset or partially offset
 - Payment garnished by non-federal bankruptcy trustee
 - Payment for claimant payable to attorney, when taxable

IRS Circular 230 Notice

To ensure compliance with requirements imposed by the IRS, any tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the IRS code.

Warrant Writer Issues



Stale Date When ...

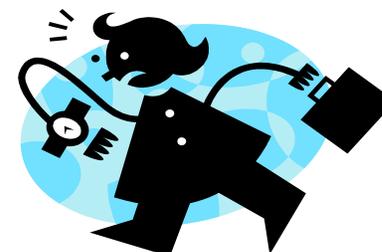
- Checks not cashed become stale at end of the month 180 days after issuance on SABHRS
 - May be cashed until status changed on system
- Bank issue file also updated to reflect change in status

Stale Dated Warrants - NOW

- Agencies must review list
- Agencies pay if item replaced
- Items must be maintained for 3 ½ years before being sent to DOR – Abandoned Property
- If made electronically, number would be reduced significantly

Of the Stale-Dated items sent to DOR....

	Total Items Stale-Dated	Total Amount Stale-Dated	Total Items Reissued by WWU	Total Amount Reissued by WWU
FY10	8,547	\$1,732,689	3,957	\$1,138,371
FY09	8,158	\$2,945,901	2,553	\$2,413,926
Total	16,705	\$4,678,590	6,510	\$3,552,297



WWU - Stale Date Process Changes

- Effective July 1st 2011 –
- Items will be sent to DOR – Abandoned Prop
 - 6 months after going stale
 - Versus 3 ½ years
- Agencies need to review the stale date list to ensure that payments made in error are requested prior to submission to DOR
 - Otherwise, the agency will need to request money from DOR

Replacement/Stale Date Forms

- Agencies can direct payee to on-line form
 - Time for replacement can be decreased for payee
- Form must be notarized unless check is returned
- Needs to include the payee's TIN
- Can be faxed to our office if seal is visible

Unclaimed Prop Payable to State Agencies

- DOR receives money from
 - WWU
 - Outside 3rd parties
 - Other states
- Agency contact to file claim to recover money payable to Agencies
 - CAFR Contact list provided
 - If not let DOR know - Jenni Wilmot – ext 6914

Levies/Garnishments/UCC Liens

- Increased number being received from
 - IRS
 - Courts
- WWU will be tracking for all nonemployees and not pertaining to the HIED payments
- Time Sensitive
- Most needed to be included in Offset Program
 - Point in Time Levy or Checking Account Levy

Remitted to Agency by WWU – Continual Levy/Garnishment

- You must manually withhold applicable payt or % on all future payts until release is rcvd
- Remit withheld payment as appropriate
- If 1099 applicable – gross amount reportable
 - Even if vendor gets no money
- Provide WWU update
- Maintain documentation

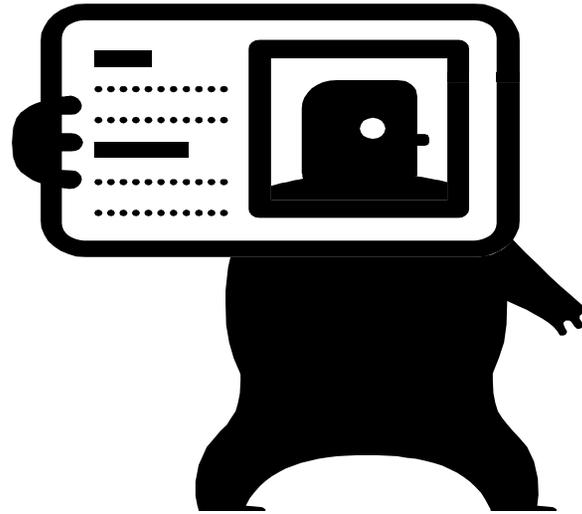
Pulled Warrant Procedure

- Mailer warrants/Mailer ACH Advices
- Requesting agency must contact WWU
 - Don't contact P&M directly
- Must be received by 10:00am
- Pulls are brought to WWU for distribution
- Agencies must sign for pull at time of pickup by authorized personnel

Express Warrants

- For emergency situations
- Issued same day as requested
- Must be requested prior to 1:00pm
- Talk to WWU concerning request
 - Don't email or leave voice mail request
- Cannot be cashed until after 4:00pm

Vendor Issues



TIN's required on ALL Vendors

- Currently required except for refund/exempt
- NEW Draft Policy will require on ALL VENDORS
 - As of SABHRS upgrade - September 6th
 - Refunds are subject to offset unless statute specifically excludes payment
- Except for Single Payment Vendor Voucher Payments (SPVV)

Consolidated Vendor File – (CFV)

- Effective 9/6/11
- Interface vendor data will automatically create “STATE” vendor during batch process
- TIN required on all vendors, including interface
- Vendors will be checked against FINALIST (last address line), OFAC, and if reportable IRS TIN matching, bank routing number

CFV - Vendor Security

- Access to vendor information pages will be removed from all FS19 users
 - Added to FS01 and FS02 (read only)
 - FS03 – correction mode
- User's business unit security enforced in payment inquiry
- Searching by TIN still allowed
 - But will still not be displayed

AP Interface File Changes for Upgrade

- TIN must be provided
 - Entire file will reject if this edit fails on one item in file
- “FOR” can no longer be used as country code
- See SABHRS Documentation for further info:

<https://mine.mt.gov/documentation/sabhrs/financials/default.mcpx>

All Interfaces Files Must be Tested

- All interface files need to be tested in the next 2 months before SABHRS upgrade in Sept
- **Not just AP**
- Contact Brian Buhr ext 4337



Single Payment Vendor Vouchers

- Must be approved by DOA – SAD
- TIN not required
- Will not create a vendor record at time of payment
- Cannot be subject to 1099 / 3% / Debt Offset
- All other payments part of Consolidated Vendor File system as of 9/6/11

Accounting Forms In General

- Use Most Current Forms (BU, Acct, Fund, Vendor, etc...)
- Can be faxed, emailed, mailed
- They are available online at the following address:

<http://accounting.mt.gov/accountingformsinfo.mcpX>

Vendor Form

- Comments/Special Instructions
 - Please provide more detail
- Use most current form
 - We have been getting several versions

Name 1 versus Name 2

- Name 1 should correspond to Legal Name from W-9
 - Format should be ...
 - Julie K Feldman
 - Not Feldman Julie
 - Not trade name
- DBA should be Name 2, Short Name, or Alt Name in regard to Address 2

Address 1 versus Address 2

- Address 1 used for 1099 purposes
- Address 1 should not contain Alt Name
- Address 2 can include Alt Name

Vendor Name Format ...

- Except if part of legal business name it should not contain ...
 - Punctuation
 - Special Characters
 - No hyphen or & in names
- Numbers OK if part of legal name

SABHRS Financial Security Review

- Will be removing user access to business units that are not part of your agency
- Effective June 22nd
- If you need access to that business unit -
 - Contact responsible business unit
 - Have them request access in writing
 - SAB – Julie Feldman

Viewing info on Shared Funds

- Trial Balance by Fund MTGL7008 report
- MTGL_JOURNAL_LINE_DETAIL query
- MTGL_PROJ_GRNT_RPT_ACCT query
- MTGL_TB_FUND_CHOOSE_LEDGER query

No change in users access to...

- BOI
- DOR (offset)
- CHE (access to MUS)
- MUS (other campus')
- State HR
- State Accounting
- LFD
- LAD

SABHRS Update



Miscellaneous Reminders

- Risk Management & Tort Defense (RMTD)
- Misc. Travel Reminders

RMTD Reminders



Internal Control



- Fraud continues to be a problem
- A state university recently submitted a claim for \$300,000
- This claim has not been paid at this time but is under investigation

Internal Control



- RMTD has reported that with EACH and EVERY claim ever received the underlying problem is the LACK of Internal Controls
- **EVERY FRAUDULENT ACT THAT IS PREVENTED IS A TRUE SAVINGS TO THE TAXPAYER !!!!!**

Basic Internal Control

- Remember to be vigilant on Internal Controls
- Look at separation of duties
- Terminate Password/System Security
- Review System Access
- RMTD will be planning another fraud training for managers
 - Would like suggestions for topics/speakers

Insurance Coverage

- The state is self-insured for claims under \$500,000
- Commercial excess insurance covers claim over \$500,000

Employees Not Covered

- State's crime and fidelity policies do NOT cover:
 - Employees with prior convictions
 - Temporary Service Employees
- RMTD recommends that these employees do not handle cash
 - If they do a special endorsement may be needed
- RMTD intends to work with HR to address this issue in retention and recruitment

MISC Travel Reminders

Car Rental Insurance

- Risk Management recommendation-Don't pay for Car Rental Insurance because
- Covered when Pcard used –
 - Collision, theft, vandalism, appraisal fees, and loss of use when the rental is paid with the State's Corporate Card
 - Can apply to US travel or overseas
- State Insurance –
 - Coverage provided as part of State insurance umbrella
 - Agencies don't need to pay for rental car insurance

People Allowed in State Vehicles

- State employee on state business
- Non-state employee enrolled and registered as a student at a university of the state to conduct university business
- Non-state employee to aid or assist a disabled state employee
 - Aide must complete the RMTD's vehicle use agreement and obtain authorization from the agency head.

People Allowed in State Vehicles (cont.)

- Non-state employee assisting state employees or others during a medical emergency for transportation and related purposes.
 - Prior approval is not required.
- Non-state employee who is an independent contractor or an employee of a temporary employment agency contracting with the state
 - Prior approval from the agency head is required when a state employee is not available.

People Allowed in State Vehicles (cont.)

- Non-state employee accompanying a state employee on official state business where
 - The state employee becomes ill, fatigued or otherwise rendered physically and mentally incapable of driving, and/or
 - A compelling state interest is served by allowing the non-state employee to drive.
 - Prior approval is not required.

Unallowable Travel Reimbursements

- Illegal Parking/Speeding Tickets
- Other unallowable travel expense review ARM 2.6.202

Travel Policy does not apply to:

- Commuting costs
- Food provided at meeting or conference when not in a travel status
- Non-business related expenses
- Travel from your home/headquarters to a location within the same general vicinity
 - Mileage/meal reimbursement may apply

(1-0300.25 – tips and taxes/misc expenses)

(1-0310.20 and 1-0310.40 mileage reimbursement)

(1-0320.10 meals)

Miscellaneous Expenses

- Must be business related and incurred when traveling
 - Examples include: Luggage Charges, Taxi Fares including Tips, Business Faxes
- If > \$25, must be supported by receipt
- Meal tips and meal taxes are specifically NOT allowed as miscellaneous expenses

(1-300.25 Reimbursable Travel Expenses)

State Accounting – Accounting Principles Financial Reporting Section (APFRS)

Contact	Number	Contact	Number
Paul Christofferson	4609	Heather Jarvis	4681
Julie Feldman	3094	Ingrid Mallo	3975
Cody Carter	4689	Ginger Pfankuch	7830
Charles Idehen	5584	Dan Stanger	4669

State Accounting – Warrant Writer Unit (WWU)

Contact	Number
Kelly Sprekelmeyer (Lead Worker)	5688
Pat Birnie	2505
Dulcie McNulty	3133

Questions in General

- Questions or suggestions for future training:

- SAccounting@mt.gov

- 444-3092

