

LOCAL GOVERNMENT SERVICES BUREAU
STATE FINANCIAL SERVICES DIVISION



GOVERNMENT FUND ACCOUNTING

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LEARNING OUTCOMES

GOAL 1

What is fund accounting?

GOAL 3

How fund accounting effects your job.

GOAL 2

The basics of fund accounting.

GOAL 4

Recap of important info from our presentations this summer.



Government Fund Accounting

- Fund accounting is the process of collecting, analyzing, classifying and recording financial data relevant to transactions organized on a fund basis.
- The financial statements should report governmental, proprietary and fiduciary fund types or those applicable to the entity.
- Your accounting system should be maintained according to GAAP.
- Create and report only those funds required by law and sound financial management using the BARS Chart of Accounts.



BARS – Chart of Accounts

http://sfsd.mt.gov/LGSB/Accounting-AFR-Resources/01_BARSChartofAccount

Six different sections are presented on the website:

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



Accounting & Annual Financial
Report Resources

HOME

BUREAU WEBSITES

BARS CHART OF ACCOUNTS

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



Basis of Accounting & Measurement Focus

The **basis of accounting** identifies the timing and recognition of **WHEN** transactions and events are recorded.

- ❖ Modified Accrual Basis
- ❖ Full Accrual Basis
- ❖ Cash Basis

Measurement focus defines what types of transactions are recorded.

- The **current financial resources measurement focus** record transactions when they become **BOTH** measurable and available – governmental funds.
- The **economic resources measurement focus** records transactions when they occur, regardless of when cash is received or disbursed – proprietary funds.



Basis of Accounting & Measurement Focus

- **Governmental funds** are reported using the modified accrual basis and current financial resource measurement focus.
- The **modified accrual basis** of accounting recognizes increases and decreases in financial spendable resources only to the extent they reflect near-term inflows and outflows of cash.
 - ❖ **Revenues** are recognized when they are measurable and available or soon thereafter to pay liabilities of the current period.
 - ❖ Usually within 60 days.
 - ❖ **Expenditures** are recognized in the period when due and will be paid rather than when the liability is incurred on certain items.



Basis of Accounting & Measurement Focus

Proprietary and fiduciary funds are reported using the full accrual basis and economic resource measurement focus.

The full accrual basis of accounting recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

- ❖ **Revenues** are recognized as soon as they are earned.
- ❖ When they are billed.
- ❖ **Expenses** are recognized as soon as the liability is incurred.
- ❖ Regardless of the time related to the cash inflows and outflows.



Basis of Accounting & Measurement Focus

The **cash basis of accounting** is the simplest to achieve but provides the least amount of disclosure.

Only revenues received and funds disbursed are recognized.

The balance sheet displays only a balance in cash and fund balance while the operating statement presents the results of cash transactions for the reporting fund.

This method of reporting is available to the special purpose districts in the state.



Measurement Focus & Capital Assets

- A distinction is made when reporting the capital assets of governmental funds and proprietary funds.
- Proprietary fund capital assets are reported in the fund.
- Governmental fund capital assets are NOT reported in the fund but you can use Fund 9000 for tracking.
- Capital asset reporting should be determined by policy, reported at historic cost and depreciated over their useful lives.



Measurement Focus & Long-Term Liabilities

- A distinction is made when reporting the long-term liabilities of governmental funds and proprietary funds.
- Proprietary fund long-term liabilities are reported in the fund which incurred the debt or liability.
- Governmental fund long-term liabilities are NOT reported in the fund but you can use Fund 9500 for tracking.
- Long-term liabilities include
 - ❖ outstanding loan balances;
 - ❖ compensated absences;
 - ❖ OPEB or Other Post Employment Benefits;
 - ❖ and NPL or Net Pension Liability.



Exchange vs. Non-exchange Transactions

- **Exchange** transactions involve equal value given and received.
- **Exchange-like** transaction approximate equal value given and received.
- Think of your Water fund in which you receive funds to pay for providing water services to the citizens of your town.

Non-exchange transactions are those where a value is NOT given and received:

1. derived tax revenues: i.e. a sales tax, income tax;
2. imposed non-exchange transactions: i.e. ad valorem tax or fines & penalties;
3. government mandated non exchange transactions to perform an action or provide a service accompanied by partial funding; and
4. voluntary nonexchange transactions or all other nonexchange transactions.



Fund Classifications

Fund Classifications

There are 3 categories of funds with 11 fund types.

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

1. **Governmental Funds**

General Fund – 1XXX

Special Revenue Funds – 2XXX

Debt Service Funds – 3XXX

Capital Projects Funds – 4XXX

Permanent Funds – 8XXX

2. **Proprietary Funds**

Enterprise Funds – 5XXX

Internal Service Funds – 6XXX

3. **Fiduciary Funds**

Trust Funds– 70XX

Pension Trust Funds

Investment Trust Funds

Private-Purpose Trust Funds

Agency Funds – 71XX



Fund Classifications – Governmental

Governmental funds and activities are generally financed through taxes, intergovernmental revenues and other non-exchange transactions.

- 1000 General Fund is reported on a modified accrual basis and accounts for all financial transactions not accounted for in another fund.
- 2000 - 2999 Special Revenue Funds account for resources allocated by law, contractual agreement or administrative regulations for specific purposes or activities and are reported on a modified accrual basis.
- 3000 - 3999 Debt Service Funds are used to account for payment of interest and principal on long-term debt other than revenue bonds and use a modified accrual basis of accounting.



Fund Classifications – Governmental

- **4000 - 4999 Capital Project Funds** account for revenues received and used to acquire and/or construct major, long-lived capital facilities other than those financed by enterprise fund revenue and are reported on a modified accrual basis.
- **8001 - 8999 Permanent Funds** are reported on a modified accrual basis and are those in which the principal remains intact while the interest earned can be expended for government purposes only.

Governmental fund balance is reported in 5 different categories per GASB 54:

1. Non-spendable;
2. Restricted;
3. Committed;
4. Assigned; and
5. Unassigned.



Fund Classifications: Proprietary

Proprietary funds are used to report the business-like activities of the government and focus on generating income and cash flows to pay for the cost of providing a service.

Revenues are generally from exchange transactions such as charges for services.

- **5000 - 5999 Enterprise Funds** are reported on a full accrual basis and accounts for self-supporting activities of the governmental unit rendering services to the public and are financed from user charges.
- **6000 - 6999 Internal Service Funds** account for services and commodities provided by a designated department or agency to other departments or agencies within the government and are reported on a full accrual basis.



Fund Classifications: Fiduciary

Fiduciary funds are used to report assets held by a government entity acting in a trustee or agency capacity for others.

Assets in these funds cannot be used to support the government's own programs.

- **7000 - 7099 Trust Funds** account for assets received and held for a government acting as a custodian and are reported on a full accrual basis.

- These include:
 - ❖ pension trust funds;
 - ❖ investment trust funds; and,
 - ❖ private purpose trust funds.

7100 - 7999 Agency Funds are primarily clearing funds for cash collected for other governments or agencies and distributed within a short time period and are reported on a full accrual basis



General Capital Asset & Long-Term Debt Funds

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

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

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



Fund Classification Recap

<u>Funds</u>	<u>Type of Fund</u>	<u>Accounting Basis</u>
<u>1000</u> – General Fund	Governmental Fund	Modified Accrual
<u>2000</u> – Special Revenue Funds	Governmental Fund	Modified Accrual
<u>3000</u> – Debt Service Funds	Governmental Fund	Modified Accrual
<u>4000</u> – Capital Projects Funds	Governmental Fund	Modified Accrual
<u>5000</u> – Enterprise Funds	Proprietary Fund	Full Accrual
<u>6000</u> – Internal Service Funds	Proprietary Fund	Full Accrual
<u>7000</u> – Fiduciary Funds (Trust & Agency)	Fiduciary	Full Accrual
<u>8000</u> – Permanent Funds	Governmental Fund	Modified Accrual

9000/9500 – General Capital Asset/Long-Term Debt – *not required /assists with tracking and reporting of Capital Assets (GCAAG) & Long-term Liabilities (GLTDAG) of the governmental funds.*



Accounting 101 Review

Balance Sheet or Statement of Net Position accounts

1. Asset accounts (debit balance)
2. Deferred Outflows of Resources accounts (debit balance)
3. Liability accounts (credit balance)
4. Deferred Inflows of Resources accounts (credit balance)
5. Fund Balance or Net Position accounts (credit balance)

Asset Account	Liability Account
Debit	Credit
\$0.00	\$0.00
Deferred Outflows of Resources	Deferred Inflows of Resources
Debit	Credit
\$0.00	\$0.00
Fund Balance or Net Position	
Debit	Credit
	\$0.00

Assets + Deferred Outflows = Liabilities + Deferred Inflows + Fund Balance/Net Position



Accounting 101 Review

Operating Statements

1. Revenue Accounts (credit balance)
2. Expenditure/Expense Accounts (debit balance)
3. Fund Balance or Net Position (credit balance)

Revenue Account		Expenditure/ Expense Account	
Debit	Credit	Debit	Credit
	\$0.00	\$0.00	
		Fund Balance or Net Position	
Debit	Credit	Debit	Credit
			\$0.00

Revenues less Expenditure/Expense +/- Other Financing Sources(Uses) = Fund Balance or Net Position



Financial Reporting

- Financial reporting uses measurement focus and basis of accounting to create your fund financial statements.
- It is the process of combining and summarizing the detailed information assembled during the accounting process.
 - ❖ Internal financial reporting for entity management use.
 - ❖ Special purpose financial reporting provided for and used by parties outside your entity.
 - ❖ General purpose financial reporting commonly used by those without direct access to financial information.
- It is also used for your AFR and your audit.



Governmental Fund Statements

The governmental fund statements include

- ❖ The Balance Sheet; and
- ❖ The Statement of Revenues, Expenditures, and Changes in Fund Balance, aka Operating Statement.



Governmental Fund Balance Sheet

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



Governmental Fund Operating Statement

Town of Anywhere, Montana				
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES				
GOVERNMENTAL FUNDS				
FISCAL YEAR ENDING JUNE 30, 20XX				
Account Number	Description	Fund #1000	Other	Total
		General	Governmental Funds	Governmental Funds
REVENUES				
310000/				
363000	Taxes/assessments	321,777.30	106,292.23	428,069.53
320000	Licenses and permits	2,310.00	0.00	2,310.00
330000	Intergovernmental revenues	312,257.87	64,425.87	376,683.74
340000	Charges for services	6,827.62	0.00	6,827.62
350000	Fines and forfeitures	17,093.50	0.00	17,093.50
360000	Miscellaneous	4,221.89	0.00	4,221.89
370000	Investment and royalty earnings	747.77	97.29	845.06
	Total Revenues	665,235.95	170,815.39	836,051.34
EXPENDITURES				
Current:				
410000	General government	90,295.02	22,779.63	113,074.65
420000	Public safety	257,277.97	0.00	257,277.97
430000	Public works	89,063.55	85,778.51	174,842.06
440000	Public health	299.45	0.00	299.45
460000	Culture and recreation	50,503.00	86.80	50,589.80
	Capital outlay	85,092.61	0.00	85,092.61
510000	Miscellaneous	0.00	38,847.53	38,847.53
	Total Expenditures	572,531.60	147,492.47	720,024.07
	Excess of revenues (under) expenditures	92,704.35	23,322.92	116,027.27
OTHER FINANCING SOURCES (USES):				
381070	Notes/loans/intercap issued	30,000.00	0.00	30,000.00
	Total other financing sources (uses)	30,000.00	0.00	30,000.00
	Net change in fund balances	122,704.35	23,322.92	146,027.27
	Fund balances - July 1, 20XX as previously reported	695,921.29	153,731.15	849,652.44
	Prior period adjustments	0.00	0.00	0.00
	Fund balances - July 1, 20XX as restated	695,921.29	153,731.15	849,652.44
	Fund balances - June 30, 20XX	818,625.64	177,054.07	995,679.71



Proprietary Fund Statements

The proprietary fund statements include

- ❖ the Statement of Net Position;
- ❖ the Statement of Revenues, Expenses, and Changes in Net Position, aka an Operating Statement; and
- ❖ the Statement of Cash Flows.



Proprietary Fund Statement of Net Position

Town of Anywhere, Montana				
STATEMENT OF NET POSITION				
PROPRIETARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 20XX				
Account Number	Description	Business-type Activities		Governmental Activities
		5210 Water	Totals	Internal Service
ASSETS				
Current Assets				
101000	Cash and cash equivalents	836,432.41	836,432.41	0.00
101100	Investments (at fair value)	123,535.00	123,535.00	0.00
110000	Tax/assessment receivable (net of allowance for uncollectibles)		0.00	0.00
120000	Accounts/other receivables - (net of allowance for uncollectibles)	65,140.95	65,140.95	0.00
131000	Due from other funds		0.00	0.00
132000	Due from other governments		0.00	0.00
Total Current Assets		1,025,108.36	1,025,108.36	0.00
Noncurrent Assets				
Restricted Assets:				
102200	Cash and cash equivalents	0.00	0.00	0.00
102300	Investments	624,693.18	624,693.18	0.00
180000	Capital assets:			
	Land	49,007.74	49,007.74	0.00
	Construction in progress	0.00	0.00	0.00
	Buildings	116,708.00	116,708.00	0.00
	Improvements other than buildings	5,903.30	5,903.30	0.00
	Machinery and equipment	75,415.50	75,415.50	0.00
	Infrastructure (utility systems)	5,569,549.61	5,569,549.61	0.00
	Less: accumulated depreciation	(1,204,147.59)	(1,204,147.59)	0.00
	Capital assets - net of accumulated depreciation	4,612,436.56	4,612,436.56	0.00
Total Noncurrent Assets		5,237,129.74	5,237,129.74	0.00
Total Assets		6,262,238.10	6,262,238.10	0.00
DEFERRED OUTFLOWS OF RESOURCES				
199000	Deferred Outflows of Resources - Pensions		0.00	0.00
199xxx	Deferred Outflows of Resources - OPEB		0.00	0.00
199xxx	Deferred Outflow of Resources - Others	29,241.31	29,241.31	0.00
Total Deferred Outflows of Resources		29,241.31	29,241.31	0.00

LIABILITIES				
Current Liabilities				
202100	Accounts payable	22,017.05	22,017.05	0.00
204000	Contracts/loans/notes payable	36,152.69	36,152.69	0.00
205200	Matured interest bonds payable		0.00	0.00
206100	Other accrued payables	6,633.65	6,633.65	0.00
209100	Compensated absences	7,722.00	7,722.00	0.00
216000	Revenues collected in advance	5,123.36	5,123.36	0.00
Total Current Liabilities		77,648.75	77,648.75	0.00
Noncurrent Liabilities				
231000	Bonds payable	1,975,073.73	1,975,073.73	0.00
237000	Pension Liability	126,604.00	126,604.00	0.00
238000	OPEB Liability	29,315.38	29,315.38	0.00
239000	Compensated absences	7,722.00	7,722.00	0.00
Total Noncurrent Liabilities		2,138,715.11	2,138,715.11	0.00
Total Liabilities		2,216,363.86	2,216,363.86	0.00
DEFERRED INFLOWS OF RESOURCES				
220000	Deferred Inflows of Resources - Pensions		0.00	0.00
22xxxx	Deferred Inflows of Resources - OPEB		0.00	0.00
22xxxx	Deferred Inflows of Resources - Other	17,955.67	17,955.67	0.00
Total Deferred Inflows of Resources		17,955.67	17,955.67	0.00
NET POSITION				
Net Investment in Capital Assets		2,601,210.14	2,601,210.14	0.00
Restricted for:				
Bond covenants		624,693.18	624,693.18	0.00
Unrestricted		831,256.56	831,256.56	0.00
Total Net Position		4,057,159.88	4,057,159.88	0.00



Proprietary Fund Operating Statement

Town of Anywhere, Montana				
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION				
PROPRIETARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 20XX				
		Business-type Activities		Governmental Activities
		Major Enterprise Funds		
Account Number	Description	5210 Water	Totals	Internal Service
OPERATING REVENUES				
340000	Charges for services	366,990.26	366,990.26	0.00
360000	Miscellaneous revenues		0.00	0.00
363000	Special assessments	188,443.48	188,443.48	0.00
			0.00	
	Total Operating Revenues	555,433.74	555,433.74	0.00
OPERATING EXPENSES				
100	Personal services	150,724.57	150,724.57	
200	Supplies	76,512.51	76,512.51	0.00
300	Purchased services	111,451.79	111,451.79	0.00
400	Building materials	0.00	0.00	0.00
500	Fixed charges	8,963.24	8,963.24	0.00
810	Loss/Bad debt expense	0.00	0.00	0.00
830	Depreciation	118,936.39	118,936.39	0.00
			0.00	
	Total Operating Expenses	466,588.50	466,588.50	0.00
	Operating Income (Loss)	88,845.24	88,845.24	0.00
NONOPERATING REVENUES (EXPENSES)				
310000	Taxes/assessment revenue		0.00	0.00
320000	Licenses/permits revenue		0.00	0.00
330000	Intergovernmental revenue	4,255.12	4,255.12	0.00
371000	Interest revenue	3,181.91	3,181.91	0.00
382030	Gain/Loss on Sale of Capital Assets (Loss is negative)		0.00	0.00
490000	Debt service interest expense (Enter as negative)	(55,770.35)	(55,770.35)	0.00
	Total Non-Operating Revenues (Expenses)	(48,333.32)	(48,333.32)	0.00
	Income (Loss) before contributions and transfers	40,511.92	40,511.92	0.00
	Capital contributions		0.00	0.00
	Transfers in (out)		0.00	0.00
	Change in net position	40,511.92	40,511.92	0.00
	Total Net Position - July 1, 20XX as previously reported	4,016,647.96	4,016,647.96	0.00
	Prior period adjustments		0.00	0.00
	Total net position - July 1, 20XX as restated	4,016,647.96	4,016,647.96	0.00
	Total net position - June 30, 20XX	4,057,159.88	4,057,159.88	0.00



Proprietary Fund Statement of Cash Flows

Town of Anywhere, Montana			
STATEMENT OF CASH FLOWS			
PROPRIETARY FUNDS			
FISCAL YEAR ENDING JUNE 30, 20XX			
	Business-type Activities		Governmental Activities
	Major Enterprise Funds		
Description	5210 Water	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	546,648.00	546,648.00	0.00
Cash paid to suppliers	(178,717.00)	(178,717.00)	0.00
Cash paid to employees	(141,813.00)	(141,813.00)	0.00
Cash received from interfund services provided		0.00	0.00
Cash paid for interfund services used		0.00	0.00
Net cash provided (used) by operating activities	226,118.00	226,118.00	0.00
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	0.00	0.00	0.00
Advances from (to) other funds		0.00	0.00
Subsidies from taxes and other governments	1,424.00	1,424.00	0.00
Net cash provided (used) by capital and related financing activities	1,424.00	1,424.00	0.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from debt		0.00	0.00
Capital contributions	0.00	0.00	0.00
Purchases/acquisition/construction of capital assets	(64,669.00)	(64,669.00)	0.00
Principal on debt (Enter as a negative)	(35,237.00)	(35,237.00)	0.00
Interest paid on debt (Negative)	(55,770.35)	(55,770.35)	0.00
Capital lease down payment		0.00	0.00
Proceeds from sales of capital assets		0.00	0.00
Net cash provided (used) by capital and related financing activities	(155,676.35)	(155,676.35)	0.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments		0.00	0.00
Purchase of investments (Enter as negative)		0.00	0.00
Interest earnings	3,181.91	3,181.91	0.00
Net cash provided (used) by investing activities	3,181.91	3,181.91	0.00
Net increase (decrease) in cash and cash equivalents	75,047.56	75,047.56	0.00
Cash and cash equivalents - July 1, 20XX	1,509,612.03	1,509,612.03	0.00
Cash and cash equivalents - June 30, 20XX	1,584,659.59	1,584,659.59	0.00

Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	88,845.24	88,845.24	0.00
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	118,936.39	118,936.39	0.00
(Increase) Decrease in accounts receivable	(8,785.00)	(8,785.00)	0.00
(Increase) Decrease in intergovernmental receivables		0.00	0.00
(Increase) Decrease in due to/from other funds		0.00	0.00
Increase in allowance for uncollectible accounts		0.00	0.00
(Increase) decrease in inventories		0.00	0.00
(Increase) decrease in prepaid items		0.00	0.00
Increase (decrease) in customer deposits		0.00	0.00
Increase (decrease) in accounts payable	19,278.00	19,278.00	0.00
Increase (decrease) in compensated absences pay.	(4,222.00)	(4,222.00)	0.00
Increase (decrease) in intergovernmental payables		0.00	0.00
Increase (decrease) in GASB68 pension expense	12,065.37	12,065.37	0.00
Total adjustments	137,272.76	137,272.76	0.00
Net cash provided (used) by operating activities	226,118.00	226,118.00	0.00
Noncash investing, capital, and financing activities:			
Borrowing under capital lease		0.00	0.00
Contributions of capital assets from government		0.00	0.00
Purchase of equipment on account		0.00	0.00
Increase in fair value of investments		0.00	0.00
Capital asset trade-ins		0.00	0.00



Fiduciary Fund Statements

The fiduciary fund statements include

- ❖ The Statement of Fiduciary Net Position; and
- ❖ The Statement of Changes in Fiduciary Net Position.

Implementation of GASB 84, Fiduciary Activities, has been postponed for 1 year or reporting periods beginning after December 15, 2019 or FY2021.



Fiduciary Fund Statements

		LOCAL GOVERNMENT NAME:			
		STATEMENT OF FIDUCIARY NET POSITION			
		FIDUCIARY FUNDS			
		FISCAL YEAR ENDING JUNE 30, 20XX			
Account Number	Description	Trust Funds			Agency Funds
		Pension Trust Funds (7000-7005)	Investment Trust Funds (7006-7009)	Private Purpose Trust Funds (7010-7099)	Agency Composite (7100-7999)
	ASSETS				
101000	Cash and cash equivalents				
	Receivables:				
110000	Tax/assessment receivable (net of allowance for				
120000	Accounts/other receivables - (net of allowance				
128000	Interest receivable				
101100	Investments (at fair value)				
	Total Assets	0.00	0.00	0.00	0.00
190000	Deferred Outflows of Resources				
	LIABILITIES				
201100	Warrants payable				
202100	Accounts payable				
203100	Judgments payable				
204100	Contracts payable				
211000	Due to other funds				
212000	Due to other governments				
216000	Revenues Collected in Advance				
	Total Liabilities	0.00	0.00	0.00	0.00
220000	Deferred Inflows of Resources				
	NET POSITION				
	Held in trust for pension benefits and other purposes	0.00	0.00	0.00	



Fiduciary Fund Statements

LOCAL GOVERNMENT NAME:				
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION				
FIDUCIARY FUNDS				
FISCAL YEAR ENDING JUNE 30, 20XX				
Trust Funds				
Account Number	Description	Pension	Investment	Private Purpose
		Trust Funds	Trust Funds	Trust Funds
		(7000-7005)	(7006-7009)	(7010-7099)
ADDITIONS:				
310000	Tax revenue			
330000	Intergovernmental revenue			
360000	Miscellaneous revenue			
370000	Investment earnings			
366000	Contributions to pension plan			
366000	Contributions to investment trust			
Total Additions		0.00	0.00	0.00
DEDUCTIONS:				
	Administrative expenses			
	Refunds of contributions			
	Benefit payments			
	Distribution of investments			
	Due to other funds			
	Due to other governments			
Total Deductions		0.00	0.00	0.00
Change in net position		0.00	0.00	0.00
Total net position - July 1, 2019 as previously reported				
Prior period adjustments				
Total net position - July 1, 2019 as restated		0.00	0.00	0.00
Total net position - June 30, 2020		0.00	0.00	0.00



Recap & Other Information

Using the “Important Dates Calculator” to determine due dates of required reporting.

A brief description of the webinars we presented for the 2020 Montana Municipal Institute.

The introduction of the Small Government Financial Reporting Framework (SGFRF).

Updates from the audit section of LGSB.



Important Dates - Calendar

Calendar

At the beginning of your fiscal year, create a calendar using the Important Dates Calculator from our website.

- This will tell you all your important dates for document submission to LGSB for fiscal year ending **June 30, 2021**:
 - Budget on October 1, 2020
 - AFR on December 31, 2021
 - Federal Audits on March 31, 2022
 - Non-Federal Audits on June 30, 2022
- The **FY2020 AFR** is due December 31, 2020 and **FY2020 audits** are due March 31, 2021 and June 30, 2021.

Local Government Important Dates Calculator

Enter Fiscal Year End Date
Enter as xx/xx/xxxx

Budget Reports (Counties/Cities/Towns Only)

- Budgets should be adopted by the governing body by the first Thursday after the first Tuesday in September (or 30 days after receipt of taxable values from DOR, whichever is later) – MCA 7-6-4024(3)
- Budgets due to LGS (or 60 days after receipt of taxable values from DOR, whichever is later) – MCA 7-6-4003
- Publicly noticed in Delinquent Budget Report on LGS's website if not received by LGS

Annual Financial Reports All Local Governments, excluding School Districts & Special Ed Cooperatives

6 months after FYE

180 days after AFR due date

- Annual Financial Reports due to LGS – MCA 2-7-503
- Delinquent annual financial reports publicly noticed in newspaper and \$75 penalty assessed - MCA 2-7-517

Audit Reports-Federal All Local Governments

9 months after FYE

0 days after receipt of audit (Federal)

180 days after Audit Report due date

- Audit Reports in Compliance w/ Federal Requirements (A-133/Uniform Guidance) & Corrective Action – due to LGS and Single Audit Clearinghouse – Fed. Regs./ARM 2.4.411 & MCA 2-7-515
- Mail copy of audit report to Newspaper - MCA 2-7-521
- Audit Statement Published in Newspaper – MCA 2-7-521
- Delinquent audit reports publicly noticed in newspaper and \$75 penalty assessed - MCA 2-7-517

Audit Reports-Non-Federal All Local Governments

12 months after FYE

rs after receipt of audit (Non-Federal)

180 days after Audit Report due date

- Audit Reports (Non-Federal) due to LGS - MCA 2-7-503
- Corrective Action due to LGS -MCA 2-7-515
- Mail copy of audit report to Newspaper - MCA 2-7-521
- Audit Statement Published in Newspaper – MCA 2-7-521
- Delinquent audit reports publicly noticed in newspaper and \$50 penalty assessed - MCA 2-7-517



2020 Webinars

Webinars presented by LGSB:

- ❖ Fundamentals of Budgeting - May
- ❖ Levy Calculations - May
- ❖ Cash Reconciliations - June
- ❖ Year-End Closing - July
- ❖ Annual Financial Report - August
- ❖ BARS Chart of Accounts - September
- ❖ Government Fund Accounting - October

All were presented through the Local Government Center (LGC).

Recordings of all the webinars are available on their website.

The webinars were all part of the 2020 Montana Municipal Institute.



Small Government Framework (SGFRF)

Senate Bill 02 was passed by the 2019 Legislature

- Applicable beginning for FY2020 reporting.
- 2-7-504 MCA allows for GAAP and SGFRF, as defined in Administrative Rule 2.4.401.
- Apply for the SGFRF if your population is less than 5,000, and you have no requirements to report under full GAAP.
- SGFRF is a regulatory basis of reporting on a modified GAAP basis.
 - Simplifying certain elements of financial reporting – fewer statements, fewer notes.



STATE FINANCIAL SERVICES DIVISION
LOCAL GOVERNMENT SERVICES BUREAU
Mitchell Building Room 255, PO Box 200547, Helena, Montana 59620-0547
[Local Government Services Bureau Portal](#)

ENTITY # #N/A
MONTANA
LOCAL GOVERNMENT NAME:
ADDRESS
CITY, STATE ZIP CODE



**SMALL GOVERNMENT FRAMEWORK
ANNUAL FINANCIAL
REPORT**



FISCAL YEAR ENDING JUNE 30, 2020



Audit: LGSB Review

Completed audit reports and financial review reports are submitted to LGSB for review.

- Review is required by MCA 2-7-522.

Look for compliance with:

- Government Auditing Standards (GAS);
- Uniform Guidance (Single Audit - Federal);
- Generally Accepted Accounting Principles (GAAP); and
- Montana Code Annotated (MCA).

What do we review?

- Independent Auditor's Reports
 - ❖ Financial Statements, Internal Control/Compliance, Uniform Guidance
- Financial statements
 - ❖ Mathematical accuracy, reconcile/agree to amounts in prior year's report, reconcile/agree to amounts within current year's report
- Notes to the financial statements
- Required Supplementary Information and Other Supplementary Information
- Consistency in reported findings



Audit Information

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

The audit roster is current.

The Corrective Action Plan (CAP) is undergoing changes. Currently there is team working on the CAP review process.

Shown to the right are the links to the audit section from our website.

<http://sfsd.mt.gov/LGSB/Audit-Financial-Review-Resources>



Audit & Financial Review Resources

- [COVID-19 Memo Regarding Single Audits](#)
- [Memos for Auditors](#)
- [Audit Report Issuance](#)
- [Audit Report Publishing & Response Information](#)
- [Audit Roster Application & Auditor Roster](#)
- [Compliance Supplement](#)
- [Contracts](#)
- [Financial Reviews](#)
- [Report to the Legislature on Local Charges for Services Noncompliance](#)
- [Small Government Financial Reporting Framework](#)



Annual Financial Report: LGSB Review

Your Annual Financial Report is submitted to LGSB as required by 2-7-503 MCA.

Our review includes

- ❖ ensuring all required statements and other information is included;
- ❖ verification of beginning balances to prior year ending balances;
- ❖ the Database Ledger Load (DLL) is submitted;
- ❖ the Filing Fee Form (FFF) is properly completed; and,
- ❖ statements are balanced and cross foot to each other.

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



Accounting & Annual Financial Report Resources

- [Annual Financial Reports Counties, Cities, and Towns](#)
- [Annual Financial Reports Special Purpose Districts](#)
- [Annual Financial Reports Fire Department Relief Associations](#)
- [AFR Statements In-Lieu-of-AFR Checklist](#)
- [Audit Report Submittal In-Lieu-of-AFR - Recommended Format](#)
- [Major Fund Calculator](#)
- [Filing Fee Forms](#)
- [Database Ledger Load for Local Governments](#)
- [Net Pension Liability-GASB 68 Worksheet](#)
- [BARS Chart of Accounts](#)
- [OPEB Adjustment Calculation-Subsequent Year](#)
- [Determination of Component Unit](#)
- [SEFA Template](#)
- [Accounting Manual](#)
- [County Collection Manual - 2019](#)
- [Instructional Videos](#)
- [Year-End Procedures Checklist](#)
- [Memos for Local Governments](#)
- [Small Government Financial Reporting Framework](#)



GASB Updates

GASB 95, Postponement of Effective Dates, was issued in May, and delays the implementation of certain GASB statements.

- ❖ GASB 84, Fiduciary Activities
- ❖ Implementation Guide 2019-2

- ❖ GASB 87, Leases
- ❖ Implementation Guide 2019-3



LGSB CONTACT INFORMATION



Phone: 406-444-9101

Email: LGSPortalRegistration@mt.gov

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

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

