

County Finance, Accounting and Budgeting

Presented by:

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Local Government Services

Statewide Accounting Bureau

State Financial Services Division

Department of Administration



Topics Covered:

- **An overview of County Finance & Budgeting**

Learning Outcome:

- **Department of Administration's Role**
 - **Financial Reporting Requirements & Timelines**
- **Introduction to Fund Accounting & BARS Chart of Accounts**
- **Budgets & Mill Levies**



Department of Administration's Role



7-6-611 MCA - Role of Department of Administration (DOA)

(1) The Department of Administration shall prescribe for all local governments:

- (a) general methods and details of accounting in accordance with generally accepted accounting principles as provided in 2-7-504;
- (b) uniform internal and interim reporting systems as part of the uniform reporting systems provided for in 2-7-503;
- (c) the form of the annual financial report as provided in 2-7-503; and
- (d) general methods and details of accounting for the annual financial report as provided in 2-7-513.

(2) Local governments shall file with the DOA:

- (a) an annual financial report within 6 months of the fiscal year-end; and
- (b) an audit report within 12 months of the end of the audited period.
- (c) a budget by the later of Oct 1 or 60 days after receiving certified taxable value

(3) The governing body shall notify the Department of Administration in writing of the creation, dissolution, combination or other legal alteration of any special purpose districts within the county

Financial Reporting & Timelines



Annual Financial Reporting (AFR):

- **Financial reporting** is the process of combining and summarizing the detailed information that was assembled, analyzed, classified and recorded during the accounting process.

AFR

The Annual Financial Report (AFR) should be prepared and made available to the public and Local Government Services

- Due to Local Government Services by December 31
- Submit the AFR through the LGS Online Portal in PDF format
- Approved AFRs will be posted to Montana Data Portal for Transparency in Government

DLL

A Database Ledger Load is also required to be submitted at the same time the AFR is submitted to the LGSB through the portal

- If completing the LGSB blank AFR – a ledger load is built into the excel form, submit the excel AFR
- If not using the blank AFR – a stand-alone database ledger load can be completed. A blank excel format is available on the LGS website
- Your accounting software program may produce the database ledger load file

Audits:

- **Audits:** The audit should be in accordance with GAAP and completed by an approved auditor if revenues exceed \$750,000 in the fiscal year.
 - A single (federal) audit should be performed when federal expenditures exceed \$750,000.

Audit

The Audit must be completed and submitted to the Department of Administration for review within 1 year from the close of the last fiscal year covered by the audit (9 months for single audit)

- Audit contract must be approved by LGS
- Submit the audit through the LGS Online Portal in PDF format
- Approved audits will be posted to Montana Data Portal for Transparency in Government

Auditors

A roster of approved independent auditors is located on the LGS website

- Audit contracts are available on the LGS website
- Audit contract should be completed by the county and auditor.
- The contract should then be sent to the LGS for approval
- The auditor should not begin any audit work until the contract is approved by LGS

Budgets:

- **Budgets** must be adopted annually
 - Budgets are controlled throughout the year by monitoring
 - Review budget to actual comparison reports for expenses/expenditures as well as for revenues – provide reports to department heads as well

- The budgetary statements should present:
 - Original budget
 - Final budget
 - Prior year's actual amounts

- **The budget** should be approved by the later of **30 days** after receipt of the certified taxable valuation or **first Thursday in Sept after the first Tuesday**

- Due to LGS **60 days** after receipt of the certified taxable valuation or **Oct 1**. Submitted through the LGE Portal

- *For detailed information see the Local Budget Act: 7-6-40 MCA*

Dates to Remember

Annual Financial Report & Database Ledger Load – Dec. 31

Budget – Passed by Governing body by the later of:

- The later of – The first Thursday in Sept after first Tuesday or 30 days after receipt of Certified Taxable Value
- Budget to LGS – Oct 1 or 60 days after receipt of Certified Taxable Value

Audits

- Federal Audits due to LGS by March 31
- Non-Federal Audits due to LGS by June 30
- **Late Filing Penalty** for Annual Reports including Database Ledger Load Files, Filing Fees & Audits 2-7-517 MCA & 2.4.403 & 404 ARMs - Penalties



Delinquent AFR/DLL/Filing Fee/Audit Publication Fee

Late Filing Penalty for AFRs

Trigger

Reports are over 180 days late

Reports are 60 days overdue

Entity name is published in local newspaper

Amount

\$50 per publication

10% of filing fee amount (minimum is 10% of the lowest filing fee)

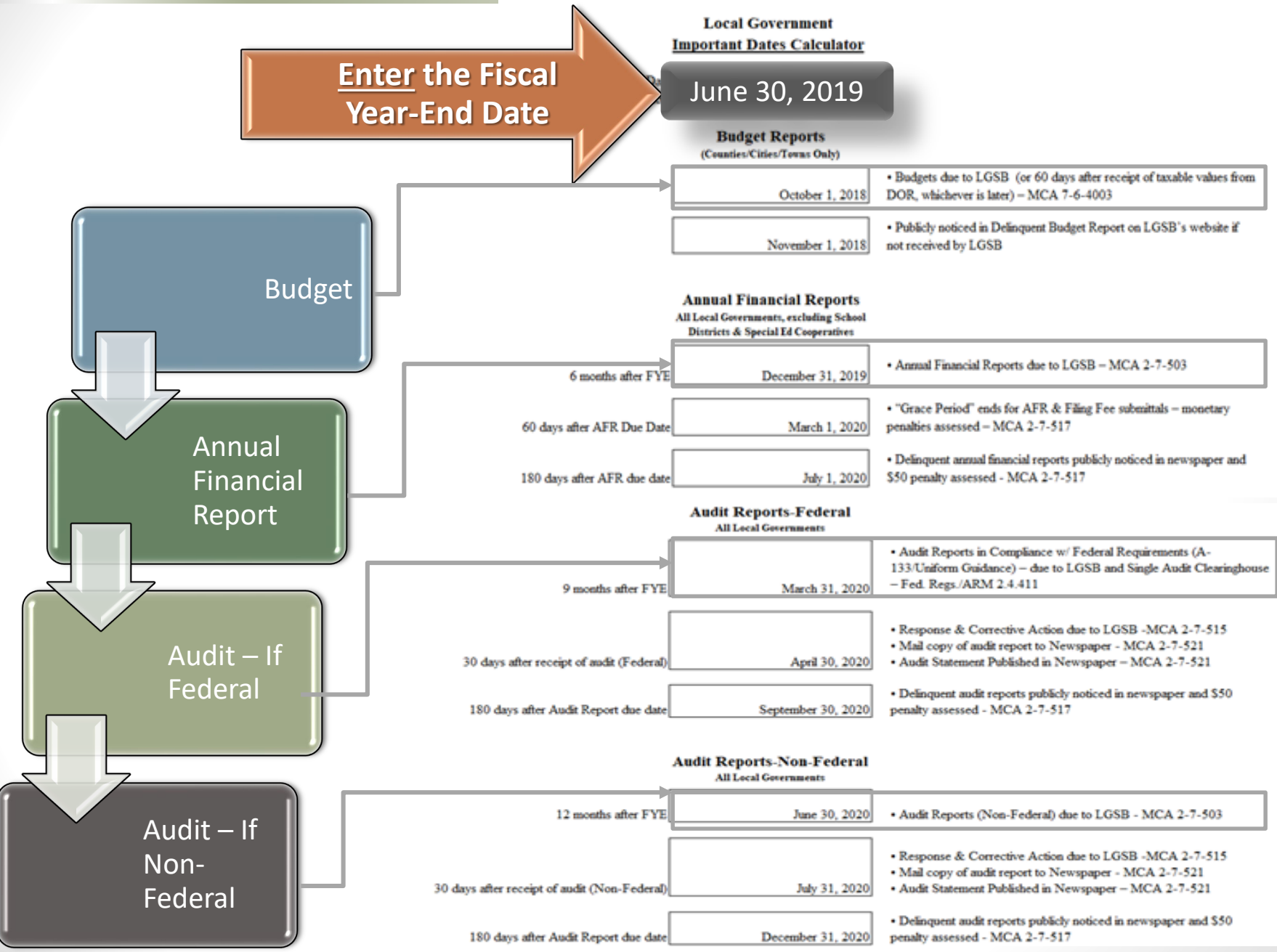
Timeframe

Published & billed annually

Assessed & billed monthly



Important Date Calculator on LGS Website:



BARS Chart of Accounts

B – Budgetary

A – Accounting &

R – Reporting

S – System



BARS Chart of Accounts

- The BARS Chart of Accounts is the framework of governmental accounting systems
 - It is the uniform system for Local Governments in Montana
 - Provides information needed for administrative & reporting purposes
 - Allows for comparisons of financial information

- ✓ Funds have 4 digits
- ✓ Accounts have 6 digits
- ✓ Objects have 3 digits



- Chart of Accounts & BARS Updates are located on the LGS website
 - <http://sfds.mt.gov/LGSB/Accounting-Annual-Financial>

The Basics of Fund Accounting

• PRINCIPLES OF GOVERNMENTAL ACCOUNTING

Accounting and Reporting Capabilities

- Accounting systems should be maintained in accordance with generally accepted accounting principles (GAAP)
- Uniform in Montana by using the BARS Chart of Accounts as prescribed by the Local Government Services



See the Local Government Services website for forms and tools:

- ❖ BARS Chart of Accounts
- ❖ Annual Financial Reporting Forms and Tools
- ❖ Budget Workbook & Levy Determination Forms
- ❖ Roster of Approved Auditors & Audit Contract
- ❖ Training Videos, Tools and Templates
- ❖ Portal for Submission of Documents & Transparency Website to view the reports of local government reports



*Deliver services that support the transparency, accountability,
and effective management of public funds*

STATE FINANCIAL SERVICES DIVISION

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WELCOME TO LOCAL GOVERNMENT SERVICES

Visit our [About Us Page](#) to learn about LGS!

CONTACT US!!!

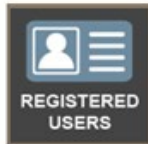
(406) 444-9101 LGSPortalRegistration@mt.gov

LGS Local Government Entity Portal

By law, local government entities must file their annual financial reports, budgets, and audit reports with Local Government Services.



Click the icon above to view and download local government reports.



Click the icon above to register and upload documents as a local government representative or independent auditor.

QUICK LINKS

- [Important Dates - List of pertinent reporting dates](#)
- [Notification of District Creations - Dissolutions - Alterations Form](#)
- [Region Map - LGS Accounting & Financial Reporting Services](#)

LAWS & REGULATIONS

- [Current Laws & Regulations](#)

DOA RESOURCES FOR LOCAL GOVERNMENTS

- [Dept of Administration's Services to Local Govts](#)
- [LG Cooperative Purchasing Resources](#)
- [MT SSA Section 218 Agreement Resources](#)

ORGANIZATIONS & RESOURCES

- [Local Government Organizations](#)
- [Professional Organizations](#)
- [School Resources](#)
- [State Agency Resources](#)



[New Resources & Upcoming Events](#)



[Budget & Mill Levy Resources](#)



[Accounting & Annual Financial Report Resources](#)



[Audit & Financial Review Resources](#)



[Training & Videos](#)



[Delinquent Local Government Reports](#)

The Local Government Services website:

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

Forms,
Documents
& other training
resources
are available on
the LGS website

Fund Accounting

- **Fund Accounting Systems**

- Accounting systems should be organized and operated on a fund basis



- **Fund Types**

- Fund financial statements should report governmental, proprietary (enterprise) and fiduciary fund types, if applicable



- **Number of Funds**

- Only maintain those funds required by law and sound financial management



Basis of Accounting varies by Fund Type

- Basis of Accounting deals with the timing and recognition of when transactions and events are recorded

- When recognized

- ✓ Full Accrual
- ✓ Modified Accrual
- ✓ Cash Basis



BARS - Fund Classifications & Basis of Accounting

- | | |
|---|---|
| <u>1</u> 000 - General Fund | (Governmental Fund/Modified Accrual) |
| <u>2</u> 000 - Special Revenue Funds | (Governmental Fund/Modified Accrual) |
| <u>3</u> 000 - Debt Service Funds | (Governmental Fund/Modified Accrual) |
| <u>4</u> 000 - Capital Projects Funds | (Governmental Fund/Modified Accrual) |
| <u>5</u> 000 - Enterprise Funds | (Proprietary Fund/Full Accrual) |
| <u>6</u> 000 - Internal Service Funds | (Proprietary Fund/Full Accrual) |
| <u>7</u> 000 - Fiduciary Funds (Trust & Agency) | (Fiduciary/Full Accrual) |
| <u>8</u> 000 - Permanent Funds | (Governmental Fund/Modified Accrual) |
| <u>9</u> 000 - General Capital Asset/Long-Term Debt | <i>– not required/assist with tracking and reporting of Capital Assets (GCAAG) & Long-term Liabilities (GLTDAG) of the Governmental Funds</i> |

Basis of Accounting & Measurement Focus

Practical Differences:

- Recording & recognizing long-term debt
 - Repayment of principal on long-term debt
- Capital Assets
 - Capital outlay
 - Depreciation of capital assets



BARS - Balance Sheet Accounts

Principal groups of asset & other debit numbers:

100000 – Cash/Investments

110000 – Taxes/Assessments Receivable

120000 – Other Receivables

130000 – Due from and advance from

140000 – Prepaid Expenses

150000 – Inventories

160000 – Restricted Assets

170000 – Other Debits

180000 – Capital Assets



BARS - Balance Sheet Accounts

Liabilities & other credits numbers:

200000 – Short-term Payables & Liabilities

210000 – Other Short-term Payables/Due to

230000 – Long-term Liabilities

240000 – Other credits



Deferred Outflows & Inflows of Resources:



190000 – Deferred Outflows of Resources - A consumption of net position that is applicable to a future reporting period.

220000 – Deferred Inflows of Resources - An acquisition of net position that is applicable to a future reporting period.

The Balance Sheet consists of the following:

GOVERNMENTAL FUNDS BALANCE SHEET					
FISCAL YEAR ENDING JUNE 30,					
Account Number	Description	Fund #1000	Major Funds		Total
			Fund # 2820	Other	
		General	Gas Tax	Governmental Funds	Governmental Funds
ASSETS					
101000	Cash and cash equivalents	41,526.89	10,575.65	15,144.86	67,247.40
103000	Petty cash			0.00	0.00
101100	Investments	19,039.25	1,152.69	61,023.12	81,215.06
110000	Tax/assessment receivable (net of allowance for uncollectibles)	3,650.00		0.00	3,650.00
	Total Assets	64,216.14	11,728.34	76,167.98	152,112.46
DEFERRED OUTFLOWS OF RESOURCES					
190000	Deferred Outflows of Resources			0.00	0.00
	Total Deferred Outflows of Resources	0.00	0.00	0.00	0.00
LIABILITIES					
202100	Accounts payable	2,000.00		0.00	2,000.00
204000	Contracts/loans/notes payable			0.00	0.00
214000	Deposits payable			0.00	0.00
	Total Liabilities	2,000.00	0.00	0.00	2,000.00
DEFERRED INFLOWS OF RESOURCES					
220000	Deferred Inflows of Resources			0.00	0.00
223000	Deferred Inflows of Tax Revenues	3,650.00		0.00	3,650.00
	Total Deferred Inflows of Resources	3,650.00	0.00	0.00	3,650.00
FUND BALANCES:					
250200	Restricted			0.00	0.00
	General government			397.60	397.60
	Public Safety			42,512.87	42,512.87
	Public Works		11,728.34		11,728.34
	Culture and Recreation			33,257.51	33,257.51
260100	Committed			0.00	0.00
260200	Assigned			0.00	0.00
271000	Unassigned	58,566.14		0.00	58,566.14
	Total Fund Balances	58,566.14	11,728.34	76,167.98	146,462.46
	Total Liabilities, Deferred Inflows of Resources and Fund Balances	64,216.14	11,728.34	76,167.98	

Assets

Deferred Outflows

Liabilities

Deferred Inflows

Fund Balance

BARS – Revenue Accounts

By Major Source



- 310000 - Taxes
- 320000 - Licenses and Permits
- 330000 - Intergovernmental Revenues
- 340000 - Charges for Services
- 350000 - Fines and Forfeitures
- 360000 - Miscellaneous Revenues
- 370000 - Investment Earnings
- 380000 - Other Financing Sources
- 390000 - Internal Services

BARS Account Structure

REVENUE ACCOUNT STRUCTURE

Revenue Illustration #1 – most common

1st Digit is **3** = Revenue

1000 – 31 1 010

Fund Code	Major Source	Sub-Source	Detail
1000	31	1	010
General	Taxes	General Property Taxes	Real Estate Taxes



BARS Account Structure

REVENUE ACCOUNT STRUCTURE - CONT.

Revenue Illustration #2 – Using Optional numbers

1st Digit is **3** = Revenue

		Fund	Organization	Major	Sub-Source	Detail
Program	Job	Code	Code (Department)	Source		
X	XXX	1000	XXX	31	1	010
Optional	Optional	General	Optional	Taxes	General Property Taxes	Real Estate Taxes