



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: July 6, 2020
TO: Local Government Interim Committee
FROM: Joe Triem, Finance Manager
RE: Local Government Data Gaps

Using local government annual financial reports submitted to the Local Government Services Bureau of the Department of Administration (DOA/LGSB) the Legislative Fiscal Division (LFD) was unable to adequately perform the research, as instructed in the enacted version of HB 715 (2019 Session), in two main areas of research and report:

- 1) Exploring revenue sufficiency for long-term potential expenditures, including local government spending including infrastructure
- 2) Long term budget stabilization study including analysis of local government expenditures and funding

Although not required to be submitted to DOA/LGSB, Cities, Towns, and Counties are required to track expenditures in accordance with Budgetary Accounting and Reporting System (BARS) Chart of Accounts guidelines published by DOA/LGSB. The LFD believes that data compiled in accordance with these guidelines provides standardized balance sheet, revenue, expenditure, and object of expenditure data of sufficient detail that would allow the LFD to conduct the level of analysis of local government finances required in HB 715 with the caveats that 1) the data include all local government entities including special districts; and 2) the data include multiple, consecutive years for trending purposes.

The BARS Chart of Accounts has been designed to meet uniform reporting requirements, and yet allow each local governmental unit the flexibility to select those accounts which their size and management needs dictate. In order to address local government concerns of providing detailed accounting level data that may vary slightly between reporting entities, the LFD will research options and solicit feedback from DOA/LGSB for a framework of requirements allowing rolling up BARS data into reporting levels and categories which will provide the level of detail the LFD considers sufficient for reporting comparable transactions for all levels of government on a uniform and statewide basis.