



# Local Government Finance Definitions

This document is to be used as a reference for local government finances as common terms and definitions. As local government financial information continues to evolve, the definitions and terms included in this will change accordingly.

**Municipality:** All local government entities, to include counties, cities, towns, and consolidated city-county.

**Trial Balance:** Accounting report that details the balances of all general ledger accounts at a certain point in time. In regard to local government finances, the trial balances are as of the end of each fiscal year

**BARS Chart of Accounts:** Framework of local government accounting systems to provide classification for balance sheet, revenue, and expenditure accounts. Also included is the classification and depiction of funds and expenditure objects. Designed to meet uniform reporting requirements while also giving municipalities flexibility in the level of detail to provide, depending on the size and management needs of the municipality.

**Balance Sheet Accounts:** Illustrated through account numbers 100000-280000, balance sheet accounts entail the classification and definition of assets, liabilities, and fund balance/net position.

**Assets:** Depicted through account numbers 100000-190000. Categories within assets include:

- Cash/Investment (100000)
- Taxes/Special Assessments Receivable (110000)
- Other Receivables (120000)
- Due from and Advance to/Grants, Entitlements, Donations Paid in Advance (130000)
- Prepaid Expenses (140000)
- Inventories (150000)
- Restricted Assets (160000)
- Other Debits (170000)
- Capital Assets (180000)
- Deferred Outflows of Resources (190000)

As the account numbers within assets become more detailed, further detail is shown in the classification of the account, such as restricted use and source of the asset.

**Liability:** Shown through account numbers between 200000-240000 and account numbers beginning with 280000. Categories within liabilities include:

- Short-Term Payables/Liabilities (200000)
- Other Short-Term Liabilities (210000)
- Revenues Collected in Advance (216000)
- Deferred Inflows of Resources (220000)
- Long-Term Liabilities (230000)
- Other Credits (240000)
- Investment in General Capital Assets (280000)

Within liabilities, as the account numbers become more specific, further information is provided regarding the type of account and the purpose of the liability.

**Fund Balance/Net Position:** Illustrated through account numbers between 250000-270000, the fund balance/net position classifications are used to denote funds towards a specific use or definition. Further detail within this include:

- Non-Spendable/Restricted Fund Balance and Net Position (250000)
- Committed/Assigned Fund Balance (260000)
- Unassigned Fund Balance/ Unrestricted Net Position (270000)

Further detail exists within more granular account numbers to illustrate the restrictions and type of fund in which these balances lie.

**Revenues:** These are shown through account numbers 310000-390000 with nine different sources of revenue outlined. These general sources include:

- Taxes/Assessments (310000)
- Licenses and Permits (320000)
- Intergovernmental Revenues (330000)
- Charges for Services (340000)
- Fines and Forfeitures (350000)
- Miscellaneous Revenues (360000)
- Investments and Royalty Earnings (370000)
- Other Financing Sources (380000)
- Internal Services (390000)

These revenue sources become increasingly detailed as the account numbers increase in specificity. Revenues, depending on the classification given, will also depict whether they are general, program specific, or relate to both general and a specific program.

**Expenditures:** Account numbers which encapsulate expenditures are between 410000-520000 with further detail into what the funds will go towards and the purpose of this funding being within more detailed numbering. The initial classification of these expenditures include:

- General Government (410000)
- Public Safety (420000)
- Public Works (430000)
- Public Health (440000)
- Social and Economic Services (450000)
- Culture and Recreation (460000)
- Housing and Community Development (470000)
- Conservation of Natural Resources (480000)
- Debt Service (490000)
- Internal Services (500000)
- Miscellaneous (510000)
- Other Financing Uses (520000)

**Expenditure Objects:** Classified through a three-digit code following all expenditure account numbers. These objects only accompany expenditures within the BARS Chart of Account. The first level of detail within the expenditure objects include:

- Personal Services (100)
- Supplies (200)
- Purchased Services (300)
- Building Materials (400)
- Fixed Charges (500)
- Debt Service (600)
- Grants, Contributions, Indemnities and Other (700)
- Other Objects (800)
- Capital Outlay (900)

These expenditure objects become increasingly detailed as their three-digit code becomes more specific.

**Fund:** Similarly to expenditure object, funds have a unique code which signifies which type of fund the revenues flow into and expenditures are paid out of, this is through a four-digit coding. These funds are divided into 9 groups, with more detail provided as the coding becomes more specific. The initial groups include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Permanent Funds
- Enterprise Funds
- Internal Service Funds
- Trust Funds
- Custodial Funds

Although general fund does not become more specific, as the other funding groups become more specific, the purpose and revenue source of the fund is included in the description within BARS Chart of Accounts.

**Taxes/Assessments:** This revenue source various sources of revenues to the entity. Incorporated within these sources are:

- Property Taxes, includes both real and personal property
- Property Tax on Other than Assessed Value; this includes local option taxes, marijuana excise tax, and coal gross proceeds
- General Sales and Use Tax, to include Resort Tax

Although within this classification the majority of revenues stem from property taxes, other taxes and assessments are incorporated within this type of revenue.

**Intergovernmental Revenues:** Revenues within this classification involve federal, state, and local grants, as well as other revenue sources. This revenue source also includes federal shared revenues, federal PILT (payment in lieu of taxes) payments, state shared revenues, local PILT payments, and local shared revenues. Within state shared revenues exist entitlement share revenues, tax apportionments, and gambling taxes.

**Per Capita:** Comparison metric used which divides financial data by the population of the selected municipality. Population data is given through S&P Global for municipalities. This allows comparison to take place between the selected municipalities or an average of the municipalities.

**S&P Global:** Formerly known as IHS, this is an organization which provides national and state-specific metrics on a number of benchmarks and financial information. This includes CPI, wage, population datasets, and others.

**Big 7:** Refers to the largest cities in Montana as well as the counties in which they lie. These cities include Billings, Missoula, Great Falls, Bozeman, Butte-Silver Bow, Helena, and Kalispell. From the county perspective, the counties included in this are Yellowstone, Gallatin, Missoula, Flathead, Cascade, Lewis & Clark, and Silver Bow County.

**Rural:** All municipalities not classified as a part of the “Big 7,” as defined previously.