

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1957, Kalispell, MT 59903-1957
(406) 756-6879 • FAX (406) 257-7879 • E-Mail dda@ddaudit.com
Robert K. Denning, CPA, CGFM, CFF, CITP

July 2021
Issue #1

Letter from an Auditor

Dear Montana Local Government:

This is the first issue (hopefully not the last - 😊) of a monthly newsletter our firm is now publishing and mailing free to all the local governments of Montana. The goal of this newsletter is an attempt to keep you informed of accounting and auditing changes from an auditor's perspective. As you probably guessed, we are an auditing firm located in Kalispell MT that services the accounting and auditing needs of Montana local governments.

Happy New Year

If you are a local government, odds are good that you have a June 30 fiscal year end and July 1st is the new fiscal year. So HAPPY NEW YEAR, now we get to do it all over again.

The American Rescue Plan Act (ARPA)

As you all know Congress passed ARPA. For such a big bill you would think they would have come up with an acronym that was a little catchier. If you want an enjoyable read you can download the 242-page bill at <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>. I'll do my best to summarize:

Of the \$195 Billion allocated to the States for fiscal recovery Montana received \$906 Million or approximately ½ of 1% of the total. This would equate to about \$831 for each Montana resident. The average for all residents of the United States is approximately \$590. So, we received more than our fair share.

Like all Federal money it comes with a few strings attached, the money can only be used for the following:

- 1** – To respond to the public health emergency with respect to COVID-19.
- 2** – To respond to workers performing essential work during the COVID-19 emergency.
- 3** - Reduction in revenue due to COVID-19.
- 4** – To make necessary investments in water, sewer, or broadband infrastructure.

Grants all have restrictions and we always say “thank you” when we receive them. However, block grants with more general guidelines allow the local government to allocate money to their individual needs (such as roads or police), unlike the ARPA funds which are restricted for very specific uses. My 2 cents.

Montana Implementing ARPA

The Montana legislature passed HB 632. This bill is only 35 pages long and can be downloaded at <https://legiscan.com/MT/text/HB632/id/2352108>.

Distributions to Town/City/County governments

The Montana League of Cities and Towns did a great job of summarizing the projected distribution of ARPA money to Cities/Towns and Counties. The big winners were obviously in the population areas. For Counties, Yellowstone County is receiving the most at \$31,283,142 and Petroleum County is receiving the least at \$94,451. For Cities/Towns, Great Falls will potentially receive \$20,150,336 while the Town of Ismay will receive just \$4,600. If you want to download the complete distribution, go to <https://mtleague.org/resources/arpa/> and download the EXCEL file

LOOKING BACKWARD

Covid was a sucky year – I find myself blaming almost everything last year on COVID. However, things are looking better, as of 6/2/21 there was only 160 new cases of COVID. Considering Montana has a population of approximately 1,090,000 people that represents just .0146% of the population or 1 out of every 6,812 persons. It looks like we are winning the fight.

LOOKING FORWARD

GASB UPDATE – GASB stands for the Governmental Accounting Standards Board. They are the association that establishes Generally Accepted Accounting Principles (GAAP). These are the accounting rules we have to follow. Many of the new GASB pronouncements were postponed last year due to COVID. My next issue will summarize all the new accounting rules now applicable for Montana local governments.

AUDIT UPDATE – I seems like every day I get a call from a client informing me they will be a federal audit for fiscal year 20/21. This is no-doubt due to the influx of CARES Act and ARPA money received from the federal government. Next month I will delve into the rules and requirements of a federal audit. It should be an exciting read for sure.

In need of an audit or accounting help?

Please feel free to contact us if you have any accounting questions.

We are still accepting new audit clients and would love to prepare a proposal for you.

Your very truly

Robert K Denning CPA, CGFM, CITP, CFF
Shareholder of Denning, Downey and Associates CPA's P.C.

When does a person decide to become an auditor?

When they realize they don't have the charisma to succeed as an undertaker.